



MACMAHON

Annual Report
2023



60th
ANNIVERSARY
1963-2023



MACMAHON

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This Annual Report is a summary of Macmahon's operations and financial results for the financial year ended 30 June 2023.

In this report, all references to 'Macmahon', 'the Company', 'the Group', 'we', 'us' and 'our' refer to Macmahon Holdings Limited (ACN 007 634 406) and its controlled entities unless stated otherwise.

The information in this Annual Report covers all offices, sites and facilities wholly owned and operated by Macmahon, including the operational footprint that covers Macmahon Holdings Limited and its controlled entities.

References in this report to a 'year' are to the financial year ended 30 June 2023 unless stated otherwise. All currency amounts are in Australian dollars unless stated otherwise.

60 Years of History



60 years ago a civil engineer from Adelaide dared to Be More. The Company he created that day was Macmahon. From humble beginnings to a global business we've evolved and grown to be Australia's mining contractor of choice.

1963 Macmahon is established

Reported revenue of \$1m and a profit of more than \$38,500.

1967 First mining contract secured

Nobles Nob Gold Mines at Tennant Creek in the Northern Territory.

1970 Darwin River Dam

Construction commenced in 1970, with the earth and rockfill dam supplying water from 1972.

1978 Railways and highways

Macmahon began construction of the Tarcoola to Alice Springs Railway, as well as a section of the Great Northern Highway near Broome, WA.

1983 Macmahon is listed on the ASX

With more than 1000 employees and \$77m in revenue, Macmahon listed on the Australian Stock Exchange.

1987 Mining expansion

Acquisition of FK Kanny & Sons.

1992 Secured the contract for bulk handling of iron ore

In Dampier for Hamersley Iron Pty Ltd.

1994 Overseas expansion

Ventures in Chile and Malaysia.



1995 **Underground expansion**

Kalgoorlie based National Mine Management Pty Ltd. A Macmahon office was also established in Indonesia to explore business opportunities in the region.

1997 **Fully accredited**

Macmahon became the first Australian contracting company to have its entire operations accredited to international Environmental and Quality Assurance standards.

1998 **National growth in the civil sector**

Worked on the Adelaide-Crafters Highway and a tunnel project in South Australia, the upgrade of the Royal Australian Air Force based at Learmonth (as part of a joint venture) and the construction of a 87km rail formation for Hamersley Iron in Western Australia.



2001 **Coal and construction wins**

New contracts at Blackwater, Queensland and Muswellbrook, New South Wales. The construction of the Alice Springs to Darwin Railway began and the Company also secured a 10 year road maintenance contract in Western Australia.

2006 **Business growth**

Macmahon acquired ARD and CRE in 2006 to further expand its underground mining service offering. The Company also acquired 60 percent of MVM Rail, with the remaining 40 percent owned by Spanish company COMSA EMTE.

Indigenous employment and training

Macmahon established the Indigenous Mine Skills Program to provide pre-employment training for Indigenous people seeking a career in the resources sector.

2010 **Mining contract in Africa**

Macmahon commenced its first African mining contract in Nigeria in February 2010.

2011 **Mongolia bound**

Macmahon secured its first contract in Mongolia, for coal mining operations at the Tavan Tolgoi project.

2013 **Mining future confirmed**

Macmahon finalises sale of construction business and confirms future focus on mining.

2014 **Tropicana project demonstrates value of alliance contract model**

Macmahon continues to build a strong relationship with Anglo Gold Ashanti and Independence Group at Tropicana. Tropicana becomes Macmahon's most significant contract.

2015 **Macmahon secures major mining contracts in Australia and Indonesia**

Macmahon awarded mining services contracts at Telfer and St Ives in Australia and Martabe in Indonesia.

60 Years of History

2016 Macmahon awarded largest ever mining contract

Macmahon awarded a US\$2.8b mining services contract at Batu Hijau for PT Amman Mineral Nusa Tenggara.

Macmahon re-established presence on the east coast of Australia with QCoal at the Byerwen Coal Mine.

2018 Macmahon adds civil capability

Macmahon purchased TMM Group, a civil construction and maintenance services company based in Brisbane.

2019 Macmahon increases underground capability

Macmahon acquired Western Australian based specialist underground contractor GBF Underground Mining Group (GBF).

2020 Macmahon awarded \$700m contract extension at Byerwen

Secured expansion and extension of existing coking coal contract in the Bowen Basin to November 2023, plus 2 year option.

Macmahon awarded \$250m contract for equipment hire and maintenance services at Foxleigh in Queensland.

2021 Macmahon expands WA underground operations

Macmahon awarded a new 4 year mining services contract with Silverlake Resources for the Deflector Gold Mine, estimated at \$220m.

St Barbara awarded Macmahon a new mining services 5 year contract with a 3 year option for the Gwalia Gold Mine, estimated at \$500m.

Macmahon increases east coast presence with Anglo American for a 3 year, \$200m surface mining contract at the Dawson South Mine in Queensland.

2022 King of the Hills

Commenced 5 year \$650m contract for combined surface and underground mining services at Red 5's King of the Hills Project in WA.

2023 Macmahon enters lithium market

Macmahon entered the lithium market with a seven-year, \$1.1b contract win at Greenbushes in WA with Talison Lithium. Mobilisation occurred in FY23 and mining operations commenced on 1 July 2023.

Macmahon secured contract extensions at Martabe (7 years) and Byerwen (2 years)



60th ANNIVERSARY 1963-2023

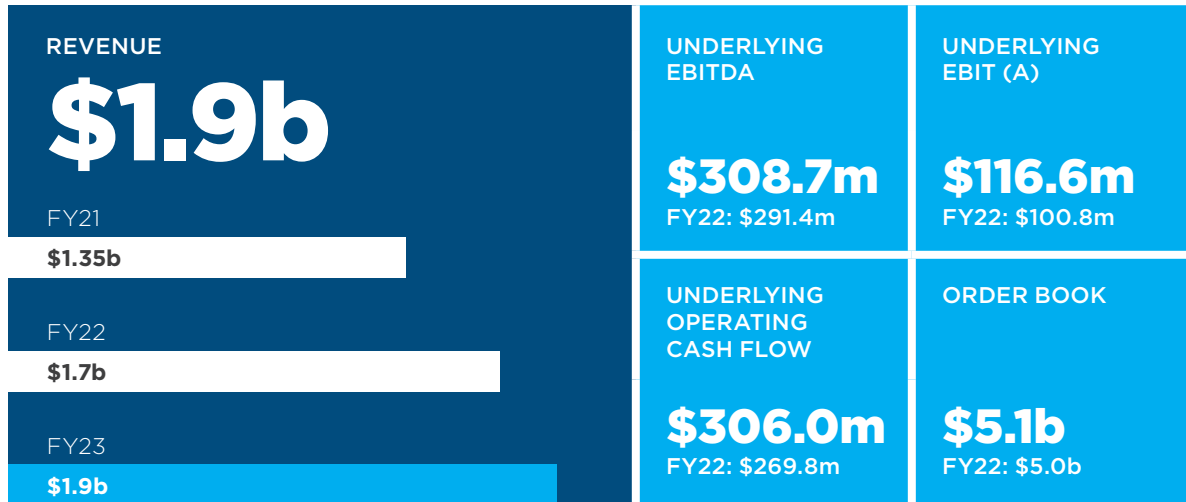


- Year at a Glance
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Year at a Glance

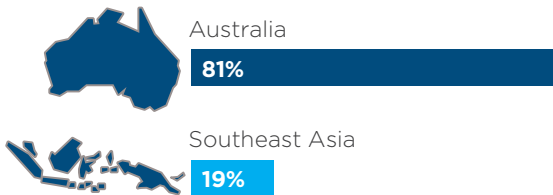
Financial Year 2023 Highlights

Financials

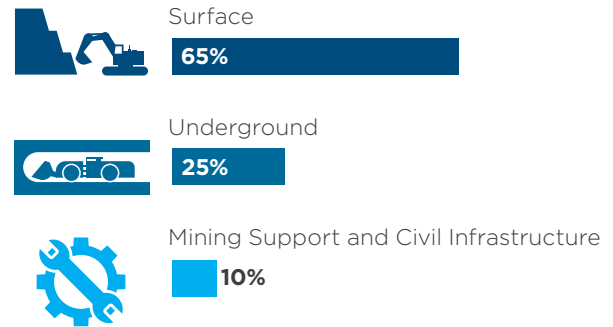


Revenue Diversification

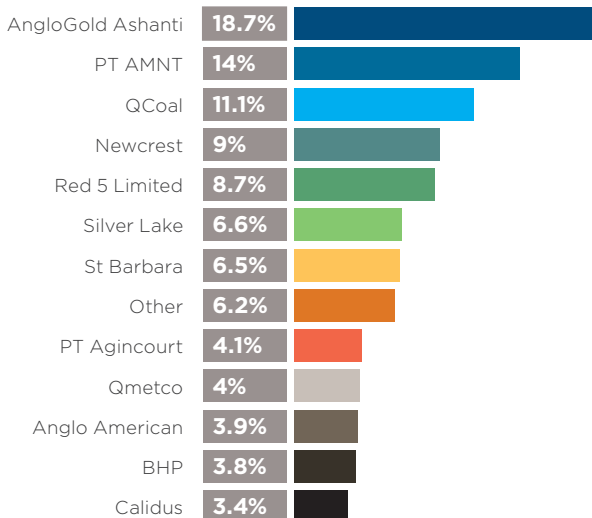
COUNTRY/REGION



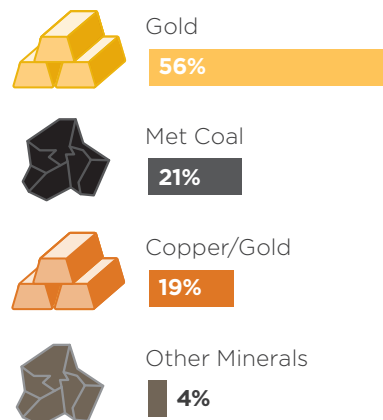
ACTIVITY



CLIENT (%)



COMMODITY



People

We invest in building strong teams and seek individuals who want to make a significant contribution to our business.

WORKFORCE

SAFETY



* 609 Macmahon people plus 149 external ** Total Recordable Injury Frequency Rate

Major new projects and extensions



Greenbushes

WESTERN AUSTRALIA

Client: Talison Lithium
Contract: Surface mining
Commodity: Lithium
New Project: 7 years with option to extend for 2 years



Byerwen

QUEENSLAND

Client: Byerwen Coal
Contract: Surface mining
Commodity: Coking Coal
Extension: 20 months from November 2023



Martabe

INDONESIA

Client: PT Agincourt Resources
Contract: Surface mining
Commodity: Gold
Extension: 7 years from April 2023

Our Business

Macmahon is a diversified contractor with leading capabilities in surface and underground mining, and mining support and civil infrastructure.

As an ASX-listed company, we provide services to many of the largest resources projects in Australia and Southeast Asia.

Founded in 1963, Macmahon services major resource companies across various commodity sectors. Our end-to-end mining services encompass mine development and materials delivery through to engineering, civil construction, onsite mining services, rehabilitation, site remediation, training and equipment maintenance and refurbishment services.

Our Operations



Map of Operations

WESTERN AUSTRALIA

Greenbushes
King of the Hills
Telfer
Tropicana
Warrawoona

Boston Shaker
Daisy Milano
Deflector
Granny Smith
Gwalia
King of the Hills
Leinster
Nicolsons

Fimiston
Kalgoorlie Consolidated
Gold Mines

QUEENSLAND

Byerwen
Dawson South

Foxleigh
Peak Downs
Saraji

VICTORIA

Fosterville

SOUTH AUSTRALIA

Olympic Dam

AUSTRALIA



Surface Underground Mining Support and Civil Infrastructure

SOUTH EAST ASIA

MALAYSIA

Langkawi

INDONESIA

Batu Hijau
Martabe

Tujuh Bukit

Hu'u Project



Our Capabilities

SURFACE MINING

Our surface mining division operates in Australia and Southeast Asia, offering a broad suite of services including:

- Bulk and selective mining
- Mine planning and analysis
- Drill and blast
- Crushing and screening
- Fixed plant maintenance
- Water management
- Equipment operation and maintenance
- Technology solutions partnering

UNDERGROUND MINING

Macmahon has a growing and highly experienced underground division specialising in underground mining and engineering services, including:

- Mine development
- Mine production
- Raise drilling
- Cablebolting
- Technology solutions partnering
- Shotcreting
- Remote shaft lining
- Production drilling
- Shaft sinking
- Paste Fill

MINING SUPPORT AND CIVIL INFRASTRUCTURE

Civil Construction

Macmahon offers a wide range of design, civil earthworks, mine site infrastructure packages, mine rehabilitation, and closure services to mine owners, including:

- Topsoil and overburden stripping
- Bulk earthworks
- Road design and construction
- Mine infrastructure and services
- Train loading facilities
- Water infrastructure - dams, creek diversions, flood levies, and drainage structures
- Revegetation
- Rehabilitation monitoring and maintenance
- Non-process infrastructure

Engineering

Macmahon's extensive engineering capabilities provide clients with tailored mining solutions for projects both above and below ground with the ability to undertake design and fabrication and complete onsite construction.

Macmahon can deliver a comprehensive engineering, procurement, and construction offering from design to completion and maintenance, including:

- Shaft lining and maintenance
- Shaft fit out
- Ore pass liners
- Winder refurbishment
- Conveying, crushing, materials handling
- Emergency egress systems
- Pump stations and rising mains
- Site workshops and infrastructure

Business Improvement Consulting

Macmahon offers an advisory operational improvement service that can provide mine owners with the benefit of our contracting experience including:

- Operator coaching and industry skills training
- Cultural change programs for employees
- Advice and assistance with mine planning, maintenance and employee engagement

Equipment Maintenance, Refurbishment and Support Services

Macmahon offers comprehensive equipment maintenance, refurbishment and support services for a wide range of mining equipment. Our facilities in Western Australia, Queensland and South Australia provide Macmahon with the ability to:

- Service and maintain equipment, full in frame rebuilds including components, and complete repairs in workshops and/or in-field
- Rapidly and efficiently deploy critical spares, parts and supplies to client locations
- Train apprentices and employ a range of experienced tradespeople for rapid deployment to regional and remote sites

Greenbushes

SURFACE MINING | LITHIUM



DURATION

7-year contract plus an option to extend for up to two years



CLIENT

Talisson Lithium

Macmahon was awarded a seven year contract with Talison Lithium in 2022 to provide open-cut mining services of load and haul, and crusher feed for the major supplier of lithium mineral concentrates. Mobilisation commenced in late FY23 with mining operations commencing on 1 July 2023. The project is estimated to generate revenue in excess of \$1.1b over its initial term.



Vision, Values and Strategy

Vision

To be the preferred contracting and services company:

For employees to work for	For customers to use	For shareholders to invest in
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Values

In everything we do, we think and behave according to our values.



UNITED

BE INCLUSIVE • WORK TOGETHER • SUPPORT EACH OTHER

We value diversity, inclusion and working together to achieve exceptional outcomes.



COURAGE

BE BRAVE • SPEAK UP • CHALLENGE YOURSELF

We persevere and push through boundaries to strengthen our team.



INTEGRITY

BE HONEST • RESPECT PEOPLE • BE ACCOUNTABLE

We are transparent, we live our values and take accountability for our actions.



PRIDE

BE HUMBLE • WORK HARD • CELEBRATE WINS

We set high standards, pursue excellence, show humility and celebrate success.

Strategy

Macmahon is focused on expanding and improving its end-to-end mining service capabilities to achieve sustainable growth and optimise financial returns. Our people are focused on improving efficiencies, investing in future relevance and diversifying and expanding our service offering.

Strategic Overview

<h3>Improve</h3> <p>MARGINS AND EXECUTION</p> <ul style="list-style-type: none"> Operational performance Contract management High performing systems, processes and functions 	<h3>Invest</h3> <p>RELEVANCE AND COMPETITIVE ADVANTAGE</p> <ul style="list-style-type: none"> People and culture Mining technology and digital transformation Embed sustainability capabilities 	<h3>Expand</h3> <p>FOCUSED EXPANSION TO SUPPORT LOW CAPITAL GROWTH</p> <ul style="list-style-type: none"> Lower the capital intensity of projects Continue growth of underground portfolio
<h3>Diversify</h3> <p>NEW BUSINESS GROWTH</p> <ul style="list-style-type: none"> Accelerate growth in civil infrastructure services (mining and non-mining) 	<h3>Value</h3> <p>GROW SHAREHOLDER VALUE</p> <ul style="list-style-type: none"> Disciplined capital allocation to improve ROACE Review all aspects of our business to ensure maximisation of returns 	

Letter from the Chair



Dear Shareholders

This year Macmahon celebrates its 60-year anniversary and 40 years listed on the Australian Securities Exchange.

The Company was established in 1963 and issued its first annual report in 1964, reporting revenue of \$1m and a profit of over \$38,500. In the 2023 financial year, Macmahon delivered revenue of \$1.9b and EBIT(A) of \$116.6m, highlighting the extent of the Company's growth.

The FY23 result was on the back of another year of improved safety, operational and financial performance by the Company. This is an excellent result during a period which saw significant unseasonal wet weather in the first half, persistent skilled labour shortages across Australia and inflationary pressures across the mining industry and the global economy more broadly. We effectively managed these challenges whilst successfully attracting and retaining talent and growing our workforce to 8,368.

This strong performance saw Macmahon meet revenue guidance, which was revised upwards in February, in addition to delivering record

underlying EBITDA and underlying EBIT(A). Macmahon has met or exceeded market guidance for six consecutive years, consolidating on our track record of earnings delivery.

This achievement was underpinned by our continued focus on the disciplined execution of our strategy to drive improvement in operational performance, underlying EBIT(A) margins, return on average capital employed and cashflow generation.

Throughout our 60-year history, our people have been at the heart of what we do, and their safety and wellbeing is paramount for Macmahon. I am pleased that we reported another improvement in our safety performance by reducing our Total Recordable Injury Frequency Rate, and we continued our industry-leading wellbeing "Strong Minds, Strong Mines" program. We also remain fully committed to eliminating sexual harassment within our business and industry. As always, we do not take positive results for granted and strive to improve our safety performance as a key operational objective every year.

Our standalone Sustainability Report for FY23 expands upon the information provided in this Annual Report and further outlines our continued efforts to embed sustainability principles in our business planning, operations and culture. A critical focal point for the Board is the positive progression of Macmahon's Environmental, Social and Governance activities and initiatives.

I encourage you to read our Sustainability Report to get a full picture of the ESG initiatives we are undertaking and how they benefit Macmahon, our clients and the community.

Macmahon delivered revenue of \$1.9b and EBIT(A) of \$116.6m, highlighting the extent of the Company's growth.

Disciplined capital management is always front of mind, and Macmahon is committed to paying a sustainable dividend in line with the Company's capital allocation policy, currently targeting a payout ratio of 10-25% of underlying earnings per share. The Board is pleased to have declared a final dividend for the 2023 financial year of 0.45 cents per share, bringing the full-year dividend to 0.75 cents per share. This is an increase on the full-year FY22 dividend, representing a payout ratio of 23.3% of underlying earnings per share.

At a Board level, we retain a team comprised of a diverse range of skills and experience. Post-financial year-end, Non-Executive Directors Mr Alex Ramlie and Mr Arief Sidarto stepped down from the Board after six years of valuable service. This is to concentrate on commitments related to the initial public offering and listing of PT Amman Mineral International (Amman) on the Indonesia Stock Exchange. Amman is the parent company of our major shareholder PT Amman Mineral Nusa Tenggara (AMNT).

We subsequently welcomed Mr David Gibbs to the Board, who was appointed pursuant to AMNT's rights to nominate up to two Directors to the Board under the long-standing Alliance Agreement between our companies. We look forward to working with Mr Gibbs as part of the broader AMNT team.

In August I also announced that I will retire as a Director and Chair of the Board at the conclusion of Macmahon's 2023 annual general meeting. Hamish Tyrwhitt, a current Director, will assume the role of Chair after the AGM.

Over the past 12 years, including 4 years as Chair, I have seen Macmahon face challenges and build itself into a strong and sustainable business operating across Australia and Indonesia; this success is attributable to the efforts and dedication of the entire Macmahon team. Looking forward, Macmahon moves into FY24 with an increased order book due to contract extensions at Martabe, Telfer, Batu Hijau and Byerwen and a new contract win at the Greenbushes lithium project. This, combined with our strong strategic and operational discipline, positions us well for future success.

FY23 HIGHLIGHTS	
Improved safety, operational and financial performance despite weather events, labour shortages and industry and global inflation challenges.	Letter from the Chair
Positive progression of ESG activities and initiatives.	MD and CEO Report
Secured contract extensions at Martabe, Telfer, Batu Hijau and Byerwen.	Operational and Financial Review
Entered battery commodities with a new \$1.1b contract at the Greenbushes Lithium Mine in Western Australia.	Sustainability Report
Declared a final dividend of 0.45 cents per share, bringing our full-year dividend to 0.75 cents per share.	Directors' Report

On behalf of the Board, I would like to thank Managing Director and CEO, Mick Finnegan, for leading our team in delivering another excellent result and extend my thanks to all our people for their commitment and substantial contributions this year. I would also like to again thank our shareholders, clients, and suppliers for their ongoing support.

On a personal note, it has been a privilege to support the Macmahon business during my service as a Director, and a pleasure to have worked with so many diligent, committed and positive people in the Macmahon team. I wish Macmahon and its people, clients, suppliers and shareholders well for the future.



MD and CEO Report



MICHAEL FINNEGAN

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

KEY ACHIEVEMENTS

Macmahon has reported another year of increased revenue and earnings, achieving record EBIT(A) and EBITDA in FY23. This result is in-line with updated revenue and earnings guidance issued in June 2023 and marks the sixth consecutive year the Company has met or exceeded market guidance.

This track record of consistency is particularly important given the significant global uncertainty over recent years, which has presented challenges for entire industries and governments. This has included the global pandemic, the ongoing war in Ukraine, significant supply chain disruption and high-cost inflation. While FY23 saw an easing in supply chain constraints, the skilled labour market remained tight, cost inflation was persistently high, and there was significant unseasonal wet weather on the east coast of Australia and in Indonesia.

As with previous years, the disciplined execution of our strategy has been critical to enhancing our financial performance, along with the dedication and professionalism of our 8,368-strong workforce. Macmahon reported a 12% increase in revenue to \$1.906b, meeting our updated full-year FY23 guidance. This growth was driven by increased activity across the business, a full 12 months of revenue on projects commenced in FY22 and inflation cost recoveries.

Underlying EBITDA was up 6% to a record \$308.7m, and EBIT(A) was up 16% to a record \$116.6m, with margins at 16.2% and 6.1%,

respectively. Importantly, underlying Q4 FY23 EBIT(A) margin was 8.1%, achieving our target of 8%. Statutory Net Profit after Tax of \$57.7m was up from the \$27.4m we reported in FY22, which included significant non-recurring costs.

Underlying operating cash flow before interest and tax was \$306.0m, up 13% on FY22. EBITDA cash conversion was around 99.1%, demonstrating the strong cash generation capability of the business.

Other key highlights during the 2023 financial year include:

- Delivering year-on-year improvement in group safety performance;
- Generating approximately \$34.7m in free cash flow and reducing net debt to \$201.9m ;
- Leverage and gearing trending down from FY22;
- Ending FY23 with a \$5.1b order book after securing \$2.6b in extension and new work, including the Greenbushes lithium project (\$1.1b), Batu Hijau Phase 8 (\$330m), Martabe (\$500m), Telfer (\$100m) and Byerwen (\$440m);
- Growing Underground revenue to \$476m, which is approximately 25% of group revenue, consistent with Macmahon's growth strategy to diversify into lower capital intensity businesses;
- Investing in civil infrastructure resources and capability to accelerate growth in FY24 and beyond;
- Achieving record production at King of the Hills and delivering improved performance at Boston Shaker and Deflector;
- Supporting Calidus to strengthen its balance sheet through their recent capital raise and delivering improved operational performance at Warrawoona; and
- Looking to expand our Strong Minds, Strong Mines program into schools to foster wellbeing and resilience in school-age children in Western Australia.

HEALTH AND SAFETY

Macmahon promotes a culture of continuous improvement, especially regarding the safety and wellbeing of our people. I am very pleased that our safety performance has again improved year-on-year. Macmahon's Total Recordable Injury Frequency Rate (TRIFR) for FY23 decreased from 4.80 in FY22 to 3.94 in FY23. The Lost Time Injury Frequency Rate (LTIFR) decreased from 0.21 in FY22 to 0.13 in FY23.

Our workplace wellbeing focus includes the commitment of Macmahon's leaders to drive a safe, diverse, and inclusive workplace. In FY23, we executed key actions from our sexual harassment roadmap, including upskilling our onsite wellness champions to ensure progress continues. Next year the roadmap will be expanded to Respect@Macmahon, encompassing psychosocial, sexual harassment, culture and Winning at Macmahon focus areas.

Macmahon's Strong Minds, Strong Mines initiative continues to deliver mental, physical, and social health support to our people, their families, and the broader mining community. The program aims to remove the stigma around mental health and has now been extended to Strong Minds, Strong Schools, which is being piloted across Western Australia.

PEOPLE

Critical to delivering on our long-term targets is the continuing engagement of our people. While we have grown our workforce by nearly 20% over the last two years to meet increased activity levels, workforce challenges have persisted, and we continue to see shortages in skilled labour across Australia.

Despite these headwinds, we have been successful in attracting and retaining talent with our workforce growing during the year to reach 8,368. This has been supported by a continued focus on embedding our evolved company values through the Winning at Macmahon program and the roll out of our Diversity, Equity and Inclusion Roadmap. We will continue to evolve and progress key initiatives in FY24, including additional pulse check surveys and an engagement survey to monitor progress.

OPERATIONAL HIGHLIGHTS	
Delivering year-on-year improvement in group safety performance.	Investing in civil infrastructure resources and capability to accelerate growth in FY24 and beyond.
Generating approximately \$34.7m in free cash flow and reducing net debt to \$201.9m.	Growing Underground revenue to \$476m, which is approximately 25% of group revenue, consistent with Macmahon's growth strategy to diversify into lower capital intensity businesses.
Leverage and gearing trending down from FY22.	
Ending FY23 with a \$5.1b order book after securing \$2.6b in extension and new work, including the Greenbushes lithium project (\$1.1b), Batu Hijau Phase 8 (\$330m), Martabe (\$500m), Telfer (\$100m) and Byerwen (\$440m).	Supporting Calidus to strengthen its balance sheet through their recent capital raise and delivering improved operational performance at Warrawoona.
Achieving record production at King of the Hills and delivering improved performance at Boston Shaker and Deflector.	Looking to expand our Strong Minds, Strong Mines program into schools to foster wellbeing and resilience in school-age children in Western Australia.



In FY24, our primary focus will be on further developing our culture. In August 2022, Macmahon introduced its evolved company values, defining how we collaborate, interact, and contribute to the ongoing success of our organisation. These values have become the driving force behind our achievements, and we are determined to build upon them to create an even stronger and more cohesive team.

We have invested further in our people through the “Grow Our Own” program, which saw 758 people trained in FY23, including 453 trainees, 149 external trainees, 30 graduates and 126 apprentices. We are also proud to have launched a new-to-industry skills upgrade program for Australian Defence Force veterans.

CAPITAL MANAGEMENT AND DIVIDEND

We had another year of earnings growth, allowing us to increase our final dividend to 0.45 cents per share, bringing the total dividend for FY23 to 0.75 cents per share. This represents 23.3% underlying earnings per share which is in line with our stated target dividend payout ratio of 10% to 25% of

underlying earnings per share. This has been enabled through maintaining disciplined balance sheet management and consistent compliance with our internal Net Debt/EBITDA leverage ratio and gearing guiderails.

Net Debt/EBITDA at 0.65x and Gearing at 24.9% were below our internal guiderails of 1.0x and 30%, respectively and are trending downwards from FY22. Cash on hand and unutilised banking facilities totalling \$300m at year end support our growth outlook. This excludes a further \$50m added to the Group’s existing \$200m syndicated finance facility in July 2023 as part of a prudent capital management strategy whilst improving liquidity and can be used for general corporate purposes. Of the facility increase, \$6m was repaid resulting in a net increase of \$44m.

Macmahon’s capital management strategy and capital allocation policy reflect the importance of paying stable dividends to our shareholders, balanced with the priority of retaining financial flexibility to execute our strategy. This will be continuously reviewed, particularly where leverage and gearing reduces.

STRATEGY

Our strategy focuses on responsibly growing our business and optimising underlying EBIT(A) margins, cash flow generation and return on average capital employed (ROACE) through diversifying the earnings mix and reducing the capital intensity of the business.

In FY23, we made significant progress, including delivering sustainable operational improvements across our core surface and underground operations, and Q4 FY23 saw Macmahon exceed its target EBIT(A) margin of 8.0%.

Underground mining has grown rapidly to approximately 25% of group revenue, around \$476m from \$53m in FY18. We see significant revenue growth potential for Macmahon in this area and a further improvement in operating margins and ROACE, given its higher margin and lower capital intensity profile.

Civil infrastructure is another area where we are targeting accelerated growth; our pipeline reflects this. Near-term opportunities have been selected based on where Macmahon has an existing relationship and a competitive advantage. In parallel, we are investing in our capability and capacity and are pursuing teaming and strategic partnerships to deliver the magnitude of growth being pursued.

Our strategic progress has enabled Macmahon to consolidate and optimise our core surface mining business, which provides scale and contract tenure. This foundation will be leveraged to diversify more selectively into lower capital-intensity project opportunities. While our surface mining business has more room to grow, our key focus is optimising margins, cost, and capital efficiency and pursuing lower capital intensity surface opportunities.

In addition to growing our three core businesses, Macmahon will continue to invest in developing its people, systems, processes and technology offerings to improve our capabilities, competitiveness and long-term sustainability.

OUTLOOK

The global demand outlook for key minerals remains positive, notwithstanding central bank decisions during the past year to rapidly increase interest rates in response to high inflation. While inflation is now beginning to moderate, Macmahon continues to manage this and the tight labour market across Australia.

There is significant opportunity across the mining and resources sector, and Macmahon has momentum moving into FY24, having secured \$2.6b in revenue in new and extension work during FY23 bringing our order book to \$5.1b at year-end. This order book provides a strong foundation for executing our strategy. Pleasingly, the tender pipeline is robust at approximately \$10.6b and comprises highly filtered, strategically, and operationally aligned opportunities. Macmahon is on track for another year of positive performance.

Macmahon has momentum moving into FY24, having secured \$2.6b in revenue in new and extension work during FY23 bringing our order book to \$5.1b at year-end.

CONCLUSION

I would like to thank the Board for their continued confidence in, and support of, me and our executive team. And ahead of Eva Skira's retirement at the 2023 AGM, I must thank and congratulate her for 12 years of dedication to Macmahon, including the invaluable support and guidance she has provided to the executive team and I during this time.

I would also like to thank our stakeholders and shareholders for their involvement, investment and ongoing support of our business and people. This includes our clients for their trust and shared approach to supporting and protecting the health and wellbeing of our people. Finally, I would also like to express my gratitude to the broader Macmahon team for their outstanding contribution this year.





Operational and Financial Review

Macmahon provides mining, civil infrastructure and support services to miners throughout Australia and internationally.

Headquartered in Perth, Western Australia, the Group derives revenue from surface and underground mining and mining support and civil infrastructure activities, which include civil design and construction (primarily on mine sites), equipment refurbishment and maintenance, training, design and fabrication of mining infrastructure, and mine site maintenance and rehabilitation services.

A breakdown of our revenue by activity, county, client and commodity is shown in the charts on page 6.

Surface Mining

Macmahon's surface mining division offers a broad range of services including bulk and selective mining, mine planning, drill and blast, crushing and screening, water management, and equipment operation and maintenance.

Macmahon's surface mining fleet currently includes a broad range of excavators, dump trucks, front-end loaders, dozers, and drill rigs. Macmahon's fleet is sourced from various providers, including Caterpillar, Hitachi, Liebherr and Epiroc.

KEY PROJECT ACTIVITY

During the year, Macmahon provided services to the following projects:

Tropicana Gold Mine

Macmahon is fulfilling a life of mine contract at the Tropicana project in Western Australia for AngloGold Ashanti and joint venture partner, Regis Resources. During the period, Macmahon invested in its first electric haul truck fleet to increase production and improve safety.

Telfer Gold Mine

Macmahon is fulfilling a life of mine contract at the Telfer project in Western Australia for Newcrest.

Byerwen Coking Coal Mine

Macmahon has been providing open-cut mining services at the Byerwen Coking Coal Mine in Queensland's Bowen Basin for QCoal since the establishment of the mine in November 2017.

Dawson South

Macmahon commenced a three-year contract in March 2022 to provide surface mining services for Anglo American's Dawson South operations, an open-cut metallurgical coal mine in the Bowen Basin in Queensland.

Warrawoona Gold Project

Macmahon commenced an open-cut mining services contract in January 2021 for Calidus Resources at the Warrawoona Gold Project in Western Australia. Ramp up to full production occurred during 2023.

King of the Hills Project

In January 2022, Macmahon commenced a five-year contract with Red 5 to provide surface and underground mining services at the King of the Hills Project near Laverton in Western Australia.

Batu Hijau Copper/Gold Mine

Macmahon is performing its life of mine contract to provide all mining services at the Batu Hijau mine in Indonesia for PT Amman Mineral Nusa Tenggara. Batu Hijau is a well-established, world-class copper/gold deposit. Phase 8 commenced in April 2023.

Martabe Gold Mine

Macmahon is contracted by PT Agincourt Resources to provide mining services at the Martabe Gold Mine in the North Sumatra province of Indonesia. The contract was extended in March 2023 by seven years to 2030.

Langkawi Quarry

Macmahon is currently fulfilling a mining services quarry contract for YTL Cement on Langkawi Island (Malaysia).



Underground Mining

Macmahon's underground mining division offers underground development and production services, a broad range of ground support services, as well as services to facilitate ventilation and access to underground mines, including shaft sinking, raise drilling and shaft lining.

Macmahon's underground mining fleet is comprised of trucks, loaders, jumbo drills, long hole production drills, and raise drills. This equipment is predominantly sourced from Sandvik, Komatsu, Epiroc and Caterpillar.

KEY PROJECT ACTIVITY

During the year, Macmahon provided services to the following projects:

Gwalia Gold Mine

Macmahon is fulfilling an underground mining services contract with Genesis Minerals at its Gwalia Gold Mine in Western Australia. The scope of work includes mine development, ground support, production drilling and blasting, loading and trucking, shotcreting and paste fill reticulation.

Boston Shaker Gold Mine

Macmahon provides all production and development mining services at the Boston Shaker underground mine at the Tropicana site, a joint venture between AngloGold Ashanti and Regis Resources. The scope includes the development of the Tropicana surface ore body through the Boston Shaker decline.

King of The Hills Project

In January 2022, Macmahon commenced a contract with Red 5 to provide surface and underground services at the King of the Hills Project near Laverton in Western Australia. The underground scope of works includes all development and production.

Deflector

Macmahon is fulfilling a contract to provide underground mining services to Silverlake Resources at the Deflector Gold Project in Western Australia. The underground scope of works includes all development and production.

Daisy Milano Gold Mine

Macmahon provides mining services to Silverlake Resources at the Daisy Milano underground mines near Kalgoorlie in Western Australia.

Nicolsons Gold Mine

Macmahon provided mining equipment and maintenance systems and support to Pantoro Limited at the Nicholson's mine located in Halls Creek in Western Australia.

Tujuh Bukit

Macmahon continued to provide underground mining services and support, including fixed plant maintenance and road maintenance for the Exploration decline.

Granny Smith Gold Mine

Macmahon provides cablebolting services to Goldfields near Laverton in Western Australia.

Fosterville Gold Mine

Macmahon provides cablebolting services to Kirkland Lake Gold in Victoria.

Leinster Nickel Mine

Macmahon provided production drilling and other mining services to BHP in the eastern Goldfields in Western Australia.

Other

Macmahon provides raise drilling services to various sites in Australia, including King of the Hills for Red5, Norseman for Pantoro and BHP's Cliffs Mine near Mt Keith in Western Australia, Tomingley Gold Mine in Dubbo, New South Wales for Alkane Resources and at Olympic Dam in South Australia for BHP, where Macmahon has been providing raise drill services for over 30 years.

Macmahon's growing engineering division provides various services to a number of clients, including engineering construction crews to BHP at Leinster Nickel Operations, shaft and winder refurbishment to BHP's Olympic Dam Project, and ore pass liners for IGO Limited's Cosmos mine.



Mining Support and Civil Infrastructure

Macmahon provides consulting, design, procurement, fabrication, construction, equipment sales and hire, equipment refurbishment, maintenance, training services and site rehabilitation services to the resources sector. Macmahon is focussed on building its civil infrastructure and construction business in Australia and Southeast Asia as part of its ongoing strategy to diversify its business.

EQUIPMENT REFURBISHMENT, MAINTENANCE AND SUPPORT SERVICES

Macmahon owns and operates world-class purpose-built equipment maintenance facilities, allowing it to support frontline contracting services with a full suite of equipment refurbishment, maintenance and skilled labour services.

Macmahon's primary workshop, located in Perth, Western Australia, is a key operational asset with the ability to rebuild equipment and components. This facility allows Macmahon to provide specialised workshop equipment services to internal and external clients and to rapidly and efficiently deploy supplies to client locations, and conduct essential in-field or onsite maintenance work.

TRAINING SERVICES

Macmahon is a registered training organisation with two training hubs located at our Coppabella Qld and Perth Airport WA facilities. Programs offered facilitate face-to-face training and assessment services involving mining simulated technologies to a range of new-to-industry and experienced industry workers. Our training services include National Traineeship Programs, apprenticeships, high-risk work licenses, first aid and equipment operator training.

KEY PROJECT ACTIVITY

During the year, Macmahon provided mining support and civil infrastructure services in Western Australia, Queensland and Indonesia, including:

Fimiston

Following completion of the Fimiston Tailings Storage Facility (TSF) Project for Northern Star, Macmahon has commenced construction of TSF 2, scheduled to be completed in FY24.

Peak Downs and Saraji Mines

Macmahon provides multiple mining services and rehabilitation projects in Queensland, including approximately 56ha of rehabilitation at Peak Downs and Saraji Mines.

Foxleigh Project

Macmahon has been fulfilling a contract to supply equipment hire and maintenance services for the Foxleigh Coal Mine in the Bowen Basin since March 2021.

Hu'u Project

Macmahon has constructed an 11km access road at the Hu'u copper-gold exploration project and continues to provide maintenance services for the access road on Sumbawa Island in Indonesia.

Martabe Gold Mine

Macmahon has commenced the construction of the new tailings dam at the Martabe Gold Mine in North Sumatra, Indonesia.

Macmahon continued to successfully deliver long-term mining support and civil infrastructure services in addition to a number of rehabilitation and other projects to clients in the Bowen Basin. Macmahon is pursuing numerous additional opportunities to support its growth strategy in the civil, infrastructure and rehabilitation areas.



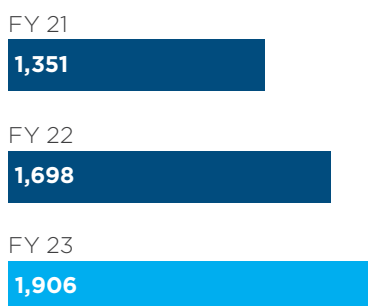
Financial Review

FROM OPERATIONS BEFORE SIGNIFICANT ITEMS

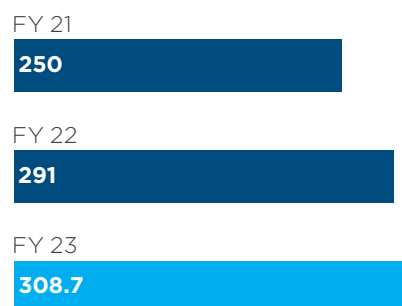
	1H23	2H23	FY23	FY22
Revenue				
Australia	747.8	795.5	1,543.3	1,336.0
Indonesia	238.1	121.8	359.9	358.8
Other International	1.3	1.7	3.0	3.2
Group Revenue	987.2	919.0	1,906.2	1,698.0
EBITDA (underlying)	149.3	159.4	308.7	291.4
EBIT(A) (underlying)	53.7	62.9	116.6	100.8
NPAT (underlying)	29.8	37.8	67.6	63.0
EBITDA (reported)	146.2	157.7	303.9	263.1
EBIT (reported)	47.2	59.5	106.7	65.2
NPAT (reported)	23.2	34.5	57.7	27.4

Note: With the exception of revenue and NPAT (reported), the other measures above are not defined by IFRS and are unaudited. Refer to the Summary of Consolidated Reports section for a reconciliation of underlying results.

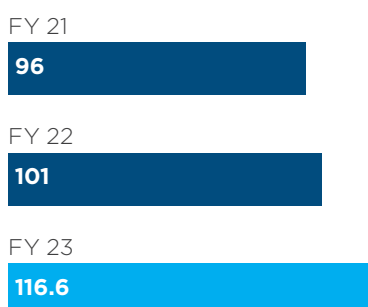
REVENUE (\$M)



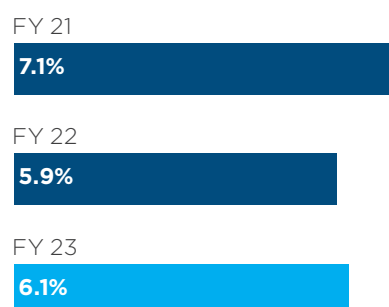
UNDERLYING EBITDA (\$M)



UNDERLYING EBIT (A) (\$M)



UNDERLYING EBIT (A) MARGIN



PROFIT AND LOSS

Macmahon delivered revenue and earnings growth in line with its publicly stated guidance. Revenue for the Group increased by 12.3% to \$1.9b (30 June 2022: \$1.7b). This increase was largely attributed to ramping up of underground projects (Deflector and Boston Shaker), the inclusion of 12 months of revenue from projects commenced in FY22 (King of the Hills Surface and Underground, and Warrawoona), along with the organic growth in existing projects.

Underlying earnings (before interest, tax, customer contracts amortisation and other adjusting items (EBIT(A)) for FY23 increased by 15.7% to \$116.6m (30 June 2022: \$100.8m). Similarly, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 5.9% to \$308.7m (30 June 2022: \$291.4m).

Depreciation (excluding amortisation on customer contracts) and Net Finance Costs

Depreciation (excluding customer contract amortisation) and net finance costs for the year increased from \$190.4m and \$19.0m, respectively, to \$191.7m and \$24.3m. The increase in depreciation attributed to the growth in property, plant and equipment was primarily offset with lower depreciation on Batu Hijau as the original Phase 7 assets were fully depreciated by 31 July 2022.

Tax

The Group reported a tax expense of \$24.7m and an effective tax rate of 30%. The prior year's effective tax rate of 40.6% was a result of non-deductible earn-out expense incurred.

BALANCE SHEET

Net assets increased from \$559.5m to \$608.8m at 30 June 2023. Total assets and total liabilities increased by \$126.4m and \$77.1m, respectively, primarily due to the expansion and ramp-up projects.

The Group's net tangible assets (NTA) increased by 10.1% to \$598.3m at 30 June 2023 (30 June 2022: \$543.5m). As a result, NTA per share increased from 25.2 cents per share to 27.8 cents per share.

Working Capital

Investment in net working capital decreased by 15.4% to \$17.9m during the period, primarily due to stringent trade receivables collections. Current trade and other receivables and inventory increased from \$299.0m and \$89.9m, respectively, to \$331.0m and \$92.3m at 30 June 2023. The current trade and other payables at 30 June 2023, of \$324.7m, increased from the prior year of \$272.4m.

Net Debt

Net debt at 30 June 2023, reduced from \$215.5m to \$201.9m, representing a gearing of 24.9%. This comprised cash on hand at 30 June 2023, of \$218.2m (30 June 2022: \$198.0m), offset by borrowings of \$420.1m (30 June 2022: \$413.5m). Net debt to EBITDA for 30 June 2023, was 0.65 times.

The decrease in net debt of \$13.6m was primarily due to the stringent receivable collections.

As at 30 June 2023, cash and unutilised working capital facilities totalled \$299.9m (30 June 2022: \$255.8m).

In July 2023, the Group increased its syndicated finance facility by \$50m to provide further flexibility in debt management. Of this, \$6.0m was repaid on the facility resulting in a net increase of \$44.0m.

CASH FLOW

Underlying operating cash flow (excluding interest, tax, acquisition and SaaS customisation costs) for the year ended 30 June 2023, was \$306.0m (30 June 2022: \$269.8m), representing a conversion rate from underlying EBITDA of 99.1%. Cash conversion was increased due to increased cash generation from operations and the improved receivables collection.

Capital Expenditure

Capital expenditure for property, plant and equipment for the year totalled \$239.4m (2022: \$279.0m), comprising \$46.2m (2022: \$120.2m) acquired through finance leases and \$193.2m funded in cash.

DIVIDEND

The Board has approved the payment of a final dividend of 0.45 cents per share for FY23. This equates to a total dividend declared for FY23 of 0.75 cents per share.

Risk Management

Macmahon defines risk management as the identification, assessment and management of risks that have the potential to materially impact on its operations, people, reputation, and financial results.

Given the breadth of operations, the geographies and the markets in which Macmahon operates, a wide range of risk factors have the potential to impact Macmahon. While Macmahon attempts to mitigate and manage risks where it is efficient and practicable to do so, there is no guarantee these efforts will succeed. Macmahon's corporate governance statement sets out its risk management policy, which includes an overview of the policy, framework and processes.

Summarised below are the material business risks that may affect the achievement of Macmahon's strategies, performance and prospects.

INDUSTRIAL RELATIONS AND UNION CHANGES

Macmahon aims to maintain strong relations with our workforce in order to ensure a safe and productive working environment. Disruptions to Macmahon's operations and work environment could occur due to increased union activism, shifts in the political landscape, or alterations in industrial relations legislation, which could potentially impact our ability to provide continuity of supply and/or work environment. Macmahon has Enterprise Agreements to cover the majority of the wages workforce for existing projects.

CYBERSECURITY, IT SERVICES AND IT INFRASTRUCTURES

Cyber security risk has become a significant concern as the industry increasingly adopts digitisation and automation, becoming more vulnerable to cyber threats and attacks. The potential for cyber attacks, data misuse and release of sensitive information poses an ongoing risk to the business. To mitigate this risk, Macmahon has developed a Cyber Resilience Strategy and Cyber Security Management Framework in response to our security maturity assessment, which continues to evolve in accordance with industry changes. The implementation of the strategy to ongoing operations was embedded in the FY23 Business Plan, which included funding over FY23 and into FY24.

FINANCING RISK

Macmahon has diversified financing facilities with a number of external financiers. Our aim is to ensure that we continue to meet all our obligations under these facilities regardless of the financial climate. Default on the obligations of our financing facilities could cause withdrawal of financial support, insufficient cash flow to meet debt obligations,

unexpected financial losses, changes in market conditions impacting the Company's financial stability, or potential loss of operational flexibility due to reduced liquidity and reputational damage. To mitigate this risk, Macmahon's annual budgeting process includes forecasting of covenants for the next three years. Other controls include a prudent capital expenditure process, ongoing liquidity monitoring, and internal gearing and liquidity limits set yearly.

CONTINGENT LIABILITIES

Macmahon is exposed to a number of contingent liabilities, including those described in the notes to the Annual Report. The conversion of Macmahon's contingent liabilities into actual liabilities could result in a negative impact on Macmahon's financial position and financial guidance due to unexpected financial burdens. To mitigate this, Macmahon has ongoing monitoring of contingent liabilities, changes to legislation and potential legal precedents.

LOGISTICS AND SUPPLY CHAIN RISK

Macmahon partners with various suppliers and joint venturers. Current global supply chains are more fragile due to macroeconomic uncertainty, which has the potential to impact our business operations significantly. In the era of globalised commerce, logistical and supply chain risks are rising due to geopolitical issues, supplier disruptions, and broader macroeconomic trends. Given the dependence on international suppliers and partners, these risks are particularly relevant for Macmahon. Macmahon is exposed to global macroeconomic issues and/or unethical practices of suppliers and joint venture partners, such as engagement in modern slavery, which could

disrupt Macmahon's supply chain. This could cause potential disruptions to operations due to supply chain or logistical issues leading to delays and increased costs, damage to Macmahon's reputation and potential legal issues if associated with entities engaging in modern slavery, loss of trust among stakeholders, and possible sanctions or penalties from regulatory bodies. To manage this risk, Macmahon has implemented a regular review of procurement policies and procedures, monitoring inventory holdings and regular contact with key suppliers to optimise critical inventory needed to meet operational requirements and commercial teams managing clients to ensure that cost increase pass-on is optimised.

BREAKDOWN IN CORPORATE GOVERNANCE

Overseeing governance is a key function of the Board. Failures in Macmahon's corporate governance systems could lead to increased fraud rates, financial inaccuracies, safety issues, and reputational damage. This may be due to inadequate or insufficient oversight by the Board, non-compliance with governance standards, inadequate poor internal controls and audit mechanisms, or failure to adhere to regulatory requirements and ethical standards. Without the appropriate controls, there is an increased likelihood of fraudulent activities and financial misstatements, safety issues leading to employee harm, loss of life, operational disruptions, reputational damage attracting adverse reactions from shareholders, markets, and regulators, increased risk of litigation against the Company, and potential penalties or sanctions by regulatory bodies.

To mitigate this, Macmahon maintains a formal Corporate Governance Statement and an annual review occurs of the Company's main governance policies and procedures. This is supported by:

- internal management review processes;
- regular board meetings;
- internal and external auditing processes;
- representation undertakings by the executive team to the CEO and CFO every six months; and
- a robust internal function that ensures the review and regular monitoring of whistleblower policy and hotline, code of conduct, corrective action and non-conformance standards.

MACROECONOMIC AND CHANGES IN POLITICAL LANDSCAPE RISK

Macroeconomic and political landscape risks are becoming increasingly relevant as global markets continue to intertwine. For Macmahon, fluctuations in foreign currency exchange (FX) rates, commodity prices, and changing political and regulatory environments in the jurisdictions where Macmahon operates can significantly affect the bottom line. Macmahon is exposed to macroeconomic events or geopolitical tensions changes such as unstable foreign currency fluctuations, political conflicts, industry and commodity price volatility, or price inflation may have a negative impact on the business.

This is due to economic instability or downturns in the markets Macmahon operates in, political instability leading to policy changes, unpredictable fluctuations in foreign currency rates, volatile commodity prices, or high inflation rates. As a result, potential financial loss due to unfavourable economic conditions, challenges in meeting changing legal or regulatory requirements, operational disruptions due to political conflicts, decreased profitability due to currency or commodity price fluctuations, and potential reputational damage if unable to maintain compliance with evolving legal frameworks could occur. To manage this risk, developing a flexible business strategy that includes diversification of markets and products will further aid in minimising the FX impact/exposure to intercompany debt and other foreign currency transactions. Macmahon monitors FX exposure closely and implements natural hedging across international operations as required.

EXECUTIVE AND NON-EXECUTIVE PERFORMANCE

The performance of Macmahon's leadership team is a critical determinant of the Company's success. In a highly competitive mining service industry, the Company's strategic direction, financial performance, and stakeholder confidence are all closely tied to the capability and judgement of the CEO and the Board. Inadequate leadership or decision-making by the CEO, inadequate Board composition, and lack of experience or capability of the Board and CEO could result in compromised strategic directions impacting the Company's growth and competitiveness, financial underperformance eroding shareholder value, and reduced decreased stakeholder confidence due

to lack of effective leadership, potential loss of key personnel, and reputational damage. Macmahon has implemented a comprehensive performance management system to mitigate this risk, which is reviewed regularly. In addition, the effectiveness of the Board is monitored by use of board evaluation processes and regular 'in camera' discussion.

EXECUTION OF STRATEGIC CONTRACTS

The proper execution of strategic contracts is vital for business continuity and growth. In the complex environment of mining operations, challenges such as project delays, cost overruns and early contract terminations can severely impact the Company's financial health and reputation.

If underperformance of project delivery, inefficient contract management, and premature contract termination were to occur, Macmahon could be exposed to delays and cost overruns, potential legal and regulatory issues arising from non-compliance with contract terms, damage to reputation, and potential loss of future business opportunities. To mitigate this risk, Macmahon has implemented continual improvement of contract management capabilities, emphasising robust planning, performance tracking and effective communication with involved parties.

FATALITY / SIGNIFICANT EVENT RISK

As a mining services company, our operations can be disrupted by pandemics, natural disasters, extreme weather events and major process or infrastructure failures. Macmahon could be exposed to multiple fatalities or unable to respond effectively to significant events such as natural disasters due to non-compliance with post-incident response procedures and lack of attention to occupational health, safety, and environment (HSE) practices. Failure to adhere to established safety protocols or a general lack of emphasis on occupational HSE practices could result in loss of life or injury to employees, significant damage to infrastructure, damage to the Company's reputation, and increased regulatory scrutiny. To mitigate this, Macmahon has implemented internal controls including: HSEQ and HR policies including critical control standards, an integrated safety health management system (SHMS),

pre-employment medical screening, healthy lifestyle programs, drug & alcohol checks, employee assistance program, life saving rules, fatigue management, adequate workplace rest facilities and camp facilities, mental health programs, internal and external auditing of the SHMS and testing of response plans (Crisis and Emergency Management Plan, Emergency Preparedness and Response Procedure, and Project Emergency Response Plans).

PIPELINE MAKEUP

Macmahon's performance is impacted by its ability to win, extend and complete new contracts with an appropriate economic return (the "pipeline"). Pipeline degradation of Macmahon's order book pipeline could occur due to misalignment of business operations with market strategy and failure to win or extend new contracts. As a result, Macmahon could face financial losses due to uneconomic contracts and operational inefficiencies leading to resource strain, which ultimately impact overall financial performance and position due to failure to win or extend new contracts. Macmahon has applied a rigorous work pipeline process to mitigate this risk, including the authority to bid process and risk and opportunity standards, a Tender Review Committee reviews potential projects, and budgets are prepared to consider all secured work.

LEGAL / REGULATORY NON-COMPLIANCE WITHIN ALL JURISDICTIONS IN WHICH MACMAHON OPERATE

As well as Australia, Macmahon operates in international markets, including Indonesia and Malaysia, which may have a higher sovereign risk rating than Australia. This exposes Macmahon to additional adverse economic conditions, civil unrest, conflicts, terrorism, security breaches, bribery and corrupt practices. If Macmahon does not adequately monitor compliance with key legal or regulatory requirements in the jurisdictions it operates, then there is a risk of potential fines or legal proceedings, loss of social license to operate, impacting business continuity and growth, damage to reputation, and loss of trust among stakeholders - including clients and investors.

To mitigate this risk, Macmahon:

- monitors political activity, policy, legislative and regulatory changes in the jurisdictions it operates;
- engages with relevant authorities and agencies in those jurisdictions; and
- maintains robust ongoing monitoring of changes in laws and regulations by HR, safety and legal teams.

BREACH OF CLIMATE REGULATIONS

As global focus on climate change intensifies, non-physical climate regulation risks such as policy changes, regulatory reforms and shifting investor expectations have emerged as significant considerations for companies. For Macmahon, failure to align with these changing expectations could result in reputational damage, legal penalties and reduced investment. As a result, potential regulatory penalties and reputational damage could occur. To mitigate this risk, Macmahon has completed a material mapping exercise to review and determine its most material ESG topics. Macmahon's performance against each of these topics will be disclosed in its annual Sustainability Report.

SOCIAL LICENSE TO OPERATE

Local communities can significantly impact Macmahon's operations and corporate reputation. Local communities often depend on the project for employment, training and local business opportunities. Social licence to operate represents the level of acceptance or approval by local communities and stakeholders of Macmahon's operations. With increased public scrutiny of the mining industry's social and environmental impact, maintaining a social licence is critical for ongoing success. If Macmahon fails to effectively manage environmental and social impacts of operation and meet the expectations of the community in the way it operates (e.g., controlling noise pollution, preserving heritage sites, protecting the environment, considering Native Title rights), Macmahon could be exposed to damaged reputation, potential loss of clients or tender and potential legal consequences for non-compliance

with local regulations or expectations. To mitigate this risk, Macmahon has implemented active engagement and support in local community relations and sponsorship programs. In addition, Macmahon is ensuring local communities are considered when hiring and procuring supplies. Macmahon also supports a positive work environment through various health and wellbeing programs, and our Strong Minds, Strong Mines program provides mental, physical and social health support to our people and the broader mining industry.

CAPITAL STRATEGY & STRUCTURE

Macmahon aims to manage uncertainty related to changing macroeconomic conditions. We do the same when it comes to the volatility in commodity, currency and capital markets, given the impact they can have on our earnings, balance sheet and ability to pursue our strategy.

If Macmahon fails to sufficiently plan capital spending, raise sufficient funds and meet financial covenants imposed by lenders, it could be exposed to potential inadequate capital structure to fund our strategic objectives, creating balance sheet risks such as issues with gearing, liquidity, or covenants. As a result, Macmahon could face difficulty in executing strategic initiatives due to a lack of necessary funding, potential breaches of covenants leading to penalties or increased borrowing costs, potential liquidity issues impacting daily operations, and diminished investor confidence due to perceived financial instability. To mitigate this risk, Macmahon has robust financial controls over gearing, liquidity and banking covenants to manage and structure capital and fund its strategic objectives.

PSYCHOSOCIAL HARM RISK

Psychosocial harm refers to incidents that may cause harm to the mental health of our workforce. Failure to adequately implement workplace policies or enforcement to prevent harassment or bullying, effectively report or provide support systems for affected employees, and provide adequate training to prevent such incidents could compromise

employee wellbeing. The deteriorating mental health of employees could lead to increased absenteeism or turnover, difficulty in attracting and retaining talent due to negative workplace culture, potential legal implications, operational disruptions due to workforce instability, and potential reputational damage impacting the Company's ability to retain clients and impacting operational and financial performance. To mitigate this risk, Macmahon is committed to ensuring the safety and wellbeing of our people, communities, and environment around us. The Respect@Macmahon Roadmap is always expanding and continues to drive improvements in this area. We implement policies and standards, including the Code of Conduct, Diversity and Inclusion Policy, Sexual Harassment Policy, and the Equal Employment Opportunity Complaint and Resolution Procedure, designed to protect our workforce. These underpin our approach towards managing psychosocial harm, providing clear guidance on the standards we expect all our operations to achieve.

PEOPLE AND CULTURE

Given the current shortage in skilled labour and surge in demand for contract mining services in Australia, Macmahon could face difficulties securing specialised skilled employees aligned with Macmahon's values and objectives. This could result in significant operational delays and inefficiencies, reducing productivity and increasing operational costs. It can also elevate safety risks, as inexperienced workers may be more likely to be involved in workplace accidents.

To mitigate this risk, Macmahon has made culture a focus of the business by championing our values, and pursuing a strategy of creating a rewarding and supportive workplace. The creation and implementation of various roadmaps such as the Respect@Macmahon Roadmap and the Diversity, Equity and Inclusion Roadmap have served

to further embed the values statement across the business. Further Macmahon increased its apprenticeship intake and training program and completes ongoing culture employee engagement surveys.

STRATEGIC PARTNERSHIP RISK - SERVICE PROVIDERS

Strategic partnerships are vital in leveraging resources, sharing knowledge and competencies, and achieving operational efficiency. Macmahon strategically partners with providers of non-core services to grow the Company's revenue and market share in targeted markets. A breakdown in these relationships and/or financial distress experienced by the partner(s) could lead to operational disruption, reputational damage and/or financial losses. This is mitigated by extensive due diligence and procurement activities that ensure parties with complementary skill sets will accelerate our growth in mining support and civil infrastructure and enable us to secure larger-scale projects on acceptable commercial terms.


INNOVATION RISK

Adopting new technologies to achieve operational efficiency and cost-effectiveness is needed to remain competitive in the market. Macmahon positions itself as an early adopter of new technologies. Macmahon innovates through the optimisation of business and operational structures and processes. There is a risk that unmatched technological improvements by competitors could leave Macmahon at a competitive disadvantage and unable to compete. There is also a risk that Macmahon does not keep abreast of the changes in the current business environment, making the Company less attractive to clients. To mitigate this risk, Macmahon has a technology roadmap in surface and underground operations to enhance safe and efficient productivity.



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Directors' Report
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Directory and Glossary

Our Board




EVA SKIRA AM
INDEPENDENT,
NON-EXECUTIVE CHAIR



MICHAEL FINNEGAN
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER



DAVID GIBBS
NON-INDEPENDENT,
NON-EXECUTIVE DIRECTOR



DENISE McCOMISH
INDEPENDENT,
NON-EXECUTIVE DIRECTOR



BRUCE MUNRO
INDEPENDENT,
NON-EXECUTIVE DIRECTOR



HAMISH TYRWHITT
INDEPENDENT,
NON-EXECUTIVE DIRECTOR

EVA SKIRA AM

Independent, Non-Executive Chair

Appointed 26 September 2011
Appointed as Chair on 27 June 2019

Qualifications: BA (Hons), MBA, Life Mbr SF Fin, Life Mbr FAIM, FAICD, FGIA, FCIS

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

Ms Skira has served on a number of boards in business, government, and the not-for-profit sectors across a range of industries, including engineering, infrastructure, health and finance.

She is currently a Non-Executive Director of Western Power and Chair of the Catholic Education Commission of Western Australia. Ms Skira was recognised in the 2019 Australia Day honours list and awarded a Member of the Order of Australia for her significant service to business in Western Australia.

She has previously been Deputy Chair at Metrobus, Chair of Westscheme Superannuation, Deputy Chancellor of Murdoch University, and a board member of MDA National Insurance. Ms Skira also understands sustainability and environmental practices, having been the Chair of the Water Corporation of Western Australia and Forest Products Commission.

Current other listed directorships:

None

Former listed directorships (last three years):

None

Committee memberships:

- Chair of the Nomination Committee
- Member of the Remuneration Committee
- Member of the Audit and Risk Committee

Interests in ordinary shares: 982,621

Interests in share rights: 184,115

MICHAEL FINNEGAN

Managing Director and Chief Executive Officer

Appointed as Managing Director on 1 October 2019

Qualifications: BSc

Experience and expertise: Mr Finnegan has more than 25 years of experience in the mining industry, with the last 20 years primarily 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 coasts of Australia, as well as a number of countries throughout Asia.

Current other listed directorships:

None

Former listed directorships (last three years):

None

Committee memberships:

- Member of the Tender Review Committee

Interests in ordinary shares: 5,020,008

Interests in performance rights: 12,342,701

DAVID GIBBS

Non-Independent, Non-Executive Director

(AMNT Nominee) Appointed 13 July 2023

Qualifications: BSc (Hons), ARSM, C Eng

Experience and expertise: Mr Gibbs has 40 years of international experience in large-scale mining operations with copper and gold, diamonds, uranium, coal (thermal and coke), talc and nickel laterite resources. His experience includes underground and open pit mining across South Africa, Namibia, Papua New Guinea, Australia, Thailand, and Indonesia.

He holds a Bachelor of Science (Hons) degree in Mining Engineering, a Mine Manager Certificate First Class for Western Australia, and a Mine Manager Certificate from South Africa. Mr Gibbs is also an Associate of The Royal School of Mines (ARSM) and a Chartered Engineer (C Eng).

Current other listed directorships: PT Amman Mineral Internasional Tbk (IDX: AMMN).

Former listed directorships (last three years): None

Committee memberships:

- Member of the Nomination Committee

Interests in ordinary shares: 60,000

Interests in share rights: None

DENISE McCOMISH

Independent, Non-Executive Director

Appointed 1 March 2021

Qualifications: FCA, DipAcctgFoundn (Glam), MAICD

Experience and expertise: Ms McComish has extensive financial, corporate, ESG and board experience across multiple sectors. Denise was a partner with KPMG for 30 years, specialising in audit and advisory services, and held leadership positions including KPMG Australia board member and national mining leader.

Ms McComish is a Non-Executive Director of Webjet Limited, Gold Road Resources Limited, WA Electricity Generation and Retail Corporation (Synergy) and Beyond Blue Limited. Ms McComish has been a member of the Australian Takeovers Panel since 2013. She also serves as Advisory Board Chair for the ECU School of Business and Law and a WA Division Councillor for the Australian Institute of Company Directors.

Ms McComish is a Fellow of Chartered Accountants Australia and New Zealand and a member of AICD and Chief Executive Women. In 2018, she was awarded an Honorary Doctorate in Business from Edith Cowan University.

Current other listed directorships: Webjet Limited (ASX: WEB) and Gold Road Resources Limited (ASX: GOR).

Former listed directorships (last three years): None

Committee memberships:

- Chair of the Audit and Risk Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee

Interests in ordinary shares: 569,927

Interests in share rights: None

BRUCE MUNRO

Independent, Non-Executive Director

Served 1 October 2019 to 21 August 2023
(Board approved leave of absence
11 April to 10 July 2023)

Qualifications: BE (Hons), FIEAust

Experience and expertise: Mr Munro has more than 40 years of experience as an engineer and manager with major construction and mining contractors in a number of countries, including Australia, Asia, India and southern Africa. From 2011 until his retirement in 2015, Mr Munro was the Managing Director of Thiess Pty Ltd, which during this period had approximately 20,000 employees and annual revenues up to approximately \$7b. He has been involved as a contractor in developing and operating numerous mines for clients, including BHP, Glencore, Rio Tinto, BP, Peabody, Bumi Resources, Inco, Wesfarmers, Vale and Fortescue. Whilst Mr Munro held the role of CEO, Thiess was mining in excess of approximately 50m tonnes per annum of coal.

Mr Munro has been a Non-Executive Director of Australian Pacific Coal Ltd. and Sedgman Ltd. He is an Honours graduate from the University of New South Wales School of Civil Engineering and a Fellow of the Institution of Engineers Australia. During his career, he served as a director on a number of industry bodies, international business councils and diversity groups.

Current other listed directorships: None

Former listed directorships (last three years): None.

Committee memberships:

- Chair of the Tender Review Committee
- Member of the Audit and Risk Committee
- Member of the Nomination Committee

Interests in ordinary shares: 2,450,276

Interests in share rights: 521,660

HAMISH TYRWHITT

Independent, Non-Executive Director

Appointed 1 October 2019

Qualifications: MIE Aust CPEng APEC Engineer (Fellow), ATSE (Fellow), HKIE

Experience and expertise: Mr Tyrwhitt has over three decades of senior leadership experience in the global contract mining, engineering and construction sectors. He worked for Leighton Group (now CIMIC), at the time the world's largest contract miner, for 28 years including as Managing Director for Leighton Asia before leading its global operations as Group CEO from 2011 to 2014.

Since leaving Leighton Group, Mr Tyrwhitt has held CEO and non-executive roles with construction and resources companies listed on the NASDAQ Dubai, Singapore and London stock exchanges, and is currently an executive with Fortescue. During his career he has also served on a number of industry bodies and advisory boards including for Infrastructure Partnerships Australia, the World Economic Forum and the Leadership Group of the Business 20 advisory group for the G20 intergovernmental forum.

Mr Tyrwhitt is a fellow of the Australian Academy of Technological Sciences and Engineering, a fellow of the Institution of Engineers Australia, a member of the Hong Kong Institute of Engineers, and a member of the College of Civil Engineers, Australia.

Current other listed directorships: None

Former listed directorships (last three years): None

Committee memberships:

- Chair of the Remuneration Committee
- Member of the Audit and Risk Committee
- Member of the Nomination Committee
- Member of the Tender Review Committee

Interests in ordinary shares: 525,010

Interests in share rights: 145,758

ALEX RAMLIE

Non-Independent, Non-Executive Director

(AMNT Nominee) Served 8 August 2017 to 13 July 2023

Qualifications: BA, MA (Economics)

Experience and expertise: Mr Ramlie is the President Director and Chief Executive Officer of PT Amman Mineral Internasional Tbk (Amman), which he joined in 2015 as a member of the founding team and successfully listed on the Indonesia Stock Exchange (IDX) in July 2023. He was instrumental in acquiring PT Newmont Nusa Tenggara (now renamed PT Amman Mineral Nusa Tenggara) by Amman from Newmont Mining Corp, Sumitomo Corp, and PT Multi Daerah Bersaing.

Prior to becoming President Director of Amman, from 2011 to 2015, he was the President Director and Chief Executive Officer of IDX-listed PT Borneo Lumbang Energi & Metal Tbk, which operates a hard coking-coal mine in Tuhup, Central Kalimantan. Between 2012 and 2015, Mr Ramlie was also a Non-Executive Director of LSE-listed Bumi PLC and Deputy President Commissioner/Deputy Chairman of IDX-listed PT Berau Coal Energy Tbk. He held Commissioner positions in IDX-listed PT Bumi Resources Tbk, PT Kaltim Prima Coal, and PT Arutmin Indonesia.

Mr Ramlie holds Bachelor's and Master's degrees in Economics from Boston University and began his career as an investment banker at Lazard Frères & Co.

Current listed directorships: PT Amman Mineral Internasional Tbk (IDX: AMMN).

Former listed directorships (last three years): None

Committee memberships:

- Member of the Nomination Committee

Interests in ordinary shares: 2,251,217*

Interests in share rights: 368,230

ARIEF SIDARTO

Non-Independent, Non-Executive Director

(AMNT Nominee) Served 8 August 2017 to 13 July 2023

Qualifications: BSE, BS, MBA

Experience and expertise: Mr Sidarto has extensive experience in the financial services and corporate sectors and currently serves as a Director of PT Amman Mineral Internasional Tbk listed on IDX.

Mr Sidarto commenced his career with Goldman Sachs in New York in its Structured Finance Division, and during his investment banking career, was responsible for deal execution (M&As, LBOs, restructuring, debt and equity capital raisings), select client relationships and cross-selling (commodities, asset-liability management products). He was appointed as a member of Goldman Sachs' Asia Commitments Committee, which vetted all investment banking transactions in Asia (excluding Japan) and eventually ran their investment banking business in South East Asia.

Before joining Amman, Mr Sidarto was Managing Director of PT Rajawali Corpora, the holding company of a diversified business group with investments in palm oil plantation, gold and other mining assets, transportation, infrastructure, hotels (St Regis, Four Seasons, Sheraton Hotels), property and media.

Mr Sidarto holds an MBA from Harvard University and graduated summa cum laude with dual Bachelor's degrees in Finance from the Wharton School and Engineering from the School of Engineering at the University of Pennsylvania.

Current listed directorships: PT Amman Mineral Internasional Tbk (IDX: AMMN).

Former listed directorships (last three years): None

Committee memberships:

- Member of the Nomination Committee

Interests in ordinary shares: 2,251,217*

Interests in share rights: 368,230

* As at time of resignation on 13 July 2023.



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- [Vision, Values and Strategy](#)
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- [Sustainability Report](#)
- [Directors' Report](#)
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Executive Management Team

The diverse range of skills in our Executive Management Team provides a strong foundation for delivering strategic and governance initiatives to ensure we remain fully aligned with our culture, core values and success.



MICHAEL FINNEGAN

**MANAGING DIRECTOR
AND CHIEF EXECUTIVE
OFFICER**

Mr Finnegan was appointed CEO in 2016 and Managing Director in October 2019. Mr Finnegan holds a Bachelor of Science (Mining) and has over 25 years of experience in the mining industry. The last 20 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 coasts of Australia, as well as in a number of countries throughout Asia.



URSULA LUMMIS

**CHIEF FINANCIAL
OFFICER**

Mrs Lummis is a Chartered Accountant and holds a Bachelor of Commerce (Honours) degree in Accounting, Auditing and Tax. She joined Macmahon in 2018 as Group Financial Controller and was appointed Chief Financial Officer on 1 November 2021.

Before Macmahon, Mrs Lummis had more than 20 years' experience with KPMG South Africa and KPMG Australia, providing services to many globally listed companies in the mining and mining services sectors.



RICHARD MCLEOD

**CHIEF OPERATING
OFFICER**

Mr McLeod brings over 43 years of comprehensive international mining experience in open pit and underground environments.

Prior to joining Macmahon in 2022, Mr McLeod worked in Senior Management positions for Anglo Gold Ashanti at the Tropicana and Sunrise Dam sites. He has a reputation for driving innovation and positive change across the industry in Western Australia, South Africa, and North America. He successfully adapts and embraces positive values-driven culture and passionately believes in his people's success.



DONALD JAMES

CHIEF COMMERCIAL OFFICER

Mr James is a Chartered Accountant FCA ANZ with extensive commercial, financial, operational and corporate experience in the mining and industrial services sectors. Over the past 21 years and before joining Macmahon, Mr James has been a member of group executive leadership teams in ASX-listed companies, including Seven Group Holdings, NRW and Perenti. He has held strategic key executive leadership positions and non-executive director roles in both developing and operational entities, within which he has demonstrated a strong focus on delivering high-return business outcomes.



ELIZABETH GRAY

EXECUTIVE GENERAL MANAGER, HSEQ

Ms Gray joined Macmahon as General Manager, HSEQ in 2020 and holds a Graduate Diploma in Occupational Health and Safety and a Bachelor of Nursing. Ms Gray has more than 20 years of experience in senior roles in health, safety and environment. Before Macmahon, she held management positions with Peabody, Sandvik, BHP and AngloCoal.



NICOLA HAMILTON

EXECUTIVE GENERAL MANAGER, PEOPLE

Ms Hamilton commenced with Macmahon in February 2021 and holds a Bachelor of Human Resource Management (Honours). She has over 20 years of experience in people management with global resources companies, including PTTEP, Beach Energy and Schlumberger. She specialises in building and leading HR functions in diverse environments with expertise in business and strategic planning, building high-performing teams and cultures, change management, talent management and development, and employee relations.



MAHA CHAAR

GENERAL COUNSEL

Mrs Charar joined Macmahon in 2021 and is a senior executive and qualified lawyer with extensive national and international experience across legal, commercial, governance, and risk in various sectors, including resources, infrastructure, mining and commodities, engineering, oil and gas, and construction. She has significant experience advising on large-scale project developments and disputes and is also skilled in managing and documenting complex transactions and commercial contracts.

Mrs Charar holds a Master of Laws, a Bachelor of Laws (Honours), and a Bachelor of Science. She has authored several published, peer-reviewed academic papers and articles.



Sustainability

At Macmahon we are committed to embedding sustainability within our businesses strategy planning, operations, and culture so we can continue to grow responsibly and in a way that delivers positive outcomes to our team members, customers, investors, and the communities in which we operate.

Macmahon is committed to meeting our goals in workforce diversity and gender equity, mental health and wellness, as well as supporting our partners with native rehabilitation activities and working with clients to reduce greenhouse gas emissions through potential decarbonisation actions with commercial and technological solutions.

For further information, please refer to the standalone FY23 Sustainability Report.







Sustainability Year in Review

Macmahon has also released a separate Sustainability Report available via the ASX or the Macmahon website.

Governance

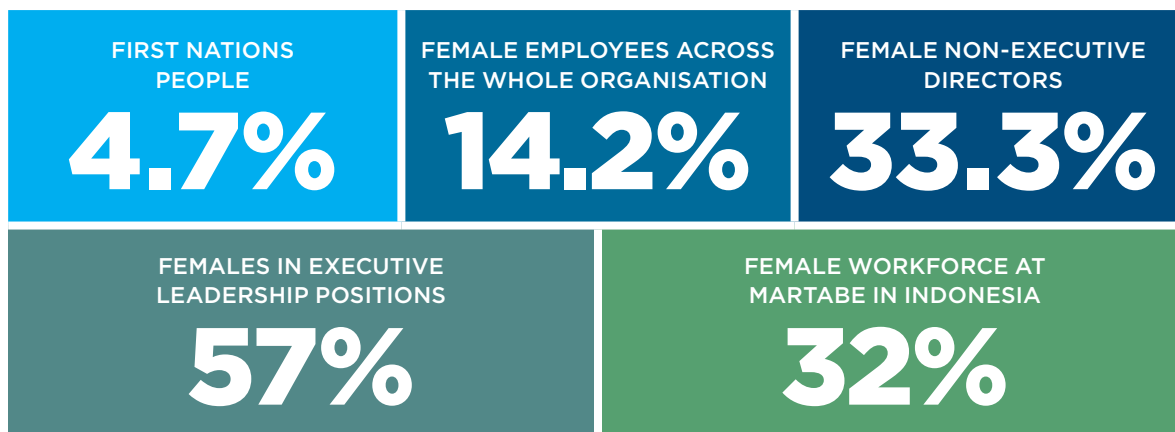
<p>COMPLIANCE</p> <p>WITH ASX CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES AND ALL RELEVANT LEGISLATIVE REQUIREMENTS</p>	<p>REVIEW</p> <p>MECHANISMS FOR ADVICE AND CONCERN ABOUT ETHICS</p>	<p>INITIATE</p> <p>CONFLICT OF INTEREST REPORTING PROCESS</p>	<p>NO REPORTED INCIDENTS</p> <p>OF CORRUPTION</p>
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Environment

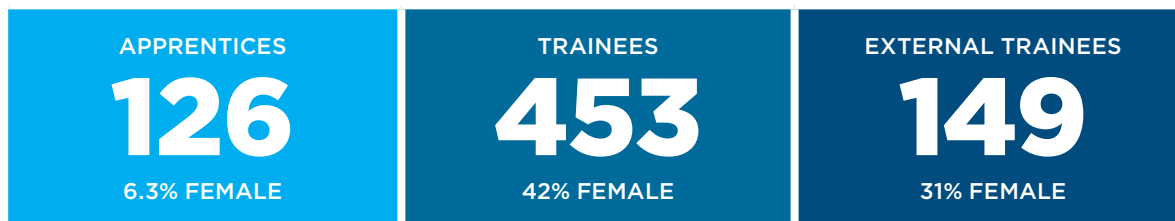
<p></p> <p>TYRE REPAIR PROGRAM</p> <p>Since September 2019, we have:</p> <p>REPAIRED 354 TYRES</p> <p>MADE 377 PATCHES</p> <p>TRAVELLED 347,013 HOURS ON REPAIRED TYRES</p> <p>SAVED 432 TONNES OF RUBBER FROM BEING SCRAPPED (EQUIVALENT TO 94 NEW TYRES)</p>	<p></p> <p>4,218</p> <p>TONNES OF MATERIAL RECYCLED</p>	<p></p> <p>COMPLETION OF BASELINE ENVIRONMENTAL FOOTPRINT PROJECT</p>	<p></p> <p>ZERO MAJOR ENVIRONMENTAL INCIDENTS OCCURRED</p>
<p></p> <p>LAND REHABILITATION</p> <p>56 HECTARES IN AUSTRALIA</p> <p>55 HECTARES IN INDONESIA</p>			
<p></p> <p>GREENHOUSE GAS EMISSIONS</p> <p>1,091 SCOPE 1 TONNES CO₂-e</p> <p>913 SCOPE 2 TONNES CO₂-e</p>			

Social

DIVERSITY



INTERNAL AND EXTERNAL TRAINING



STRONG MINDS, STRONG MINES



In FY23 the Strong Minds, Strong Mines program was delivered across Australian sites. The program currently has 48 wellness champions assisting with continual site support. As a testament to this program, in FY22 Macmahon launched the Strong Minds, Strong Schools mental health program with a resounding success. During FY23, the program was extended and rolled out to other schools.



Directors' Report

The Directors present their report, together with the financial statements for the consolidated entity (referred to as the 'Group') consisting of Macmahon Holdings Limited (referred to as the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

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

Eva Skira AM, Chair and Independent Non-Executive Director

Michael Finnegan, Managing Director and Chief Executive Officer

David Gibbs, Non-Executive Director (appointed 13 July 2023)

Denise McComish, Independent Non-Executive Director

Bruce Munro, Independent Non-Executive Director

Alexander Ramlie, Non-Executive Director (resigned 13 July 2023)

Arief Widyan Sidarto, Non-Executive Director (resigned 13 July 2023)

Hamish Tyrwhitt, Independent Non-Executive Director

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held within the last three years are set out in this Annual Report under the "Our Board" heading on pages 36 to 40 and form part of this 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 2023, and the number of meetings attended by each Director were:

	Board		Independent Directors		Audit and Risk Committee		Remuneration Committee		Nomination Committee		Tender Committee	
	M	A	M	A	M	A	M	A	M	A	M	A
E Skira	11	11	1	1	4	4	3	3	2	2		
M Finnegan	11	11				4		3		1	5	5
D McComish	11	11	1	1	4	4	3	3	2	2	1	2
B Munro*	8	7	1	1	3	3		2	1	1	4	4
H Tyrwhitt	11	10	1	1	4	4	3	3	2	2	5	4
A Ramlie	11	4						1	2			1
A Sidarto	11	8				1		1	2	1		1

Chair
Member

M The number of meetings held during the period the Director was a Board and/or Committee member.

A The number of meetings attended by the Director during the period the Director was a member of the Board and/or Committee.

* B Munro was on Board approved leave of absence for the period 11 April to 10 July 2023 inclusive.

COMPANY SECRETARIES

Ben Secrett BEc JD GradDipACG (appointed 13 March 2023)

Mr Secrett has over 15 years of experience as a legal, corporate advisory and governance professional for Australian and foreign listed entities, having worked for top-tier law firms, the ASX and entities in the resources and technology sectors. He holds a Bachelor of Economics from the University of Western Australia, a Juris Doctor law degree from the University of Notre Dame Australia, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Sophie Raven LLB (resigned 17 March 2023)

Ms Raven is a corporate lawyer and company secretary, with extensive experience in Australia and internationally, with listed and unlisted companies operating in the resources, technology and fund management sectors. Before joining Macmahon, Ms Raven worked as company secretary and legal counsel for resources companies and as a corporate lawyer in South America, the Cayman Islands and Monaco.

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

Ms McComish was a Director of the Company during the financial year and was previously a partner of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Group. Ms McComish retired from the KPMG partnership on 30 November 2019, and was appointed as a Director of the Company on 1 March 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Group consisted of providing surface mining, underground mining and mining support and civil infrastructure services to mining companies throughout Australia and Southeast Asia.

Apart from the above, or as noted elsewhere in this report, there were no significant changes in the nature of the activities of the Group during the year under review.

CORPORATE GOVERNANCE STATEMENT

The Company's 2023 corporate governance statement is available from its website site at www.macmahon.com.au/about/corporate-governance/#corporate-governance-statement

DIVIDENDS

Declared and paid during FY23

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents	\$	Date of payment
Interim 2023 ordinary	0.30	6,464,958	6 Apr 23
Final 2022 ordinary	0.35	7,350,514	7 Oct 22

Declared after year-end

After the balance sheet date, the following dividends were declared by the Directors:

	Cents	\$	Date for payment
Final 2023 ordinary	0.45	\$9,697,437	11 Oct 2023

As the final dividend was declared after 30 June 2023, the financial effect of these dividends has not been brought to account in the consolidated financial statements of the Group for FY23.

REVIEW OF OPERATIONS

For the year ended 30 June 2023, the Group reported increases in revenue, underlying EBIT(A), EBITDA and reported profit after income tax. This was driven by organic growth, including the expansion of existing projects (Deflector and Boston Shaker) and the ramp up of 2022 awarded projects (King of the Hills and Warrawoona).

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the operational review and financial review on pages 21 to 29, and form part of this Directors' Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the year under review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Dividends

On 22 August 2023 the Board approved a final dividend on ordinary shares of 0.45 cents per ordinary share in respect of FY23.

Board

On 13 July 2023, Messrs Alexander Ramlie and Arief Sidarto resigned as Non-Executive Directors of the Company and Mr David Gibbs was appointed as a Non-Executive Director of the Company.

On 4 August 2023, the Company announced that Ms Eva Skira had advised of her intention to retire as a Non-Executive Director and as Chair of the Board at the conclusion of the annual general meeting to be held on 20 October 2023, and that Mr Hamish Tyrwhitt will succeed Ms Skira as Macmahon's Chair.

On 21 August 2023, the Company announced the passing of Non-Executive Director Mr Bruce Munro.

Syndicated finance facility

Macmahon increased the net value of its syndicated finance facility from \$194m to \$238m.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group in future financial years and the expected results of those operations have been included generally within the Annual Report. The Group plans to continue providing surface mining, underground mining and mining support and civil infrastructure services to mining companies throughout Australia and Southeast Asia.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of its projects and operations business activities. The Group aims to ensure that the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with relevant environmental legislation. The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

REMUNERATION REPORT (AUDITED)

The audited remuneration report is set out on pages 55 to 67 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.

For the year ended 30 June 2023, 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 end of 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 FY23, 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 COMPANY

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

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 29 to the consolidated financial statements.

The Directors are satisfied that the provision of non-audit services during the 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*.

Based on advice received from the Audit and Risk Committee, the Directors are of the opinion that the services as disclosed in note 29 to the consolidated 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 undermines 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, acting as an advocate or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The Group 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 53.

AUDITOR

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

RESOLUTION

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



EVA SKIRA AM

Chair
22 August 2023



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 2023 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

R Gambitta
Partner

Perth

22 August 2023

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.





Remuneration Report

This Remuneration Report for the year ended 30 June 2023 has been audited by the Company's external auditor.

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) as defined by and in accordance with the requirement of the *Corporations Act 2001* (the Act) and its regulations.

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 Group's business. To this end, the remuneration packages offered to executive key management personnel (KMP) have three components:

- Market competitive fixed remuneration.
- A short-term incentive opportunity to earn a cash bonus dependent on performance over an annual period.
- A long-term incentive opportunity to earn Macmahon shares dependent on performance over multiple years.

The targeted remuneration mix for executive KMP for the year ended 30 June 2023 is outlined below:

	Fixed remuneration	At risk	
		Short-term incentive	Long-term incentive ¹
Michael Finnegan Chief Executive Officer (CEO) and Managing Director	34%	33%	33%
Ursula Lummis Chief Financial Officer (CFO)	45%	33%	22%
Richard McLeod Chief Operating Officer (COO)	45%	33%	22%
Donald James Chief Commercial Officer (CCO)	45%	33%	22%

1.2 Fixed remuneration

The fixed remuneration paid to executive KMP is based on the size and scope of their role, knowledge and experience, market benchmarks for that role, and to some extent, the Group's financial circumstances. Fixed remuneration comprises base salary, applicable role-specific allowances, and superannuation.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers the individual and overall performance of the Group. In addition, external advisors and industry surveys may be used to ensure the executive KMP's remuneration is competitive with the market and relevant industry peers.

During the year, benchmarking was completed by Align Advisors for the CEO's and other executive KMP's remuneration. Based on the results of the market benchmarking review, remuneration increases of 4.4% to the CEO, 18.2% to the CFO and 0.5% to the COO were provided from 1 July 2022. These increases were appropriate to bring them into line with relevant comparator companies.

1.3 FY23 Short term incentive (“STI”)

During FY23, the STI opportunity provided to executive KMP had the following features:

Description	Executive KMP are eligible to participate in the annual STI plan, which comprises a portion of their variable remuneration and is subject to performance measures.
Performance measures and weighting	<p>A combination of specific Group KPI's are chosen to reflect the core drivers of short-term performance and to provide a framework for delivering sustainable value to the Group and its shareholders.</p> <p>The following KPI was chosen for the 2023 financial year:</p> <ul style="list-style-type: none"> • EBIT(A) (100%) <p>Reduced by the following negative modifiers:</p> <ul style="list-style-type: none"> • Return on Average Capital Employed (ROACE) (20%) • Safety performance (10%) • Growth/order book (15%) • People culture (10%) <p>The STI was structured to commence upon achievement of the Company's publicly stated EBIT(A) guidance (gateway), and to increase in line with any additional EBIT(A), up to a cap.</p>
Reasons for using these targets	The KPI and negative modifiers were chosen to reflect the core drivers of short-term performance and to provide a framework for delivering sustainable value to the group and its shareholders.
Performance period	Performance against the STI targets relate to the period from 1 July 2022 to 30 June 2023.
Form of payment and timing of payment	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration Committee. The Board approves the final STI award based on this assessment of performance after which the STI is paid in cash.
Executive claw back	<p>The after-tax STI payment to executive KMP may be claimed back by the Company at any time up to two years after payment in the event of:</p> <p>(a) A restatement of the Group's financial results (other than a restatement caused by a change in applicable accounting standards or interpretations), the result of which is that any STI awarded to the KMP would have been a lower amount had it been calculated based on such restated results</p> <p>(b) Fraudulent, dishonest or other improper conduct of the executive KMP</p>
Board discretion	The Board has the right to modify, reduce or remove the STI opportunity at any time, including if there is a fatality.

Potential bonus awards

The table below shows the potential bonus awards, as a percentage of total fixed remuneration (“TFR”), available to the executive KMPs under the FY23 STI Plan.

	Performance level		
	Threshold \$105m EBIT(A)	Target \$120m EBIT(A)	Stretch \$130m EBIT(A)
M Finnegan	0% of TFR	100% TFR	150% TFR
U Lummis	0% of TFR	75% TFR	150% TFR
R McLeod	0% of TFR	75% TFR	150% TFR
D James	0% of TFR	75% TFR	150% TFR

The STI metric is pro-rata between the Threshold and Target performance level.

For FY24, there will be no significant change to the STI plan.

The Board will have the right to modify, reduce or remove the STI opportunity at any time.

1.4 Long term incentive (LTI)

At the discretion of the Board, the Company provides an LTI opportunity to executive KMP through the grant of performance rights. These performance rights can vest into fully paid ordinary shares in the Company, for no consideration, subject to meeting a performance condition and a continued employment condition. The purpose of this LTI opportunity is to incentivise executive KMP to deliver sustained increases in shareholder value over the long term.

Performance condition

The vesting of performance rights granted on 1 July 2022 are subject to the following vesting conditions weighted at 50% each:

- Absolute total shareholder return (TSR) over a 3-year performance and service period.
- Strategic objectives subject to the measurement period below and a 3-year service period:
 - Year 1 - Safety (4%); business mix (14%)
 - Year 2 - People (4%); business mix (14%)
 - Year 3 - Business mix (14%)

For the purposes of calculating TSR, the starting share price is based on the volume weighted average price (VWAP) over the 30 calendar days before the first day of the performance period, and the closing share price is based on the VWAP over the 30 calendar days up to and including the final day of the performance period.

For performance rights issued during FY23, the portion of each grant of rights eligible to vest at various levels of increase in Compound Annual Growth Rate (CAGR) TSR is:

Company's TSR performance over the performance period	Proportion of performance rights that are eligible to vest at the end of the performance period
Less than 10% CAGR TSR growth	0%
Between 10% and < 15% CAGR TSR growth	50%, plus a straight-line increase in % award until 15% TSR is achieved
At 15% CAGR TSR growth and above	100%

Continued employment condition

Performance rights lapse 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 the Company is wound up or delisted, the Board may (in its absolute discretion) determine that all or a portion of the performance rights on issue will vest, notwithstanding the time restrictions or performance conditions applicable to the performance rights.

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 Securities Trading Policy.

Performance rights granted in FY23

The number of performance rights granted to participants in the LTI Plan is generally at the discretion of the Board.

During FY23, a total of 11,706,102 performance rights were granted to the current executive KMP. Refer to Table 6.3 for further details of performance rights granted during the year.

In addition to the performance rights listed above, the Company granted performance rights to other senior employees of the Group subject to a three-year performance period and continued employment. Details of all performance rights issued by the Company are set out in note 28 to the consolidated financial statements included in this Annual Report.

1.5 Statutory performance indicators (including variable remuneration measures)

The table below shows measures of the Group's financial performance over the past five years as required by the *Corporations Act 2001*. However, these measures are not all consistent with the measures used in determining the variable amounts of remuneration to be awarded to executive KMP. Consequently, there may not always be a direct correlation between statutory key performance measures and the variable remuneration awarded to executive KMP.

	FY23	FY22	FY21	FY20	FY19
Statutory performance indicators					
Profit/(loss) after income tax expense from continuing operations (\$m)	57.7	27.4	75.4	64.9	46.1
Reported basic earnings per share from continuing operations (EPS) (cents)	2.75	1.30	3.59	3.10	2.19
Dividends declared (cents per share)	0.75	0.65	0.65	0.60	0.50
Dividends paid (cents per share)¹	0.65	0.65	0.65	0.75	-
Share price at 30 June (cents)	15.5	13.5	19.0	25.5	18.5
Total Shareholder Return (TSR) (%)	19.6	(25.5)	(22.9)	41.9	(14.0)

1 0.65 cents per share includes the final dividend for FY22 of 0.35 cents per share and the interim dividend for FY23 of 0.30 cents per share.

1.6 Employment contracts

The Company's executive KMP are engaged under ongoing employment contracts with no fixed termination date. However, these contracts may be terminated by notice from either party.

Key details of the employment contracts of the executive KMP are set out below:

	Annual fixed remuneration including superannuation	Other remuneration	Notice periods to terminate	Termination payments
M Finnegan	\$ 940,000	Short-term and long-term incentive opportunities as described above.	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 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, including superannuation. Any unvested performance rights held by the executive KMP lapse upon termination or resignation, unless the Board, in its absolute discretion, determines otherwise.
U Lummis	\$ 550,000			Statutory entitlements plus
R McLeod	\$ 640,900			Any unvested performance rights held by the executive KMP lapse upon termination or resignation unless the Board, in its absolute discretion, determines otherwise.
D James	\$ 552,500			

2 NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration structure provided to Non-Executive Directors is distinct from that applicable to executive KMP. Non-Executive Directors only receive fixed remuneration, which is not linked to the financial performance of the Group.

Subsequent to 30 June 2023, Mr Alexander Ramlie and Mr Arief Sidarto resigned from the Board effective 13 July 2023, Mr David Gibbs was appointed as a Non-Executive Director effective 13 July 2023, and the Company announced the passing of Non-Executive Director Mr Bruce Munro on 21 August 2023. As such, the information contained in the Remuneration Report includes details of Alexander Ramlie, Arief Sidarto and Bruce Munro's remuneration for the full year and no remuneration details for David Gibbs. For additional information, refer to the ASX announcements dated 13 July and 21 August 2023.

The remuneration provided to Non-Executive Directors in FY23 is set out below:

	Cash remuneration ¹ \$	Salary sacrifice for share rights \$	Total \$
Eva Skira	185,701	54,299	240,000
Denise McComish	170,000	-	170,000
Bruce Munro²	12,587	119,871	132,458
Hamish Tyrwhitt	147,014	42,986	190,000
Alexander Ramlie³	11,403	108,597	120,000
Arief Sidarto³	11,403	108,597	120,000
Total	538,108	434,350	972,458

1 Cash remuneration includes salary, committee fees and superannuation.

2 Mr Bruce Munro was granted an approved leave of absence from 11 April until 10 July 2023. No Directors' fees were payable during this period.

3 Mr Alexander Ramlie and Mr Arief Sidarto resigned from the Board effective 13 July 2023. Mr David Gibbs has been appointed as a Non-Executive Director, effective 13 July 2023.

The maximum aggregate amount, as approved by Shareholders most recently at the 2021 Annual General Meeting, that can be paid to Non-Executive Directors is \$1,300,000 per annum, including superannuation (the Fee Pool).

Non-Executive Directors have the option to sacrifice a percentage of their fixed remuneration for share rights.

Share rights

A Non-Executive Director Salary Sacrifice Plan was initiated by the Company during FY19, pursuant to which Non-Executive Directors may elect to sacrifice all or a portion of their annual pre-tax directors' fees and committee fees (excluding superannuation) in the form of share rights. Vesting is contingent on the Non-Executive Director remaining continuously engaged by the Company as a Non-Executive Director. Share rights were granted in two tranches on 1 July 2022 (50% vesting on the day after the release of Macmahon's half-year results and 50% vesting on the day after the release of Macmahon's full-year results). The share rights may be cash settled at the request of the Non-Executive Director before vesting.

For additional information on restrictions or failure to vest, refer to the ASX announcement dated 5 July 2018.

In accordance with Australian Accounting Standards, as the share rights provide an option over equity, they have been fair valued as of their grant dates. Details of the share rights are provided in section 6.

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 Committee ("the Committee"), external consultants and internal advice. The Committee is responsible for the overview and recommendation to the Board of remuneration arrangements for Non-Executive Directors and executive KMP. The CEO and Managing Director, in consultation with the Board, sets remuneration arrangements for other executive KMP. 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 Remuneration Committee Charter on the Company's website at 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 executive KMP to whom it relates.

The protocols for any external consultant providing remuneration recommendations prohibit them from providing advice or recommendations to executive KMP or Non-Executive 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.

In FY23, the Company engaged Align Advisors to provide benchmarking information about market remuneration levels for the CEO and other KMP respectively in a peer group of ASX listed companies. This information was not a remuneration recommendation as defined by the Act, however, was considered by the Board in the FY23 remuneration review process.

The Board is satisfied that the remuneration benchmarking data provided by Align Advisors was free from undue influence by employees of Macmahon.

4 VALUE PROVIDED TO KMP

4.1 Statutory remuneration for the year ended 30 June 2023

Details of the nature and value of each major element of remuneration provided to the executive KMP of the Company during FY23 are set out in the table below. In this table, the value of share-based payments has been calculated in accordance with Australian Accounting Standards.

Short-term						
Directors Non-Executive	Year	Salary \$	Committee fees \$	Cash bonus/ STI \$	Non-monetary benefits \$	Total short-term \$
E Skira (Chair)	2023	234,299	-	-	-	234,299
	2022	218,182	-	-	-	218,182
D McComish	2023	108,597	45,249	-	-	153,846
	2022	109,091	37,879	-	-	146,970
B Munro ¹	2023	84,664	35,207	-	-	119,872
	2022	109,091	45,455	-	-	154,546
H Tyrwhitt	2023	108,597	63,348	-	-	171,946
	2022	109,091	63,636	-	-	172,727
A Ramlie	2023	108,597	-	-	-	108,597
	2022	109,091	-	-	-	109,091
A Sidarto	2023	108,597	-	-	-	108,597
	2022	109,091	-	-	-	109,091
Total compensation for Non-Executive Directors	2023	753,352	143,805	-	-	897,157
	2022	763,637	146,970	-	-	910,608

Short-term						
Executives	Year	Salary and allowances \$	Committee fees \$	STI bonus \$	Non-monetary benefits \$	Total short-term \$
M Finnegan Managing Director and Chief Executive Officer	2023	914,524	-	698,301	1,119	1,613,944
	2022	873,726	-	924,000	1,119	1,798,845
U Lummis Chief Financial Officer	2023	524,532	-	306,435	340	831,307
	2022	294,001	-	236,564	340	530,905
R McLeod Chief Operating Officer	2023	610,625	-	357,081	-	967,706
	2022	163,913	-	135,938	-	299,851
D James Chief Commercial Officer	2023	524,524	-	306,435	-	830,959
	2022	217,892	-	172,881	-	390,773
Total compensation for executive personnel	2023	2,574,205	-	1,668,252	1,459	4,243,916
	2022	1,549,533	-	1,469,383	1,459	3,020,375
Total compensation for Directors and Executives	2023	3,327,557	143,805	1,668,252	1,459	5,141,073
	2022	2,313,170	146,970	1,469,383	1,459	3,930,983

NED Footnotes

- 1 Mr Munro was granted an approved leave of absence from 11 April until 10 July 2023. No Directors' fees were payable during this period.
- 2 Represents the fair value at grant date of the share rights issued for salary sacrificed over the vesting period of the award.

Other long-term benefits	Post-employment		Share-based payment ²		Performance related	Non-performance related	Compensation consisting of options and rights	Total compensation
	Super-annuation	Termination payments	Options and rights					
\$	\$		\$	%	%	%	\$	
-	5,701	-	1,210	-	100	-	241,210	
-	21,818	-	1,985	-	100	-	241,985	
-	16,154	-	-	-	100	-	170,000	
-	14,697	-	-	-	100	-	161,667	
-	12,587	-	2,391	-	100	-	134,849	
-	15,455	-	2,813	-	100	-	172,814	
-	18,054	-	958	-	100	-	190,958	
-	17,273	-	1,572	-	100	-	191,572	
-	11,403	-	2,420	-	100	-	122,420	
-	10,909	-	3,972	-	100	-	123,972	
-	11,403	-	2,420	-	100	-	122,420	
-	10,909	-	3,972	-	100	-	123,972	
-	75,301	-	9,399	-	100	-	981,857	
-	91,061	-	14,314	-	-	-	1,015,983	

Other long-term benefits ¹	Post-employment		Share-based payment		Performance related	Non-performance related	Compensation consisting of options and rights ⁸	Total compensation
	Super-annuation	Termination payments	Options and rights					
\$	\$		\$	%	%	%	\$	
85,608	25,476	-	479,572	53	47	22	2,204,600	
78,692	25,774	-	486,793	59	41	20	2,390,104	
49,193	25,468	-	89,134	40	60	9	995,102	
28,020	15,763	-	-	41	59	-	574,689	
58,080	30,275	-	67,044	38	62	6	1,123,105	
16,277	16,391	-	-	41	59	-	332,519	
51,047	27,986	-	57,797	38	62	6	967,789	
21,637	11,274	-	-	41	59	-	423,684	
243,928	109,205	-	693,547	45	55	0	5,290,596	
144,626	69,202	-	486,793	46	67	45	3,720,996	
243,928	184,506	-	702,946	41	59	0	6,272,453	
144,626	160,263	-	501,107	32	68	2	4,736,978	

Executives Footnotes

1 Other long-term benefits related to movement in annual and long service leave liabilities for each Executive.

4.2 Voluntary information – Remuneration received by executive KMP for the year ended 30 June 2023

The amounts disclosed below reflect the benefits received by each executive KMP during the reporting period.

	Fixed remuneration ¹ \$	Awarded STI (cash) ² \$	Realised remuneration received \$
M Finnegan	940,000	924,000	1,864,000
U Lummis	550,000	269,044	819,044
R McLeod	640,900	491,260	1,132,160
D James	552,510	172,881	725,391
Total	2,683,410	1,857,185	4,540,595

1 Fixed remuneration includes base salaries received and payments made to superannuation funds.

2 The STI paid is the FY22 STI payment settled in FY23, and the FY23 STI will be paid in FY24.

The amounts disclosed above are not the same as remuneration expensed in relation to each KMP in accordance with Australian Accounting Standards (see Table 4.1 above).

Nevertheless, the directors believe that the remuneration received is relevant information for the following reasons:

- The statutory remuneration expense for performance rights is based on the fair value determined at the grant date for all unvested rights and does not reflect the fair value of the rights vested and actually received by the KMPs during the year.
- The statutory remuneration shows benefits before they are actually received by the KMPs (deferral and clawback of STI payments).
- Where performance rights do not vest because a market-based performance condition is not satisfied (e.g. absolute TSR), the Company must still recognise the full amount of expenses even though the KMPs will never receive any benefits.

The accuracy of the information in this section has been audited together with the rest of the Remuneration Report.

5 ANALYSIS OF STI BONUSES INCLUDED IN STATUTORY REMUNERATION FOR FY23

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to executive KMP are as follows:

	Included in statutory remuneration \$	Vested in year %	Forfeited in the year %
M Finnegan	698,301	74.3%	25.7%
U Lummis	306,435	74.3%	25.7%
R McLeod	357,081	74.3%	25.7%
D James	306,435	74.3%	25.7%

The % vested during the year was based on the following:

	KPI	Threshold	Target	Stretch	Actual Award STI
STI Award created on EBIT(A)	EBIT (a)	0%	100%	150%	77.6%

Negative Modifiers - % of the STI award forfeited

KPI	Weighting	Threshold	Target	Stretch	% negative modified
		% reduction of STI Award			
ROACE	(20%) of award	(20.0%)	0.0%	0.0%	(3.3%)
Order Book	(15%) of award	(15.0%)	0.0%		0.0%
Safety Target	(10%) of award	(10.0%)	0.0%		0.0%
People culture target based on survey score	(10%) of award	(10.0%)	0.0%		0.0%
STI awarded to KMP					74.3%

6 EQUITY INSTRUMENTS

6.1 Rights over equity instruments granted as compensation

Non-Executive Director share rights

Details of share rights over ordinary shares in the Company granted to Non-Executive Directors during FY23 as part of the NED Salary Sacrifice Plan were as follows:

		Salary sacrificed \$	Number of rights granted ¹	Fair value at grant date ² \$	Vesting date
E Skira	Tranche 1	27,149	184,115	382	Feb 23
	Tranche 2	27,149	184,115	828	Aug 23
D McComish	-	-	-	-	-
	-	-	-	-	-
B Munro³	Tranche 1	76,923	521,660	1,081	Feb 23
	Tranche 2	42,948	291,258	1,310	Aug 23
H Tyrwhitt	Tranche 1	21,493	145,758	302	Feb 23
	Tranche 2	21,493	145,758	656	Aug 23
A Ramlie	Tranche 1	54,299	368,231	763	Feb 23
	Tranche 2	54,299	368,230	1,656	Aug 23
A Sidarto	Tranche 1	54,299	368,231	763	Feb 23
	Tranche 2	54,299	368,230	1,656	Aug 23

- Share rights are issued under the NED Salary Sacrifice Plan and are not in addition to their fixed remuneration.
- In accordance with Australian Accounting Standards, as the share rights granted include an "option" over ordinary shares, the option element is required to be fair valued at the grant date. The fair value per share is \$0.0021 for Tranche 1 and \$0.0045 for Tranche 2.
- Mr Bruce Munro was granted an approved leave of absence from 11 April until 10 July 2023. No Directors' fees were payable during this period.

Executive KMP performance rights and ordinary shares

During FY23, the following performance rights were granted as compensation to executive KMP:

	Number of rights granted	Vesting conditions	Grant date	Fair value per right at the grant date	Earliest potential vesting date
M Finnegan	3,050,848	Market	1 Jul 22	0.0610	1 Jul 25
	3,050,848	Non-market	1 Jul 22	0.1250	1 Jul 25
U Lummis	788,644	Market	1 Jul 22	0.0610	1 Jul 25
	788,644	Non-market	1 Jul 22	0.1250	1 Jul 25
R McLeod	1,081,356	Market	1 Jul 22	0.0610	1 Jul 25
	1,081,356	Non-market	1 Jul 22	0.1250	1 Jul 25
D James	932,204	Market	1 Jul 22	0.0610	1 Jul 25
	932,204	Non-market	1 Jul 22	0.1250	1 Jul 25

Rights will expire before the termination of the individual's employment or the day after they are tested by the Board against the vesting condition and found not to satisfy that condition. In addition to a continuing performance condition, vesting is conditional on the extent to which the Company achieves increases in absolute TSR over the performance period, as well as safety, people and business mix targets.

6.2 Details of equity rights affecting current and future remuneration

Details of the vesting profiles of the performance rights over ordinary shares in the Company held by executive KMP during FY23 are as follows:

Executive KMP	Grant date (effective from)	Fair value on grant date	Number granted	Number previously forfeited	Number forfeited in 2023	Held at 30 June 2023	Financial year in which the grant vests, subject to performance	Maximum value yet to vest ¹
M Finnegan	1 Jul 18	\$0.090	19,394,872	(4,848,718)	(14,546,154)	-	FY21 - FY24 (25% per year)	-
	1 Jul 20	\$0.142	2,467,420	-	-	2,467,420	FY24	-
	1 Jul 21 (Tranche 1)	\$0.099	1,886,792	-	-	1,886,792	FY24	\$62,453
	1 Jul 21 (Tranche 2)	\$0.177	1,886,793	-	-	1,886,793	FY24	\$111,258
	1 Jul 22 (Tranche 1)	\$0.061	3,050,848	-	-	3,050,848	FY25	\$124,068
	1 Jul 22 (Tranche 2)	\$0.125	3,050,848	-	-	3,050,848	FY25	\$254,237
U Lummis	1 Jul 22 (Tranche 1)	\$0.061	788,644	-	-	788,644	FY25	\$32,072
	1 Jul 22 (Tranche 2)	\$0.125	788,644	-	-	788,644	FY25	\$65,720
R McLeod	1 Jul 22 (Tranche 1)	\$0.061	1,081,356	-	-	1,081,356	FY25	\$43,975
	1 Jul 22 (Tranche 2)	\$0.125	1,081,356	-	-	1,081,356	FY25	\$90,113
D James	1 Jul 22 (Tranche 1)	\$0.061	932,204	-	-	932,204	FY25	\$37,910
	1 Jul 22 (Tranche 2)	\$0.125	932,204	-	-	932,204	FY25	\$77,684

1 The maximum value of performance rights yet to vest is determined based on the amount of the grant date fair value that is yet to be expensed.

6.3 Analysis of movements in performance rights

The movement during the reporting period by the number of performance 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 2022	Granted as compensation	Forfeited during the year	Held at 30 June 2023
M Finnegan	20,787,159	6,101,695	(14,546,154)	12,342,701
U Lummis	-	1,577,288	-	1,577,288
R McLeod	-	2,162,712	-	2,162,712
D James	-	1,864,408	-	1,864,408

6.4 Analysis of movements in share rights

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

	Held at 1 July 2022	Salary Sacrifice Rights Granted	Vested during FY23	Held at 30 June 2023
Non-Executive Directors				
E Skira	146,999	368,230	(331,114)	184,115
D McComish	-	-	-	-
B Munro¹	208,249	812,918	(729,909)	291,258
H Tyrwhitt	116,374	291,516	(262,132)	145,758
A Ramlie	293,999	736,461	(662,230)	368,230
A Sidarto	293,999	736,461	(662,230)	368,230

1 Mr Bruce Munro was granted an approved leave of absence from 11 April until 10 July 2023. No Directors' fees were payable during this period.

6.5 Movements in ordinary shareholdings

The movement during FY23 in the number of ordinary shares in the Company held directly, indirectly or beneficially, by Non-Executive Directors and executive KMP, including their related parties, is as follows:

	Held at 1 July 2022	Other ¹	Vested rights ²	Held at 30 June 2023
Non-Executive Directors				
E Skira	651,507	-	331,114	982,621
D McComish	569,927	-	-	569,927
B Munro³	1,720,367	-	729,909	2,450,276
H Tyrwhitt	262,878	-	262,132	525,010
A Sidarto	1,588,987	-	662,230	2,251,217
A Ramlie	1,588,987	-	662,230	2,251,217
Executive KMP				
M Finnegan	5,020,008	-	-	5,020,008
U Lummis	-	-	-	-
R McLeod	-	-	-	-
D James	-	-	-	-
Total	11,402,661	-	2,647,615	14,050,276

1 Other changes represent shares that were purchased or sold during the year.

2 Rights refer to share rights for Non-Executive Directors and performance rights for executives.

3 Mr Bruce Munro was granted an approved leave of absence from 11 April until 10 July 2023. No Directors' fees were payable during this period.



Financial Statements

GENERAL INFORMATION

The financial statements cover Macmahon Holdings Limited ("the Company" or "the Parent") as a consolidated entity (referred to hereafter as "the Group") 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 the functional and presentation currency of the Company.

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

A description of the nature of the Group'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 22 August 2023.

An accounting policy, critical accounting estimate, assumption or judgement specific to a note is disclosed within the note itself.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2023 \$'000	2022 \$'000
Revenue	2	1,906,150	1,698,046
Other income	3	8,539	9,777
Expenses			
Materials and consumables used		(517,812)	(445,585)
Employee benefits expense	4	(817,621)	(706,955)
Depreciation and amortisation expense	4	(197,153)	(197,867)
Equipment and other short-term lease expenses	4	(99,258)	(104,119)
Subcontractor costs		(74,627)	(71,011)
Share-based payments expense	28	(898)	(103)
Other expenses	4	(100,639)	(116,211)
Operating profit		106,681	65,972
Share of profit of equity-accounted investees, net of tax	25	294	240
Operating profit, income and expenses from equity-accounted investees		106,975	66,212
Finance costs	4	(25,652)	(19,319)
Finance income	4	1,342	273
Net finance costs	4	(24,310)	(19,046)
Impairment of asset disposal group	32	(252)	(1,021)
Profit before income tax		82,413	46,145
Income tax expense	5	(24,743)	(18,747)
Profit after income tax for the year		57,670	27,398
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation	20	5,271	9,740
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI - Net of change in fair value	10	(1,995)	-
Other comprehensive income for the year, net of tax		3,276	9,740
Total comprehensive income for the year attributable to the owners of the Company		60,946	37,138
	Note	2023 Cents	2022 Cents
Earnings per share for profit attributable to the owners of Macmahon Holdings Limited			
Basic earnings per share	6	2.75	1.30
Diluted earnings per share	6	2.74	1.30

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

Consolidated Statement of Financial Position

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	218,162	197,958
Trade and other receivables	9	331,009	299,006
Inventories	11	92,252	89,949
Income tax receivable	5	12,033	372
Assets classified as held for sale	32	-	3,490
Total current assets		653,456	590,775
Non-current assets			
Investments accounted for using the equity method	25	792	476
Trade and other receivables	9	46,847	22,962
Property, plant and equipment	15	720,057	672,576
Intangible assets and goodwill	16	10,560	15,993
Other financial assets	10	8,480	-
Deferred tax asset	5	24,523	35,496
Total non-current assets		811,259	747,503
Total assets		1,464,715	1,338,278
LIABILITIES			
Current liabilities			
Trade and other payables	12	324,739	272,375
Borrowings	18	121,861	112,299
Employee benefits	13	70,376	61,063
Provisions	14	26,447	25,153
Liabilities related to assets held for sale	32	-	619
Total current liabilities		543,423	471,509
Non-current liabilities			
Trade and other payables	12	1,959	384
Borrowings	18	298,247	301,171
Employee benefits	13	3,934	5,714
Deferred tax liability	5	8,303	-
Total non-current liabilities		312,443	307,269
Total liabilities		855,866	778,778
NET ASSETS		608,849	559,500
EQUITY			
Issued capital	19	563,118	563,118
Reserves	20	(1,628)	(5,901)
Net accumulated profits		47,359	2,283
TOTAL EQUITY		608,849	559,500

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

Consolidated Statement of Changes In Equity

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Retained profits \$'000	Total equity \$'000
Balance at 30 June 2022	563,118	(5,901)	(192,396)	194,679	559,500
Profit after income tax expense for the year	-	-	-	57,670	57,670
Other comprehensive income for the year, net of tax	-	3,276	-	-	3,276
Total comprehensive income for the year	-	3,276	-	57,670	60,946
Transactions with owners in their capacity as owners:					
Treasury shares allocated on vesting of performance rights (note 20)	-	431	-	-	431
Treasury shares purchased for compensation plans (note 20)	-	(190)	-	-	(190)
Dividends (note 20)	-	-	-	(13,815)	(13,815)
Share-based payments expense (note 28)	-	1,977	-	-	1,977
Transfer of lapsed performance rights (note 20)	-	(1,221)	-	1,221	-
Balance at 30 June 2023	563,118	(1,628)	(192,396)	239,755	608,849

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Retained profits \$'000	Total equity \$'000
Balance at 30 June 2021	563,118	(14,658)	(192,396)	189,863	545,927
Opening balance adjustment on application of IFRIC decision	-	-	-	(10,064)	(10,064)
Restated balance at 1 July 2021¹	563,118	(14,658)	(192,396)	179,799	535,863
Profit after income tax expense for the year	-	-	-	27,398	27,398
Other comprehensive income for the year, net of tax	-	9,740	-	-	9,740
Total comprehensive income for the year	-	9,740	-	27,398	37,138
Transactions with owners in their capacity as owners:					
Treasury shares allocated on vesting of performance rights (note 20)	-	307	-	59	366
Treasury shares purchased for compensation plans (note 20)	-	(319)	-	-	(319)
Dividends (note 20)	-	-	-	(13,651)	(13,651)
Share-based payments expense (note 28)	-	103	-	-	103
Transfer of lapsed performance rights (note 20)	-	(1,074)	-	1,074	-
Balance at 30 June 2022	563,118	(5,901)	(192,396)	194,679	559,500

1 30 June 2021 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of Software-as-a-Service (SaaS) arrangements, disclosed in the FY2022 Annual Report.

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

Consolidated Statement of Cash Flows

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		2,140,565	1,855,334
Payments to suppliers and employees		(1,834,535)	(1,585,391)
Payments to suppliers and employees for SaaS costs		(2,941)	(4,964)
Receipts from joint venture entities		13	66
Payments to joint venture entities		-	(163)
Corporate development costs		(691)	(351)
Interest received		1,342	273
Interest and other finance costs paid		(24,910)	(19,379)
Income taxes paid		(11,989)	(17,518)
Net cash from operating activities	7	266,854	227,907
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		3,630	9,486
Payments for property, plant and equipment	15	(193,228)	(162,559)
Payments for intangible assets	16	(30)	(353)
Proceeds from sale of disposal group held for sale		1,618	-
Earn-out in relation to previous acquisition		(5,130)	(17,095)
Net cash used in investing activities		(193,140)	(170,521)
Cash flows from financing activities			
Purchase of own shares	20	(190)	(319)
Proceeds from interest-bearing loans	18	108,257	80,993
Repayment of interest-bearing loans	18	(64,008)	(29,413)
Repayment of lease liabilities	18	(85,439)	(83,076)
Dividends paid	19	(13,815)	(13,651)
Net cash used in financing activities		(55,195)	(45,466)
Net increase in cash and cash equivalents		18,519	11,920
Cash and cash equivalents at the beginning of the financial year		197,958	182,079
Effects of exchange rate changes on cash and cash equivalents		1,685	3,959
Cash and cash equivalents at the end of the financial year	8	218,162	197,958

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

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A Results

1 OPERATING SEGMENTS

Identification of reportable operating segments

The Group has identified its reportable segments based on the internal reporting, which is reviewed and used by the Chief Executive Officer (the Chief Operating Decision Maker) in assessing the performance and in determining the allocation of resources between business units.

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 regarding the nature of the products and services, production processes, type or class of customers and methods used in rendering their services.

The following describes the operations of each reportable segment:

Mining

The Group provides a broad range of mining services, which includes surface and underground mining, civil and rehabilitation services, equipment maintenance, rentals and management.

Financial performance is measured with reference to underlying earnings before interest, tax and customer contract amortisation (EBIT(A)), as included in the internal reporting reviewed by the Chief Executive Officer, and is measured consistently with profit or loss in the consolidated financial statements. Segment EBIT(A) is used to measure financial 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.

The financial performance of each reportable segment is set out below:

Consolidated - 2023	Mining \$'000	Unallocated \$'000	Total \$'000
Revenue			
Revenue from contracts with customers	1,906,150	-	1,906,150
Total revenue	1,906,150	-	1,906,150
Underlying EBITDA	309,133	(474)	308,659
Depreciation and amortisation expense (excluding customer contracts amortisation)	(190,565)	(1,452)	(192,017)
Underlying EBIT(A)	118,568	(1,926)	116,642
Finance income	-	1,341	1,341
Finance costs	(25,136)	(516)	(25,652)
Corporate development costs	-	(691)	(691)
Share-based payments expense	-	(898)	(898)
SaaS customisation costs	-	(2,941)	(2,941)
Impairment of asset disposal group	-	(252)	(252)
Amortisation on customer contracts	(5,136)	-	(5,136)
Profit/(loss) before income tax expense	88,296	(5,883)	82,413
Segment assets	1,213,565	251,150	1,464,715
Segment liabilities	846,387	9,479	855,866
Capital expenditure	239,385	-	239,385

Consolidated – 2022	Mining \$'000	Unallocated \$'000	Total \$'000
Revenue			
Revenue from contracts with customers	1,698,046	-	1,698,046
Total revenue	1,698,046	-	1,698,046
Underlying EBITDA			
Depreciation and amortisation expense (excluding customer contracts amortisation)	291,766	(324)	291,442
Underlying EBIT(A)	102,657	(1,857)	100,800
Finance income	-	273	273
Finance costs	(18,803)	(516)	(19,319)
Earn-out in relation to previous GBF acquisition	-	(21,945)	(21,945)
Corporate development costs	-	(351)	(351)
Share-based payments expense	-	(103)	(103)
SaaS customisation costs	-	(4,964)	(4,964)
Impairment of asset disposal group	-	(1,021)	(1,021)
Amortisation on customer contracts	(7,225)	-	(7,225)
Profit/(loss) before income tax expense	76,629	(30,484)	46,145
Segment assets	1,094,907	243,371	1,338,278
Segment liabilities	766,504	12,274	778,778
Capital expenditure	279,355	-	279,355

	Geographical revenue from contracts with customers		Geographical non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Australia	1,543,318	1,336,022	677,109	656,578
Indonesia	359,862	358,763	126,198	82,362
Malaysia	2,970	3,190	7,952	8,563
Others	-	71	-	-
	1,906,150	1,698,046	811,259	747,503

Major customers

The revenue information above is based on the location of customers. Revenue from three projects related to three customers, individually greater than 10%, amounted to \$734.362m (2022: three projects related to three customers, individually greater than 10%, amounted to \$659.811m), arising from the provision of mining services.

Operating segments

An operating segment is a component of the Group 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 Group's other components. All operating segments' operating results are regularly reviewed by the Chief Executive Officer in making decisions about resource allocation and performance assessment, and for which discrete financial information is available.

Segment results reported to the Chief Executive Officer include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, net foreign exchange differences, finance income, income taxes, share-based payments and acquisition costs. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

2 REVENUE

	Consolidated	
	2023 \$'000	2022 \$'000
Revenue from contracts with customers	1,906,150	1,698,046
	1,906,150	1,698,046

Services revenue

The Group generates revenue from the provision of mining services, which includes surface and underground mining, civil and rehabilitation services, equipment maintenance, rentals and management. The activities for each contract were assessed as highly interrelated, and, as a result, the Group determined that one performance obligation exists for each of its mining contracts.

The transaction price for each contract is based on agreed contractual rates to which the Group is entitled and may include a variable pricing element which is discussed below.

Revenue for services is recognised over time based on the work completed and billed to the customer as the customer receives the benefit. Amounts billed to customers are not secured and are typically due within 5 - 60 days from the invoice issuance.

Variable consideration

Certain contracts with customers include a variable element that is subject to the Group meeting either certain cost targets or material movement KPIs. Variable consideration is recognised when it is highly probable that a significant reversal of revenue will not occur in a subsequent period.

For the year ended 30 June 2023, variable consideration amounted to \$19.54 m (2022: \$36.772m) of which \$10.232m (2022: \$7.509m) was carried as a contract asset (note 9) and has subsequently been approved by customers.

3 OTHER INCOME

	Consolidated	
	2023 \$'000	2022 \$'000
Net gain on disposal of plant and equipment	1,172	3,416
Other	7,367	6,361
	8,539	9,777

For FY23, other income included in "Other" primarily relates to training rebates received.

4 EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

	Consolidated	
	2023 \$'000	2022 \$'000
Depreciation and amortisation		
Depreciation		
Leasehold improvements	191	8
Plant and equipment	107,868	118,972
Right-of-use assets	83,631	71,422
Amortisation		
Software	327	240
Customer contracts	5,136	7,225
	197,153	197,867

Other expenses

Other expenses includes the following:

	Consolidated	
	2023 \$'000	2022 \$'000
Freight expenses	27,714	21,127
Consulting and other professional services	7,760	8,181
Recruitment, training and other employee incidentals	17,304	14,952
Travel and accommodation expenses	8,765	8,228
Insurance expenses	9,688	8,248
Expected credit loss (ECL) allowance	-	599
Administrative and facilities expenses	9,102	7,842
Information, communication and technology expenses	10,057	10,210
Foreign exchange loss	474	324
SaaS customisation costs	2,941	4,964
Corporate development costs	691	351
Other expenses	6,143	9,240
Earn-out in relation to previous acquisitions	-	21,945
	100,639	116,211

Employee benefits expense

Employee benefits expense includes the following:

	Consolidated	
	2023 \$'000	2022 \$'000
Defined contribution superannuation expense	49,295	38,964
Employee shares ¹	1,079	-
	50,374	38,964

- 1 Shares awarded to employees with no performance vesting hurdles other than service conditions form part of the total employee benefits expense. For information on the details of the share-based payments arrangements to these employees, refer to note 28(b).

Net finance costs

Finance costs include interest on lease liabilities and are expensed in the period in which they are incurred. Borrowing costs capitalised are amortised over the term of the facility.

	Consolidated	
	2023 \$'000	2022 \$'000
Interest income on term deposits	(1,342)	(273)
Interest expense on lease liabilities	13,007	11,498
Interest expense and other facility charges on interest-bearing loans	9,887	5,460
Other borrowing costs	2,758	2,361
	24,310	19,046

Lease Expenses

Lease expenses includes the following:

	Consolidated	
	2023 \$'000	2022 \$'000
Leases under AASB 16 Leases		
Depreciation of right-of-use assets	(83,631)	(71,422)
Equipment and other short-term lease expenses	(99,258)	(104,119)
	(182,889)	(175,541)

5 TAX

a) Income tax expense

	Consolidated	
	2023 \$'000	2022 \$'000
Income tax expense		
Current tax	5,467	20,926
Deferred tax - origination and reversal of temporary differences	19,276	(2,179)
Income tax expense	24,743	18,747
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	82,413	46,145
Tax at the statutory tax rate of 30%	24,724	13,844
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	270	31
Non-deductible expenses/(non-assessable income) ¹	33	6,531
Foreign tax rate differential	(2,757)	(3,006)
Net temporary difference previously unrecognised	294	(557)
Current year losses for which no deferred tax asset was recognised	(125)	(22)
Deferred tax asset derecognised due to change in income tax rates	-	(1,805)
Other ²	2,304	3,731
Income tax expense	24,743	18,747

- 1 Non-deductible expenses primarily relates to the GBF earn out in the prior period.
2 Including withholding tax on dividends from international subsidiaries.

b) Current assets and liabilities - income tax

	Consolidated	
	2023 \$'000	2022 \$'000
Income tax receivable/(payable) - International operations	12,033	372
	12,033	372

c) Non-current assets - deferred tax

	Consolidated	
	2023 \$'000	2022 \$'000
Net deferred tax (liability)/asset		
At the beginning of the financial year	35,496	33,317
Income tax (charge)/credit recorded in the income statement	(19,276)	2,179
Net deferred tax asset	16,220	35,496

Consolidated	Net Deferred tax assets ¹		Net Deferred tax liabilities ¹		Charged/(credited) to the income statement	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deferred tax asset comprises temporary differences attributable to:						
Inventories	-	(4,444)	(4,381)	-	63	1,690
Property, plant and equipment	943	15,667	(13,556)	-	(28,281)	(11,825)
Contract assets	-	(45,133)	(45,880)	-	(747)	(10,531)
Other payables	-	12,492	12,680	-	187	(9,173)
Employee benefits	-	23,100	29,038	-	5,938	4,628
Other	-	-	-	-	-	(178)
Unused tax losses carried forward ²	23,580	33,814	13,796	-	3,564	27,567
Total	24,523	35,496	(8,303)	-	(19,276)	2,178

- 1 Net Deferred tax assets and liabilities are disclosed separately where there is no right of offset due to different tax jurisdictions.
- 2 The Indonesian deferred tax asset of \$23.6 million relating to tax losses is subject to utilisation within a 5 year period.

Unrecognised deferred tax asset		
Available fraction tax losses	5,608	5,608
Other non-deductible differences	3,797	3,873
Unrecognised deferred tax asset	9,405	9,481

Income tax

The effective tax rate for the current year is 30.0% (30 June 2022: 40.6%). Excluding withholding tax on dividends paid, the effective tax rate is 27.2% (30 June 2022: 32.5%).

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.

The Indonesian deferred tax asset of \$23.6million relating to tax losses is subject to utilisation within a 5 year period.

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 Group 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 Group as an equity contribution or distribution.

The Group 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.

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 Group 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 Group 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.

6 EARNINGS PER SHARE

	Consolidated	
	2023 \$'000	2022 \$'000
Profit after income tax attributable to the owners of Macmahon Holdings Limited	57,670	27,398
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2,100,686,298	2,100,166,387
Adjustments for calculation of diluted earnings per share:		
Effect of performance rights on issue	3,786,014	6,515,039
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,104,472,312	2,106,681,426
	Cents	Cents
Earnings per share for profit attributable to owners of Macmahon Holdings Limited		
Basic earnings per share	2.75	1.30
Diluted earnings per share	2.74	1.30

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) 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 (if any), and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

B Cash Flow Information

7 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	2023 \$'000	2022 \$'000
Profit after income tax expense for the year from continuing operations	57,670	27,398
Adjustments for:		
Depreciation and amortisation expense	197,153	197,867
Net (gain)/loss on disposal of plant and equipment	(1,172)	(3,416)
Share of profit of equity accounted investees, net of tax	(294)	(240)
Share based payments expense	1,977	103
Net foreign exchange loss/(gain)	474	324
Remeasurement of ECL allowance	-	127
Impairment of asset disposal group	252	1,021
Other ¹	742	22,417
Income tax expense	24,743	18,747
Income taxes paid	(11,989)	(17,518)
Net cash received from equity accounted investees	13	(97)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(60,424)	(77,828)
Decrease/(increase) in inventories	(2,286)	(24,897)
Increase/(decrease) in trade and other payables	51,427	65,160
Increase in employee benefits	7,501	9,946
Increase/(decrease) in provisions	1,067	8,793
Net cash from operating activities	266,854	227,907

1 Other includes GBF earn out in FY22.

C Working Capital

8 CASH AND CASH EQUIVALENTS

	Consolidated	
	2023 \$'000	2022 \$'000
Cash on hand	12	15
Cash at bank	218,150	197,943
	218,162	197,958

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 subject to an insignificant risk of changes in value.

9 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023 \$'000	2022 \$'000
Current		
Trade receivables	64,236	49,363
Contract assets	204,534	201,852
Less: Provision for ECL	(3,433)	(3,403)
	265,337	247,812
Other receivables	56,129	44,011
Prepayments	9,543	7,183
	331,009	299,006
Non-current		
Contract assets	12,146	9,387
Other receivables	8,839	4,075
Agency receivables	25,862	9,500
	46,847	22,962

Trade and other receivables

Trade receivables are initially recognised at the fair value of the services provided to the customer and subsequently at amortised cost less expected credit loss allowances. Other receivables are initially recognised at fair value and subsequently measured at amortised cost less expected credit loss allowances (ECL).

Due to the short term nature of these receivables, their carrying amount approximates their fair value.

Other receivables include:

- Contracted reimbursements for project closure costs of \$8.569m (2022: \$8.569m) relating to the costs recognised as part of the provision for contract closure. Refer to note 14; and,
- VAT receivable of \$32.913m (2022: \$16.323m) relating to input tax credits collected on goods and services consumed has been classified as current, in part, to the extent that the Group expects to receive this within the next 12 months. A VAT receivable of \$8.869m is classified as non-current as at 30 June 2023 (2022: \$4.075m).

Agency receivables

The Group entered into a tripartite agreement with a customer and financier regarding certain mining equipment acquired for the mining contract. The tripartite agreement provides the financier with a put option and the customer with a call option over the equipment, whilst the Group acts as an agent between the financier and the customer, to source and maintain the equipment. The feature of the put/call transaction results in control and risk or reward of the equipment not being with the Group. Lease costs paid by the Group in relation to the equipment (including interest) in excess to the receipts from the customer is recovered from the customer on the earlier for the life of the asset or exercise of the put/call, which is represented by a non-current receivable at the end of the contract.

Contract assets

Contract assets of \$200,582m (2022: \$198.033m) relate to the Group's right to consideration of mining services rendered but not billed as at 30 June 2023. Contract assets are transferred to trade receivables when the Group issues an invoice to the customer.

Included in contract assets are also current mobilisation costs of \$6.203m (2022: \$3.819m) capitalised at the commencement of the projects, where the recovery of these costs is included in future rates. These costs are amortised over the contract period as the income is earned. A balance of \$9.895m of capitalised mobilisation costs is classified as non-current as at 30 June 2023 (2022: \$9.387m) as the contract term for the projects is over 12 months.

The balance of contract assets varies and is dependent on the scale of mining services rendered for the claim period, which is ordinarily a calendar month, immediately preceding the end of the reporting period.

10 OTHER FINANCIAL ASSETS

	Consolidated	
	2023 \$'000	2022 \$'000
Non-current investments		
Equity securities - at FVOCI	8,480	-
	8,480	-

The Group participated in the capital raising by Calidus Resources Limited with an investment of \$10.475m by way of converting \$10.475m of existing receivables on 26 June 2023.

Equity securities designated as at FVOCI

The Group irrevocably designated the investments shown below as equity securities at fair value through other comprehensive income (FVOCI) at initial recognition because these equity securities represent investments that are not held for trading and the Group considers this classification to be more relevant.

	Fair value		Dividend income recognised	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investment in Calidus Resources Limited	8,480	-	-	-
	8,480	-	-	-

No strategic investments were disposed of during 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments

Fair value movements - Investment in Calidus Resources Limited

	Consolidated	
	2023 \$'000	2022 \$'000
Fair value at 1 July	-	-
Additions	10,475	-
Fair value movements in other comprehensive income	(1,995)	-
Fair value at 30 June	8,480	-

Other financial assets

The Group classifies its financial assets to be measured subsequently at fair value (either through OCI or through profit or loss). The classification depends on the entity's business model for managing the financial assets and the contracted terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying amount		Fair value		
	FVOCI - equity instruments \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value					
Equity securities	8,480	8,480	-	-	8,480
	8,480				

11 INVENTORIES

	Consolidated	
	2023 \$'000	2022 \$'000
Inventories	97,664	94,989
Less: Allowance for obsolescence	(5,412)	(5,040)
Inventories at the lower of cost and net realisable value	92,252	89,949

Inventories are measured at the lower of cost and net realisable value. There was no write-down to net realisable value that was recognised as an expense during 2023.

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 estimated costs to sell.

Allowance 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, current market conditions, the ageing of inventories and other factors that affect inventory obsolescence.

12 TRADE AND OTHER PAYABLES

	Consolidated	
	2023 \$'000	2022 \$'000
Current		
Trade payables	157,541	111,135
Accrued expenses	132,421	129,682
Other payables	34,777	26,458
Deferred consideration in relation to the acquisition of GBF	-	5,100
	324,739	272,375
Non-current		
Other payables	1,959	384
	1,959	384

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and 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 to 60 days of recognition based on the credit terms.

Accrued wages and salaries between the last pay period and 30 June 2023 of \$8.502m (2022: \$6.699m) are included within accrued expenses.

Refer to note 17 for further details on financial instruments.

13 EMPLOYEE BENEFITS

	Consolidated	
	2023 \$'000	2022 \$'000
Current		
Annual leave	47,411	41,165
Long-service leave	8,683	8,459
Other employee benefits	14,282	11,439
	70,376	61,063
Non-current		
Long-service leave	3,934	5,714
	3,934	5,714

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 high quality corporate 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.

Termination benefits

Termination benefits are recognised as an expense when the Group 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 Group 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.

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. There are less than 5 employees remaining in the plan.

Other employee benefits

Other employee benefits include short-term incentive plans (prior years deferred entitlements and current year estimates), site performance bonuses, sick leave accruals, religious holiday allowance for certain international staff and other short-term benefits.

14 PROVISIONS

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

	Project closure \$'000	Other \$'000	Total \$'000
At 1 July 2022	24,123	1,030	25,153
Arising during the year	1,625	124	1,749
Released during the year	-	-	-
Utilised during the year	(455)	-	(455)
At 30 June 2023	25,293	1,154	26,447

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, if it is probable the Group 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 discount rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provision for project closure

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

D Fixed Assets

15 PROPERTY, PLANT AND EQUIPMENT

Set out below are the carrying amounts of property, plant and equipment and right-of-use assets recognised and movements for the period:

Consolidated	Right-of-use assets				Total \$'000
	Buildings \$'000	Plant & equipment \$'000	Leasehold improvements \$'000	Plant & equipment \$'000	
At 30 June 2021	11,450	240,864	62	330,288	582,664
Additions	-	120,228	-	158,774	279,002
Disposals	-	(2,103)	-	(3,761)	(5,864)
Depreciation expense	(1,533)	(69,889)	(8)	(118,972)	(190,402)
Transfers	-	1,076	-	1,018	2,094
Exchange differences	-	424	-	4,658	5,082
At 30 June 2022	9,917	290,600	54	372,005	672,576
At 1 July 2022	9,917	290,600	54	372,005	672,576
Additions	-	72,313	3,490	163,551	239,354
Disposals	-	(901)	-	(1,389)	(2,290)
Depreciation expense	(1,452)	(82,179)	(191)	(107,868)	(191,690)
Transfers	-	(7,346)	-	9,253	1,907
Exchange differences	-	28	-	172	200
At 30 June 2023	8,465	272,515	3,353	435,724	720,057
Cost	14,485	444,466	509	1,001,388	1,460,848
Accumulated depreciation and impairment losses	(4,568)	(153,866)	(455)	(629,383)	(788,272)
Carrying amount at 30 June 2022	9,917	290,600	54	372,005	672,576
Cost	14,485	488,673	3,999	919,614	1,426,771
Accumulated depreciation and impairment losses	(6,020)	(216,158)	(646)	(483,890)	(706,714)
Carrying amount at 30 June 2023	8,465	272,515	3,353	435,724	720,057

Security

Leasehold improvements and plant and equipment are subject to a registered charge to secure banking facilities. Refer to note 18.

Property, plant and equipment

Property, plant and equipment is measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

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 plant and equipment is the estimated amount for which plant and equipment 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 plant and equipment is based on external market appraisals from accredited, independent valuation specialists.

When parts of an item of plant and equipment have different useful lives, the items are accounted for as separate items (i.e. major components) of 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 or straight-line over their estimated useful life. Leased assets are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. 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:

- Leasehold improvements: Period of the lease
- Plant and equipment: 3-12 years
- Right-of-use assets: Period of the lease

Depreciation on certain components allocated to property, plant and equipment, including tyres, are based on their measure of usage.

The carrying amounts of the Group'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 Group. 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 profits reserve.

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 Group, 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.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation expenses 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 expense 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 Group 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 Group 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.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs of disposal. Costs of disposal are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

For non-current assets to be classified as held for sale, those assets must be available for immediate sale in their present condition and their sale must be highly probable.

Non-current assets classified as held for sale are separately presented on the face of the consolidated statement of financial position as current assets.

Impairment of assets

For the year ended 30 June 2023, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 30 June 2023 was below its net assets and management considered this factor an impairment indicator at 30 June 2023.

The recoverable amount was determined by calculating the higher of Fair Value less Cost of Disposal (FVLCD) and Value in Use (VIU) for the group CGU's.

The CGU's of the Group are Surface Mining, Underground Mining and International Mining. At 30 June 2023, none of these CGU's were considered to be impaired as the recoverable amount was greater than the carrying value of the assets in the CGU, resulting in no impairment.

In addition, an independent desk top valuation was obtained for certain major equipment in Australia. The valuation exceeded the carrying amount.

16 INTANGIBLE ASSETS AND GOODWILL

Set out below are the carrying amounts of intangible assets recognised and movements for the period:

Consolidated	Goodwill \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Cost				
At 30 June 2021	8,808	13,655	2,421	24,884
Additions	-	-	353	353
At 30 June 2022	8,808	13,655	2,774	25,237
Additions	-	-	30	30
At 30 June 2023	8,808	13,655	2,804	25,267
Accumulated amortisation and impairment				
At 30 June 2021	-	(1,294)	(485)	(1,779)
Amortisation	-	(7,225)	(240)	(7,465)
At 30 June 2022	-	(8,519)	(725)	(9,244)
Amortisation	-	(5,136)	(327)	(5,463)
At 30 June 2023	-	(13,655)	(1,052)	(14,707)
Net book value				
Balance as at 30 June 2022	8,808	5,136	2,049	15,993
At 30 June 2023	8,808	-	1,752	10,560

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Customer contracts

Customer contracts are a separately identifiable intangible asset equal to the present value of future post-tax cash flows attributed to the portfolio of incomplete underground mining services contracts assumed at acquisition date through a business combination.

Customer contracts are carried at cost, less accumulated depreciation and impairment losses. Amortisation of customer contracts is included in depreciation and amortisation expenses in the consolidated statement of profit or loss and other comprehensive income. The expected useful life of customer contracts ranges from 2 to 3 years.

Software

Development expenditure is capitalised only if development costs can be measured reliably or the process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The software expenditure capitalised includes the cost of materials, direct labour and overhead costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised software development expenditure is measured at cost less accumulated amortisation and impairment losses. The amortisation is included in depreciation and amortisation expenses. The expected useful life of software is 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation, and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

E Risk

17 FINANCIAL RISK MANAGEMENT

	Consolidated	
	2023 \$'000	2022 \$'000
Financial assets		
Cash and cash equivalents	218,162	197,958
Equity investments	8,480	-
Trade and other receivables	299,613	269,316
	526,255	467,274
Financial liabilities		
Trade and other payables	308,780	259,579
Borrowings	420,108	413,470
	728,888	673,049

Trade and other receivables excludes prepayments of \$9.543m (2022: \$7.183m), contract closure reimbursements of \$8.569m (2022: \$8.569m), VAT receivable of \$41.782m (2022: \$20.398m), non-financial contract assets of \$16.098m (2022: \$13.206m), and other non-financial assets of \$2.251m (2022: \$3.296m).

Trade and other payables excludes GST and other taxes payable of \$17.918m (2022: \$13.180m).

Fair value of financial assets and financial liabilities

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.

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 Group to ensure risks remain within appropriate limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, 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 Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by the Audit and Risk Committee. Internal audits undertaken are reviews of controls and procedures, the results of which are reported to the Audit and Risk Committee.

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

- Market risk
- Credit risk
- Liquidity risk

This note presents qualitative and quantitative information about the Group'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 includes changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

The Group 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 Group, which are primarily the Australian Dollar (AUD), but also the US Dollar (USD), Indonesian Rupiah (IDR), Malaysian Ringgit (MYR), and Singapore Dollar (SGD). The Group is also exposed to foreign currency risk on plant and equipment purchases that are denominated in a currency other than AUD. The currencies giving rise to this risk are primarily USD and IDR.

The contracts for mining services and purchases are primarily denominated in the functional currencies of entities within the Group to minimise the foreign exchange currency risk.

In respect of other monetary assets and liabilities held in currencies other than the AUD, the Group 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:

Australian Dollars	Average exchange rates		Reporting date exchange rates	
	2023	2022	2023	2022
USD	0.6731	0.7257	0.6617	0.6882
IDR	10,192	10,436	9,920	10,220
MYR	3.0211	3.0687	3.0908	3.0278
SGD	0.9181	0.9866	0.8975	0.9592

The carrying amount of foreign currency denominated financial assets and financial liabilities at 30 June were as follows:

Consolidated	Financial assets		Financial liabilities	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
USD	12,239	12,292	(1,605)	(389)
IDR ¹	101,006	88,208	(93,271)	(42,175)
Other	9,258	307	(263)	(302)
	122,503	100,807	(95,139)	(42,866)

- 1 The Group is paid in IDR for services performed in Indonesia; however, the amount of these IDR payments are adjusted according to movements in the IDR:USD exchange rate up to the date of invoice.

The following analysis demonstrates the increase/(decrease) of profit or loss and other comprehensive income at the reporting date, assuming a 10% strengthening and a 10% weakening of the following transaction currencies against the functional currencies of the Group companies where the financial assets and liabilities are recorded. This analysis also assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2022.

	Weakened by 10%		Strengthened by 10%	
	Effect on profit before tax \$'000	Effect on other comprehensive income \$'000	Effect on profit before tax \$'000	Effect on other comprehensive income \$'000
Consolidated - 2023				
USD	(1,063)	-	1,063	-
IDR	(773)	-	773	-
Other	(900)	-	900	-
	(2,736)	-	2,736	-

	Weakened by 10%		Strengthened by 10%	
	Effect on profit before tax \$'000	Effect on other comprehensive income \$'000	Effect on profit before tax \$'000	Effect on other comprehensive income \$'000
Consolidated - 2022				
USD	(1,190)	-	1,190	-
IDR	(4,603)	-	4,603	-
Other	(1)	-	1	-
	(5,794)	-	5,794	-

Price risk

Price risk is the risk that changes in market prices e.g. equity prices will effect the Group's income or the value of its holdings of financial instruments. Under this policy, pricing rate exposures are managed on an ongoing basis.

At 30 June, the Group was exposed to market price risk on financial instruments as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Equity securities - at FVOCI	10,475	-
Fair value movements through OCI	(1,995)	-
Net exposure to price risk	8,480	-

Cash flow sensitivity analysis for market price instruments

All of the Group's listed equity securities are listed on the Australia Stock Exchange. The following analysis demonstrates the increase/(decrease) to equity securities at 30 June 2023, assuming a 10% change in the ASX.

	10% increase		10% decrease	
	Effect on equity securities \$'000	Effect on other comprehensive income \$'000	Effect on equity securities \$'000	Effect on other comprehensive income \$'000
Consolidated - 2023				
Equity securities	848	848	(848)	(848)
	848	848	(848)	(848)

Interest rate risk

Interest rate risk on variable rate borrowings is managed under the Group's approved Treasury Policy. Under this policy, interest rate exposures are managed by entering fixed rate finances for equipment purchases.

At 30 June, the Group was exposed to variable interest rate risk on financial instruments as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Cash and cash equivalents	191,804	197,958
Interest-bearing loans	(174,217)	(129,216)
Net exposure to interest rate risk	17,587	68,742

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the increase/(decrease) to profit or loss and other comprehensive income at 30 June 2023, assuming a change in interest rates of 50 basis points. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

	50 basis point increase	50 basis point decrease
	Effect on profit before taxes \$'000	Effect on profit before taxes \$'000
Consolidated - 2023		
Cash and cash equivalents	959	(959)
Interest-bearing loans	(871)	871
	88	(88)

	50 basis point increase	50 basis point decrease
	Effect on profit before taxes \$'000	Effect on profit before taxes \$'000
Consolidated - 2022		
Cash and cash equivalents	990	(990)
Interest-bearing loans	(646)	646
	344	(344)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables and contract assets from customers.

Cash and cash equivalents

The Group limits its exposure to credit risk for cash and cash equivalents by placing funds with highly rated international banks.

Guarantees

The Group's policy is to provide financial guarantees only to or for subsidiaries. Details of outstanding guarantees are provided in note 21.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the characteristics of each individual customer. The demographics of the Group's customer base, including the default risk of the industries and countries in which customers operate, has less influence on credit risk. For the year ended 30 June 2023, 39% of the Group's revenue is attributable to revenue transactions with three customers related to three projects (2022: 39% attributed to three customers related to three projects). Geographically, the primary concentration of credit risk is in Australia and Indonesia.

Under the Group's systems and procedures, each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The exposure to credit risk is monitored on an ongoing basis. The Group's analysis includes external ratings, when available, and in some cases bank references. Credit risk is minimised by managing payment terms and receiving advance payments.

Exposure to credit risk

The carrying amount of the Group's financial assets represents its maximum credit exposure as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Cash and cash equivalents	218,162	197,958
Trade receivables	60,803	45,960
Contract assets	198,331	198,033
Other receivables	14,617	15,823
Agency receivables	25,862	9,500
Credit risk exposure	517,775	467,274

Trade and other receivables excludes prepayments of \$9.543m (2022: \$7.183m), contract closure reimbursements of \$8.569m (2022: \$8.569m), VAT receivable of \$41.782m (2022: \$20.398m), non-financial contract assets of \$16.098m (2022: \$13.206m), and other non-financial assets of \$2.251m (2022: \$3.296m).

The profile of trade and other receivables and contract assets by segment is as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Mining customers	303,046	272,719
Less: Provision for expected credit losses	(3,433)	(3,403)
Credit risk exposure by customer	299,613	269,316

At 30 June, the exposure to credit risk for trade and other receivables by geographic region was as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Country		
Australia	251,784	217,338
Indonesia	50,461	53,764
Other	801	1,617
	303,046	272,719

Expected credit loss allowance

	2023		2022	
	Gross carrying amount \$'000	Loss allowance \$'000	Gross carrying amount \$'000	Loss allowance \$'000
Consolidated				
Current (not past due)	282,075	(69)	255,593	(416)
Past due 0 - 30 days	13,376	(60)	11,243	(33)
Past due 31-60 days	1,006	(7)	1,378	(6)
Over 90 days overdue	6,589	(3,297)	4,505	(2,948)
	303,046	(3,433)	272,719	(3,403)

In determining the provision for ECLs, the Group allocates its exposure to a credit risk based on data that is determined to be predictive of the risk of loss (including, but not limited to external credit ratings, audited financial statements and available press information) and applying experienced credit judgement. Loss rates applied to credit risk ratings are sourced from external credit rating agencies.

The following table provides summarised information of the exposure to credit risk on trade receivables as at 30 June 2023:

Credit rating	Credit impaired	Loss rate	Gross carrying amount \$'000	Loss allowance \$'000
A- to AAA	No	0.000 %	9,711	-
BBB- to BBB+	No	0.014 %	7,850	(1)
BB- to BB+	No	0.245 %	19	(0)
B+ to B-	No	6.907 %	46,432	(3,207)
C to CCC	Yes	N/A	-	-
D	Yes	100.000 %	225	(225)
			64,237	(3,433)

The movement in the provision for ECLs is as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Opening balance	3,403	3,112
Net remeasurement of provision for ECL	-	127
Exchange differences	30	164
	3,433	3,403

The Group recognises a provision for ECLs on financial assets measured at amortised cost and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment. The Group assumes a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions, such as realising security (if any is held) or the financial asset is more than 90 days past due.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

The Group 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.

On 28 July 2023 the group increased the syndicated finance facility (SFA) by \$50 million. Of this, \$6m was repaid on the SFA resulting in a net increase of \$44m.

Information about changes in term facilities during the year is disclosed in note 18.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial 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.

	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
Consolidated - 2023					
Trade payables	(157,541)	-	-	-	(157,541)
Accrued expenses	(132,421)	-	-	-	(132,421)
Other payables	(34,777)	(1,959)	-	-	(36,736)
Borrowings	(132,949)	(89,253)	(218,595)	(1,646)	(442,443)
Total non-derivatives	(457,688)	(91,212)	(218,595)	(1,646)	(769,141)
	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
Consolidated - 2022					
Trade payables	(111,135)	-	-	-	(111,135)
Accrued expenses	(129,682)	-	-	-	(129,682)
Other payables	(18,378)	(384)	-	-	(18,762)
Borrowings	(115,071)	(209,882)	(82,284)	(3,291)	(410,528)
Total non-derivatives	(374,266)	(210,266)	(82,284)	(3,291)	(670,107)

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

F Debt and Equity

18 BORROWINGS

	Currency	Interest rate (%)	Maturity	Consolidated	
				2023 \$'000	2022 \$'000
Current borrowings					
Lease liabilities	AUD, USD, MYR	2.84 - 7.40%	2023 - 2024	84,242	81,309
Interest-bearing loans	AUD, USD, IDR	3.29 - 8.06%	2023 - 2024	37,619	30,990
				121,861	112,299
Non-current borrowings					
Lease liabilities	AUD, USD, MYR	2.84 - 7.40%	2024 - 2029	113,849	157,852
Interest-bearing loans	AUD, USD, IDR	3.29 - 8.06%	2023 - 2027	184,398	143,319
				298,247	301,171

The movement in the carrying amount of borrowings is set out below:

Consolidated	Interest-bearing loans		Lease liabilities	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 July	174,309	97,935	239,161	214,496
New borrowings	102,562	112,065	41,759	99,377
Refinancing cash arrangement	-	-	10,286	-
Assumed as part of a business combination	-	-	-	285
Interest expensed	11,238	5,460	13,007	11,498
Interest paid	(10,483)	(4,235)	(13,020)	(12,783)
Principal repayments	(61,367)	(29,413)	(88,080)	(82,080)
Lease liabilities returned	-	-	-	(996)
Transfers	5,272	(8,474)	(5,272)	8,497
Exchange differences	486	971	250	867
At 30 June	222,017	174,309	198,091	239,161

Refer to note 17 for further information on financial instruments.

Lease liabilities

The Group leases offices, plant and equipment, and vehicles across the countries in which it operates. Lease contracts are for fixed periods between 6 months and 10 years and may include extension options.

During October 2022, the Group increased the syndicated asset finance facility by \$35.000m. The total amount available under this asset finance facility is \$180.000m and it enables the Group to support its capital requirements. As at 30 June 2023, \$147.248m was utilised (30 June 2022: \$119.002m).

Interest Bearing Loans

On 27 July 2022, the Group updated and extended the existing syndicated multi-option debt facility. After repayments, the total amount available under this facility is \$194.000m. The Group has drawn a total of \$154.000m as cash and \$5.046m as bank guarantees as at 30 June 2023. (As at 30 June 2022: \$118.000m drawn as cash and \$8.564m drawn for bank guarantees).

In addition, in March 2023, the Group secured a new IDR denominated 342b (AUD \$34.477m bank facility for its Indonesian operations with a maturity of August 2027. As at 30 June 2023, IDR200 billion (AUD \$20.206m) was drawn.

Assets pledged as security

The Group's lease liabilities and specific loans are secured by the relevant assets and in the event of default, the assets revert to the lessor or financier. All remaining assets of the Group are pledged as security under the multi-option facility.

Borrowings

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, borrowings are classified as non-current.

19 EQUITY - ISSUED CAPITAL

	Consolidated			
	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Ordinary shares - fully paid	2,154,985,818	2,154,985,818	563,118	563,118
Less: Treasury shares	(53,251,008)	(54,839,003)	(12,656)	(12,910)
Ordinary shares	2,101,734,810	2,100,146,815	550,462	550,208

	Number of Ordinary Shares	
	2023	2022
On issue at 1 July	2,154,985,818	2,154,985,818
On issue at 30 June	2,154,985,818	2,154,985,818

Ordinary shares

Ordinary shares are classified as equity and entitle the holder to participate in dividends and the proceeds on the winding up of the Parent 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 does not have authorised capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the capital proceeds.

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.

Treasury shares

Ordinary shares purchased on market by the Company are recognised at cost, less incremental costs directly attributable to the ordinary shares purchased.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it may 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The Group is subject to certain financing arrangement 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 Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total equity and net debt. Net debt is calculated as 'borrowings' less 'cash and cash equivalents', as shown in the consolidated statement of financial position. Total equity is as shown in the consolidated statement of financial position. At 30 June 2023, the Group was in a net debt position.

The gearing ratio at 30 June is as below:

	Consolidated	
	2023 \$'000	2022 \$'000
Borrowings	420,108	413,470
Less: Cash and cash equivalents	(218,162)	(197,958)
Net debt	201,946	215,512
Equity	608,849	559,500
Gearing ratio	24.91%	27.81%

20 EQUITY - RESERVES

	Consolidated	
	2023 \$'000	2022 \$'000
Reserve for own shares (net of tax)	(12,656)	(12,910)
Fair value reserve (net of tax)	(1,995)	-
Foreign currency reserve (net of tax)	9,361	4,090
Share based payments	3,662	2,919
	(1,628)	(5,901)

Reserve for own shares

The reserve for Company's own shares comprises the cost (net of tax) of the Company's shares held by the trustee of the Group'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, 1,059,620 shares were purchased by the Company (2022: 1,707,183 shares) for the non-executive directors' salary sacrifice plan. At 30 June 2023, there were 53,251,008 unallocated shares held in trust (2022: 54,839,003 shares).

Foreign currency reserve

The foreign currency 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.

Share based payments reserve

The share based payments reserve is used to record the value of share based payments and performance rights to employees, including KMP, as part of their remuneration, as well as non-employees. Refer to note 28.

Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of equity investments designated at FVOCI.

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	Fair value reserve \$'000	Foreign currency \$'000	Share- based payments \$'000	Total \$'000
Balance at 30 June 2021	(12,910)	-	(5,650)	3,902	(14,658)
Share buy-back	(319)	-	-	-	(319)
Foreign currency translation	-	-	9,740	-	9,740
Treasury shares allocated on vesting of performance rights	319	-	-	(12)	307
Share based payments expense (note 28)	-	-	-	103	103
Transfer of expired performance rights to retained earnings	-	-	-	(1,074)	(1,074)
Balance at 30 June 2022	(12,910)	-	4,090	2,919	(5,901)
Equity investments at FVOCI - net change in value	-	(1,995)	-	-	(1,995)
Share buy-back	(190)	-	-	-	(190)
Foreign currency translation	-	-	5,271	-	5,271
Treasury shares allocated on vesting of performance rights	444	-	-	(13)	431
Share based payments expense (note 28)	-	-	-	1,977	1,977
Transfer of expired performance rights to retained earnings	-	-	-	(1,221)	(1,221)
Balance at 30 June 2023	(12,656)	(1,995)	9,361	3,662	(1,628)

Dividends

The Parent has paid and proposed dividends as set out below:

	2023 \$'000	2022 \$'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2022: 0.35 cents per share (2021: 0.35 cents per share)	7,351	7,351
Interim dividend for 2023: 0.30 cents per share (2022: 0.30 cents per share)	6,464	6,300
	13,815	13,651
Subsequent to year end - Proposed dividends on ordinary shares:		
Final cash dividend for 2023: 0.45 cents per share (2022: 0.35 cents per share)	9,451	7,351
	9,451	7,351
Dividend franking account at 30 June		
Amount of franking credits available to shareholders of the Company for future years	105	105

All of the above dividends are unfranked.

G Unrecognised Items

21 CONTINGENT LIABILITIES

The following contingent liabilities existed at 30 June 2023:

	Consolidated	
	2023 \$'000	2022 \$'000
Bank guarantees (syndicated multi-option debt facility)	5,047	9,470
Insurance performance bonds	8,148	15,896
	13,195	25,366

Bank guarantees and insurance bonds are issued to contract counterparties in the ordinary course of business as security for the performance by the Group of its contractual obligations. The Group is also called upon to provide guarantees and indemnities to contract counterparties in relation to the performance of contractual and financial obligations. The value of these guarantees and indemnities is indeterminable.

Other contingent liabilities and contingent assets

The Group has the normal contractor's liability in relation to its current and completed contracts (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.

The Group notes that on 16 December 2022 its subsidiary, TMM Group (Operations) Pty Ltd, commenced proceedings in the Supreme Court of Western Australia against Coburn Resources Pty Ltd (a subsidiary of Strandline Resources Ltd) (see ASX announcement dated 28 December 2022). In the proceedings, The Group is seeking declarations, damages, costs and interest from Coburn in connection with variation and extension of time claims under the contract for bulk earthworks, access road construction and drainage work at the Coburn mineral sands project. The Group is seeking damages and return of security bond totalling approximately \$17.8m (in addition to \$6.5m which the Group obtained from Coburn following a successful adjudication determination). The Directors are of the opinion that the disclosure of any further information on this dispute would be prejudicial to the interests of the Group.

There were no contingent assets recognised as at 30 June 2023 or 30 June 2022.

22 COMMITMENTS

At 30 June 2023, the Group has contracted capital expenditure commitments, but not provided for in the financial statements, of \$10.505m (2022: \$13.217m).

23 EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2023, the Directors declared a final dividend of 0.45 cents per share.

On 28 July 2023 the group increased the syndicated finance facility (SFA) by \$50m. Of this, \$6m was repaid on the SFA resulting in a net increase of \$44m.

H Other Information/Group Structure

24 INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Incorporated subsidiaries	Country of incorporation	Ownership interest	
		2023 %	2022 %
Macmahon Contractors Pty Ltd	Australia	100%	100%
Macmahon Mining Services Pty Ltd	Australia	100%	100%
Doorn-Djil Yoordaning Mining and Construction Pty Ltd	Australia	100%	100%
Macmahon Underground Pty Ltd	Australia	100%	100%
Macmahon Contracting International Pte Ltd	Singapore	100%	100%
PT Macmahon Indonesia	Indonesia	100%	100%
Macmahon Constructors Sdn Bhd	Malaysia	100%	100%
TMM Group Pty Ltd*	Australia	100%	100%
TMM Group (Consult) Pty Ltd	Australia	100%	100%
TMM Group (IP) Pty Ltd*	Australia	100%	100%
TMM Group (Operations) Pty Ltd	Australia	100%	100%
Macmahon East Pty Ltd	Australia	100%	100%
Macmahon Maintenance Masters Pty Ltd	Australia	100%	100%
Macmahon (Southern) Pty Ltd	Australia	100%	100%
Macmahon Africa Pty Ltd*	Australia	100%	100%
Macmahon Malaysia Pty Ltd*	Australia	100%	100%
Macmahon Sdn Bhd*	Malaysia	100%	100%
PT Macmahon Contractors Indonesia	Indonesia	100%	100%
Macmahon Singapore Pte Ltd*	Singapore	100%	100%
Macmahon Contractors Nigeria Ltd*	Nigeria	100%	100%
Macmahon Contractors Ghana Limited*	Ghana	100%	100%
Macmahon Botswana (Pty) Ltd*	Botswana	100%	100%
Strong Minds Strong Mines Pty Ltd	Australia	100%	100%
GF Holdings (WA) Pty Ltd	Australia	100%	100%
GBF Mining and Industrial Services Pty Ltd	Australia	100%	100%
GBF North Pty Ltd	Australia	100%	100%
GBF Number 6 Pty Ltd	Australia	100%	100%
Ramex Services Pty Ltd ¹	Australia	0%	100%
PT Macmahon Mining Services	Indonesia	100%	100%
Interest in trusts			
Macmahon Holdings Limited Employee Share Ownership Plans Trust	Australia	100%	100%
Macmahon Underground Unit Trust	Australia	100%	100%

* Entities were dormant for the financial year ended 30 June 2023.

1 Ramex Services was disposed on 26 August 2022.

25 INTERESTS IN JOINT VENTURES

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

Incorporated joint venture	Country of incorporation	Ownership Interest	
		2023 %	2022 %
PT Macmahon Labour Services	Indonesia	49%	49%

	Consolidated	
	2023 \$'000	2022 \$'000
At 1 July	476	285
Share of profit of equity-accounted investees, net of tax	294	240
Exchange differences	22	(49)
At 30 June	792	476

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.

26 RELATED PARTY TRANSACTIONS

Parent entity

Macmahon Holdings Limited is the ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Joint ventures

Interests in joint venture arrangements are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report.

Transaction with related parties - Joint venture

The following transactions occurred with related parties:

	Consolidated	
	2023 \$'000	2022 \$'000
Transactions recognised in profit or loss		
Costs incurred by the Group on behalf of and recharged to the joint venture	15	66
Costs incurred by the joint venture on behalf of and recharged to the Group	-	(163)
Receivable from/(payable to) joint venture		
Receivable from/(payable to) joint venture	1	1

Terms and conditions

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

Transactions with significant shareholders - AMNT

AMNT (including its related entities) is a significant shareholder of the Company. The following transactions occurred with AMNT in relation to the provision of mining services for the Batu Hijau mine, which is wholly owned by AMNT:

	Consolidated	
	2023 \$'000	2022 \$'000
Transaction recognised in profit or loss		
Revenue recognised from shareholder	267,035	270,404
Receivables/(payables) from significant shareholders		
Trade receivables and contract assets	36,647	37,124

Terms and conditions

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

27 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel compensation for the financial year was as follows:

	Consolidated	
	2023 \$	2022 \$
Short-term employee benefits	5,141,073	4,872,034
Long-term employee benefits	243,928	206,128
Post-employment benefits	184,506	214,098
Share-based payments	702,946	87,627
	6,272,453	5,379,887

28 SHARE-BASED PAYMENTS

The Group has the following equity compensation arrangements to remunerate non-executive, executive and employees of the Group:

- Macmahon Executive Equity Plan (EEP);
- Senior Manager Long Term Incentive Plan (LTIP); and
- Non-Executive Director Salary Sacrifice Plan (SSP).
- Macmahon Employee Share Rights Plan (ESRP).

28(a) Executives and Senior Management Plans

EEP and LTIP Plans

The LTIP and EEP provides Executive and senior management with the opportunity to receive fully paid ordinary shares in the Company 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 LTIP and EEP are designed to assist with employee retention, and to incentivise employees to maximise returns and earnings for shareholders. The Board of Directors determines which employees are eligible to participate and the number of performance rights granted.

Performance rights granted under prior years EEP plans are set out below:

	EEP Performance Rights 2019	EEP Performance Rights 2020	EEP Performance Rights 2021
Performance rights effective on	01/07/2018	01/07/2019	01/07/2020
Grant date	05/10/2018	06/08/2019	01/09/2020
Vesting date	01/07/2021	01/07/2022	01/07/2023
Service period	3 years	3 years	3 years
Tranche and number of performance rights	8,660,803	10,197,059	9,558,547
Remaining number of rights at 30 June 2023	-	-	3,400,582
Fair value on grant date	\$0.1380	\$0.0510	\$0.1420
Vesting performance condition			
Less than 17% CAGR in TSR	0%	0%	0%
17% CAGR in TSR	50%	50%	50%
25% or more CAGR in TSR	100%	100%	100%
Between 17% and 25% CAGR in TSR	Pro-rata between 50% and 100%	Pro-rata between 50% and 100%	Pro-rata between 50% and 100%

LTIP Performance Rights 2021

Performance rights effective on	01/07/2020
Grant date	01/09/2020
Vesting date	01/07/2023
Service period	3 years
Number of performance rights	4,220,275
Remaining number of rights at 30 June 2023	2,467,420
Fair value on grant date	\$0.1420

Vesting performance condition

Less than 15% CAGR in TSR	0%
15% CAGR in TSR	50%
25% or more CAGR in TSR	100%
Between 15% and 25% CAGR in TSR	Pro-rata between 50% and 100%

LTIP Performance Rights 2022

Tranche 1

Performance rights effective on	01/07/2021
Grant date	30/09/2021
Vesting date	01/07/2023
Service period	3 years
Number of performance rights	8,135,369
Remaining number of rights at 30 June 2023	3,609,519
Fair value on grant date	\$0.0993

Vesting performance condition

Less than 10% CAGR in TSR	0%
10% CAGR in TSR	50%
15% or more CAGR in TSR	100%
Between 10% and 15% CAGR in TSR	Pro-rata between 50% and 100%

LTIP Performance Rights 2022

Tranche 2

Performance rights effective on	01/07/2021
Grant date	30/09/2021
Vesting date	01/07/2023
Service period	3 years
Number of performance rights	8,135,369
Remaining number of rights at 30 June 2023	3,609,522
Fair value on grant date	\$0.1769

Vesting performance condition (strategic objectives)

During FY22

Safety – Improve TRIFR ² to 4.8 (20% improvement)	8%
Business Mix – 5% or more Mining Support and Civil Infrastructure of Group Revenue	14%
Business Mix – 25% or more Underground of Group Revenue	14%

During FY23

People – Improve employee engagement score year-over-year	8%
Business Mix – 10% or more Mining Support and Civil Infrastructure of Group Revenue	14%
Business Mix – 30% or more Underground of Group Revenue	14%

During FY24

Business Mix – 15% or more Mining Support and Civil Infrastructure of Group Revenue	14%
Business Mix – 33% or more Underground of Group Revenue	14%

2 TRIFR – Total Recordable Injury Frequency Rate

Performance rights granted during the current year are set out below:

LTIP Performance Rights 2023	
Tranche 1	
Performance rights effective on	01/07/2022
Grant date	30/09/2022
Vesting date	01/07/2024
Service period	3 years
Number of performance rights	10,098,439
Remaining number of rights at 30 June 2023	9,293,028
Fair value on grant date	\$0.0610
Vesting performance condition	
Less than 10% CAGR in TSR	0%
10% CAGR in TSR	50%
15% or more CAGR in TSR	100%
Between 10% and 15% CAGR in TSR	Pro-rata between 50% and 100%

LTIP Performance Rights 2023	
Tranche 2	
Performance rights effective on	01/07/2022
Grant date	30/09/2022
Vesting date	01/07/2024
Service period	3 years
Number of performance rights	10,098,439
Remaining number of rights at 30 June 2023	9,293,029
Fair value on grant date	\$0.1250
Vesting performance condition (strategic objectives)	
During FY23	
Safety – Improve TRIFR2 to <4.4	8%
Business Mix – 8% or more Mining Support and Civil Infrastructure of Group Revenue	14%
Business Mix – 27% or more Underground of Group Revenue	14%
During FY24	
People – Improve employee engagement score year-over-year	8%
Business Mix – 15% or more Mining Support and Civil Infrastructure of Group Revenue	14%
Business Mix – 28% or more Underground of Group Revenue	14%
During FY25	
Business Mix – 20% or more Mining Support and Civil Infrastructure of Group Revenue	14%
Business Mix – 33% or more Underground of Group Revenue	14%

The following inputs were used in the measurement of the fair values at grant date of the 2023 LTIP performance rights:

LTIP Performance Rights 2023		
	Tranche 1	Tranche 2
Fair value at grant date	\$0.0610	\$0.1250
Share price at grant date	\$0.1500	\$0.1500
Exercise price	Nil	Nil
Expected volatility (weighted average volatility)	50.00%	50.00%
Option life (expected weighted average life)	3 years	3 years
Dividend yield	2.70%	2.70%
Risk-free interest rate (based on government bonds)	3.01%	3.01%
Valuation model	Monte-Carlo Simulation	Monte-Carlo Simulation

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

Non-Executive Director (NED) Salary Sacrifice Plan (SSP)

The SSP provides Non-Executive Directors with the option to sacrifice a portion of their salary in return for a fixed number of rights over ordinary but restricted shares, which will vest equally within 8 months and 14 months from grant date. Once vested, the shares will be held on trust on behalf of the recipients but will be subject to certain restrictions, which limit the recipients' ability to sell the shares. Trading restrictions will generally end on the earliest of ceasing to be a NED, the date a change of control occurs or 15 years after the date the relevant NED share rights were granted.

The following assumptions were applied in the measurement of the fair values of NED share rights using the Black-Scholes option pricing model:

	NED Share Rights 2022		NED Share Rights 2023	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Share rights effective on	01/07/2021	01/07/2021	1/07/2022	01/07/2022
Grant date	16/06/2021	16/06/2021	11/07/2022	11/07/2022
Vesting date	22/02/2022	16/08/2022	26/02/2023	30/08/2023
Service period	8 months	14 months	8 months	14 months
Tranche and number of share rights	1,059,623	1,059,620	1,587,995	1,587,993
Remaining number of share rights at 30 June 2023	-	-	-	1,587,993
Share price at grant date	\$0.185	\$0.185	\$0.135	\$0.135
Discount for lack of marketability	30%	30%	30%	30%
Implied fair value of restricted shares	\$0.130	\$0.130	\$0.095	\$0.095
Exercise price	\$0.186	\$0.186	\$0.148	\$0.148
Risk-free interest rate	0.50%	0.50%	3.01%	3.01%
Volatility factor	45%	45%	50%	50%
Dividend yield	1.63%	3.25%	1.35%	2.7%
Implied discount to share price at grant date	97%	95%	98%	97%
Fair value at grant date	\$0.005	\$0.009	\$0.002	\$0.004

Information about performance rights and share rights outstanding at year end

The following unvested unlisted performance rights were outstanding at year end:

	LTIP and EEP Performance Rights		SSP Share Rights	
	2023 Number	2022 Number	2023 Number	2022 Number
Balance at start of year	33,150,636	57,415,717	1,059,620	647,560
Granted during the year	20,196,878	16,270,740	3,175,988	2,119,243
Vested during the year	(5,834,804)	-	(2,647,615)	(1,707,183)
Forfeited during the year	(15,839,610)	(40,535,821)	-	-
Balance at end of year	31,673,100	33,150,636	1,587,993	1,059,620

28(b) Employee Share Rights Plan

The ESRP provides selected permanent employees who are not a part of the EEP and LTIP arrangements with the opportunity to receive fully paid ordinary shares in the Company for no consideration, subject to specified time restrictions being met. Each right will entitle participants to receive one fully paid ordinary share at the time of vesting. The ESRP is designed to assist with employee retention in a competitive market.

Share rights granted during the current year under the ESRP plan is set out below:

	ESRP Performance Rights Tranche 1	ESRP Performance Rights Tranche 2	ESRP Performance Rights Tranche 3
Grant date	01/01/2023	01/01/2023	01/01/2023
Vesting date	31/03/2023	31/03/2024	31/03/2025
Service period	3 months	1 year 3 months	2 years 3 months
Percentage vesting	30%	30%	40%
Tranche and number of performing rights	4,387,948	4,387,948	5,850,597
Remaining number of rights at 30 June 2023	-	3,988,654	5,318,204
Fair value on grant date	\$0.155	\$0.155	\$0.155

Information about employee share rights outstanding at year end

The following unvested unlisted employee rights were outstanding at year end:

	ESRP Share Rights	
	2023 Number	2022 Number
Balance at start of year	-	-
Granted during the year	14,626,493	-
Vested during the year	(4,294,362)	-
Forfeited during the year	(1,025,273)	-
Balance at end of year	9,306,858	-

The following share-based payment expenses were recognised net of forfeitures, to profit or loss, disaggregated by equity-compensation arrangement:

	Consolidated	
	2023 \$'000	2022 \$'000
LTIP performance rights	901	(1)
EEP performance rights	(14)	90
NED share rights	11	14
Employee share rights	1,079	-
	1,977	103

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by referencing the fair value of the equity instruments at the date at which they were granted. The fair value is determined by using 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 with 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 Group 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.

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 Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group 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 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.

29 REMUNERATION OF AUDITORS

The auditor of Macmahon Holdings Limited is KPMG Australia. Amounts paid or payable for services provided by KPMG and other non-KPMG audit firms are as follows:

	Consolidated	
	2023 \$	2022 \$
Group auditors		
Audit and review services - KPMG		
Audit or review of the financial statements - Australia	527,155	453,330
Additional scope for June 2023 audit - Australia	56,470	
Audit or review of the financial statements - Network firms		22,401
	583,625	475,731
Other services - KPMG		
Taxation services - Australia	55,808	52,750
Taxation services - Network firms	16,459	14,253
Other assurance services - Australia	34,828	25,200
Financial due diligence - Australia	326,400	9,628
	433,495	101,831
	1,017,120	577,562
Subsidiary auditors		
Audit and review services		
Audit of the financial statements - Foo Kun Tan LLP	19,606	-
Audit of the financial statements - PwC Indonesia	130,491	119,779
	150,097	119,779
	1,167,217	697,341

30 DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (the Instrument)*, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 (the Act) requirements for preparation, audit and lodgement of their financial statements and Directors' report.

It is a condition of the Instrument that the Parent and each of its subsidiaries (Extended Closed Group) below enter into a Deed of Cross Guarantee (Deed). The effect of the Deed is that the Parent 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 Act. 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 the same guarantees in the event that the Company is wound up.

The following entities are party to the Deed under which each member guarantees the debts of the others:

- Macmahon Contractors Pty Ltd
- Macmahon Underground Pty Ltd
- Macmahon Mining Services Pty Ltd
- TMM Group Pty Ltd
- TMM Group (Operations) Pty Ltd
- GF Holdings Pty Ltd
- GBF North Pty Ltd
- GBF Mining and Industrial Services Pty Ltd

Set out below is a consolidated statement of profit or loss and other comprehensive income, summary of movements in consolidated retained earnings and consolidated statement of financial position, comprising the Company and its controlled entities which are a party to the Deed, after eliminating transactions between parties to the Deed:

Statement of Profit or Loss and Other Comprehensive Income

	Consolidated	
	2023 \$'000	2022 \$'000
Revenue	1,539,788	1,326,456
Other income	11,400	50,707
Materials and consumables used	(312,542)	(278,275)
Employee benefits expense	(754,028)	(649,770)
Subcontractor costs	(61,839)	(59,372)
Depreciation and amortisation expense	(174,168)	(127,451)
Equipment and other operating lease expenses	(84,605)	(96,033)
Net finance costs	(23,899)	(17,956)
Other expenses	(62,923)	(102,083)
Profit before income tax expense	77,184	46,223
Income tax expense	(12,517)	(8,143)
Profit after income tax expense	64,667	38,080

Statement of Financial Position

	Consolidated	
	2023 \$'000	2022 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	176,394	115,816
Trade and other receivables	244,281	224,389
Inventories	91,742	88,778
Income tax receivable	231	-
Total current assets	512,648	428,983
Non-current assets		
Trade and other receivables	75,933	37,628
Other financial assets	26,250	17,770
Property, plant and equipment	618,415	620,268
Intangible assets and goodwill	10,531	10,857
Deferred tax asset	(3,813)	4,201
Total non-current assets	727,316	690,724
Total assets	1,239,964	1,119,707
LIABILITIES		
Current liabilities		
Trade and other payables	266,033	230,187
Borrowings	110,475	100,864
Employee benefits	68,633	59,096
Provisions	19,874	18,096
Total current liabilities	465,015	408,243
Non-current liabilities		
Trade and other payables	1,959	384
Borrowings	275,184	286,553
Employee benefits	2,311	2,009
Total non-current liabilities	279,454	288,946
Total liabilities	744,469	697,189
NET ASSETS	495,495	422,518
EQUITY		
Issued capital	563,118	563,118
Reserves	(10,989)	(9,991)
Net accumulated losses	(56,634)	(130,609)
TOTAL EQUITY	495,495	422,518

31 PARENT ENTITY INFORMATION

Set out below is the supplementary financial information of the Parent as follows:

Statement of profit or loss and other comprehensive income

	2023 \$'000	2022 \$'000
Profit after income taxes of the Parent	9,220	5,968
Total comprehensive income of the Parent	9,220	5,968

Statement of financial position

	2023 \$'000	2022 \$'000
Current assets	155,746	203,107
Total assets	405,215	417,189
Current liabilities	(7,012)	(49,829)
Total liabilities	(164,540)	(155,758)
Equity		
Issued capital	563,118	563,118
Share-based payments reserve	2,583	2,919
Reserve for own shares	(12,656)	(12,910)
Accumulated losses	(330,706)	(310,031)
Retained profits	18,335	18,335
Total equity	240,674	261,431

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

The Parent has entered into a Deed with the effect that the Parent guarantees the debt of members of the Extended Closed Group. Further details of the Deed and the Extended Closed Group are disclosed in note 30.

Significant accounting policies

The accounting policies of the Parent are consistent with those of the Group.

32 DISPOSAL GROUP HELD FOR SALE

In June 2022, management committed to a plan to sell the assets and liabilities of Ramex Services Pty Ltd entity. Accordingly the assets and liabilities of Ramex Services Pty Ltd were presented as a disposal group at 30 June 2022.

The sale transaction was completed on 26 August 2022 via sales of shares of Ramex Services Pty Ltd for a total consideration of \$2.827m of which \$2.227m of proceeds are deferred and received over an 18-month period. An additional loss of \$0.252m was recognised at the date of completion for movement in carrying value of assets and liabilities of the disposal group.

As at 30 June 2023, \$1.209m of receivable is still outstanding.

	2023 \$'000	2022 \$'000
Trade and other receivables	-	767
Inventories	-	2,496
Property, plant and equipment	-	227
Assets classified as held for sale	-	3,490
Trade and other payables	-	619
Assets classified as held for sale	-	619

33 OTHER SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The accounting policies are consistent with those disclosed in the prior period financial statements, except for the impact of new and amended standards and interpretations, effective 1 July 2022. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

New Accounting Standards and Interpretations not effective for the Group at 30 June 2023 or early adopted

A number of new standards, amendments of standards and interpretations are effective for annual periods beginning from 1 July 2023 and earlier application is permitted, however, the Group has not early adopted these standards in preparing these consolidated financial statements.

The Group has reviewed these standards and interpretations and has determined that none of these new or amended standards and interpretations will significantly affect the Group's accounting policies, financial position or performance.

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 orientated entities. These financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

The consolidated financial statements provide comparative information in respect of the previous period. For consistency with the current year's presentation, where required, comparative information has been reclassified.

The financial statements have been prepared under the historical cost basis, except for contingent consideration and certain other financial assets and financial liabilities, which are measured at fair value.

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 Group'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:

Note 2 - revenue recognition: estimate of variable consideration

Note 5 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Macmahon Holdings Limited as of 30 June 2023 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 'Group'.

Subsidiaries

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. Entities are deconsolidated from the date that control ceases.

Interest in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method and are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group'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 Group 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 Group.

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 at the reporting date exchange rates of monetary assets, and liabilities denominated in foreign currencies are recognised in the 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.

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), Value Added Tax (VAT) 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 Group 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.





ADNOC ALLIANCE
MACMAHON

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REGIS
RESOURCES LTD

Directors' Declaration

IN THE DIRECTORS' OPINION:

- The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report, comply with and are made in accordance with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- The consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 33.
- The consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023, 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 Group will be able to pay its debts as and when they become due and payable. 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 Corporations (Wholly-owned Companies) Instrument 2016/785*) described in note 30 to the financial statements.

The Directors have been given the declarations from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2023 as 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



MS E SKIRA, AM

Independent Non-Executive Chair
22 August 2023



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 2023 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 2023;
- 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; and
- 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 (including Independence Standards)* (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

Key Audit Matters are those matters that, in our professional judgement, 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 this matter.

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Revenue recognition (\$1,906 million)	
Refer to Note 2 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue arises from rendering mining and mining related services based on contracts with customers. Revenue recognised is based on contractual rates or on a cost reimbursement basis as performance obligations are met.</p> <p>We focussed on this area as a key audit matter due to its significant value in the Group's financial report and audit effort associated with a large number of customer contracts.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the Group's revenue recognition policies against the requirements of the relevant accounting standards; • Understanding the Group's process for accounting for revenue across different contracts against the terms in the customer contracts; • Testing key controls in the revenue recognition process such as approval of monthly progress claims by the customers prior to billing; • Testing a statistical sample of revenue transactions by agreeing it to documentation to support the satisfaction of the performance obligation; • Evaluate key contracts with customers to ensure revenue is recognised in accordance with the requirements of the Accounting Standards; • Testing a statistical sample of unbilled revenue accruals to by agreeing it to documentation to support the satisfaction of the performance obligation; • Testing a sample of invoices recognised during the period under audit, and in subsequent periods, to the underlying progress claims to check revenue recognition in the correct period; • Obtaining significant credit notes recognised post year end to check the Group's recognition of revenue in the correct period; • For key contracts where variable consideration is recognised, evaluating the Group's evidence to meet the recognition requirements of highly probable by checking to subsequent customer approval of these amounts; and • Evaluating the Group's disclosures against our understanding obtained from our testing and the requirements of the accounting standards.



Valuation of property, plant and equipment (\$720.1 million) and goodwill (\$8.8 million)

Refer to Note 15 and 16 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us was the impairment testing of the Group’s cash generating units (CGUs), Surface & Civil and Underground. Property plant and equipment and goodwill associated with these CGUs amounts to \$728.9 million, representing 49.8% of total assets of the Group. This is a key audit matter because of the size of the assets being tested, the deficiency of market capitalisation to net assets and the judgement required in this area.</p> <p>In performing an assessment of the valuation of the property, plant and equipment and goodwill management developed an impairment model which contains significant and judgmental assumptions including:</p> <ul style="list-style-type: none"> • Forecast revenues • Forecast project margins • Forecast capital expenditure requirements • Discount rates 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Working with our valuation specialists, we considered the appropriateness of the models applied by the Group to perform the impairment against the requirements of the accounting standards; • We assessed the integrity of the impairment models used, including the accuracy of the underlying formulas; • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the impairment models; • We challenged the Group’s forecast cashflows and terminal value multiples considering competitive market conditions and the continuing volatility in the global economic environment. We used our knowledge of the Group, the Group’s past and recent performance, business and customers, contract tenure and our industry experience; • We compared the forecast cash flows contained in the impairment model to Board approved budgets; • We considered the sensitivity of the models by varying key assumptions, such as uncontracted revenues, project margins and discount rates, within a reasonably possible range; • With the assistance of our valuation specialists, we considered the discount rate range independently developed by management’s expert using publicly available market data for comparable entities to the Group and the industry it operates in. • Consideration of market capitalisation deficiency in comparison to net assets, having regard to valuation cross checks such as independent desktop valuations sourced by the Group for key items of plant and equipment; and • We assessed the disclosures in the financial report against the requirements of the accounting standards.



Other Information

Other Information is financial and non-financial information in Macmahon Holdings Limited's 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 and our related assurance opinion.

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; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 and Company 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 the 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2023, 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 55 to 67 of the Directors' report for the year ended 30 June 2023.

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

KPMG

R Gambitta
Partner

Perth
22 August 2023



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- [Our Capabilities](#)
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- [Sustainability Report](#)
- [Directors' Report](#)
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- [Financial Statements](#)
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- [Directory and Glossary](#)

Summary of Consolidated Reports

Profit and loss (\$'m)	2023	2022	Restated ¹ 2021	2020	2019
Revenue from continuing operations	1,906.2	1,698.0	1,351.5	1,380.4	1,103.0
Underlying EBITDA	308.7	291.4	249.9	238.7	181.4
Depreciation and amortisation (excluding customer contracts)	(192.0)	(190.6)	(153.6)	(147.1)	(106.2)
Underlying EBIT	116.6	100.8	96.2	91.6	75.1
Other exclusions from underlying items ²	(9.9)	(35.6)	(2.3)	(4.3)	(10.6)
Reported EBIT	106.7	65.1	93.9	87.3	64.5
Net interest	(24.3)	(19.0)	(14.6)	(14.8)	(10.7)
Profit / (loss) before income taxes	82.4	46.1	79.3	72.5	53.8
Income tax expense	(24.7)	(18.7)	(3.9)	(7.5)	(7.7)
Profit/(loss) after taxes from continuing operations	57.7	27.4	75.4	64.9	46.1
Minority interests	-	-	-	-	-
Profit / (loss) after taxes attributed to Macmahon	57.7	27.4	75.4	64.9	46.1
Other exclusions from underlying items (net of tax) ²	9.9	35.6	(15.5)	4.3	10.6
Underlying net profit / (loss) after taxes attributed to Macmahon	67.6	63.0	59.9	69.2	56.7
Balance sheet (\$'m)					
Plant and equipment	720.1	672.6	582.7	457.0	399.6
Total assets	1,464.7	1,338.3	1,143.5	923.0	824.9
Net assets	608.8	559.5	535.9	497.8	447.6
Equity attributable to the Group	608.8	559.9	535.9	497.8	447.6
Net debt / (net cash)	201.9	215.5	130.4	60.9	52.7
Cash flow (\$'m)					
Underlying EBITDA	308.7	291.4	249.9	238.7	181.4
Net interest paid	(23.6)	(19.1)	(15.9)	(14.8)	(10.7)
Income tax (paid) / refund	(12.0)	(17.5)	(10.4)	(8.5)	(15.2)
Decrease / (increase) in working capital, provisions and other non-cash items	(6.3)	(26.9)	(15.4)	(21.7)	(63.0)
Net operating cash flows, including joint venture	266.9	227.9	239.0	193.7	92.5
Investing and financing cash flows (net)	(248.3)	(216.0)	(195.9)	(165.7)	(89.8)
Effect of exchange rates on cash	1.7	4.0	(2.8)	0.6	0.9
Cash at beginning of financial year	198.0	182.1	141.8	113.2	109.6
Closing cash and cash equivalents	218.2	198.0	182.1	141.8	113.2

1 30 June 2021 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of Software-as-a-Service (SaaS) arrangements.

2 Other exclusions from underlying items consist of:

- 2023 consists of acquisition costs, share-based payment expenses, SaaS costs, impairment of asset disposal group and amortisation on customer contracts recognised on acquisitions.
- 2022 consists of earn-out in relation to previous acquisition, acquisition costs, share-based payment expenses, SaaS costs, impairment of asset disposal group and amortisation on customer contracts recognised on acquisitions.
- 2021 consists of earn-out in relation to previous acquisition, acquisition costs, share-based payment expenses, fair value uplift on investment in joint venture, gain on acquisition of subsidiary and amortisation on customer contracts recognised on acquisitions.
- 2020 consists of acquisition costs, share-based payment expenses and amortisation on customer contracts recognised on acquisitions.
- 2019 consists of litigation settlements and related legal fees, acquisition costs and share-based payments expense.

Due to rounding, numbers presented may not add.

	2023	2022	Restated ¹ 2021	2020	2019
People and safety					
Number of employees	8,368	7,848	6,082	5,229	4,072
LTIFR	0.1	0.2	0.1	0.1	0.4
TRIFR	3.9	4.8	6.4	3.8	4.0
Order book					
Work in hand (\$b)	5.1	5.0	5.0	4.5	4.5
New contracts and extension (\$b)	2.0	1.7	2.3	1.4	0.2
Revenue growth (%)	12.3	25.6	(2.1)	25.1	55.3
Reported NPAT / Revenue (%)	3.0	1.6	5.6	4.7	4.2
Underlying NPAT / Revenue (%) ²	3.5	3.7	4.4	5.0	5.1
EBIT interest cover (x)	4.4	3.4	6.4	5.9	6.0
Reported basic EPS from continuing operations (cents)	2.75	1.30	3.59	3.10	2.19
Underlying basic EPS from continuing operations (cents)	3.22	3.00	2.85	3.30	2.69
Balance sheet ratios					
Gearing ratio	24.9	27.8	19.6	10.9	10.5
Reported return on average capital employed (ROACE) (%)	13.3	9.0	15.3	16.4	14.2
Underlying ROACE (%) ³	14.5	13.9	15.6	17.2	16.5
Reported return on equity (ROE) (%)	9.9	5.0	14.6	13.7	10.8
Underlying ROE (%) ³	11.6	11.5	11.6	14.6	13.2
Reported return on assets (ROA) (%)	4.1	2.2	7.3	7.4	6.0
Underlying ROA (%) ³	4.8	5.1	5.8	7.9	7.3
Net tangible assets (NTA) per share (\$)	0.28	0.25	0.24	0.22	0.20
Cash flow ratios (\$'m)					
Net operating cash flow per share (cents)	12.4	10.6	11.1	9.0	4.3
Shareholders					
Shares on issue ('m) at 30 June	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0
Share price at 30 June (cents)	15.5	13.5	19.0	25.5	18.5
Dividends declared (cents) ³	0.75	0.65	0.65	0.60	0.50
Percentage franked (%)	-	-	20.0	30.0	30.0
Market capitalisation (\$'m)	334.0	290.9	409.4	549.5	398.7
Enterprise value (EV)	535.9	506.4	539.8	610.4	451.4
Price / NTA (\$)	0.6	0.5	0.8	1.2	0.9

1 30 June 2021 balances have been restated to reflect the Group's change in accounting policy for costs related to configuration and customisation of Software-as-a-Service (SaaS) arrangements.

2 Underlying items are adjusted for other exclusions as per footnote 1 on page 130.

3 Subsequent to 30 June 2023, the Board approved the payment of a final dividend of 0.45 cents per share. For the year ended 30 June 2023, the payment of an interim dividend of 0.30 cents per share was also approved by the Board.

The Summary of Consolidated Reports uses non-IFRS financial information, such as underlying EBIT(A) and EBITDA, to measure the financial performance of the Group. Non-IFRS measures of financial performance are unaudited.

ASX Additional Information

Additional information required by the Australian Securities Exchange and not disclosed elsewhere in this report is set out below. The information was current as at 11 August 2023.

NUMBER AND DISTRIBUTION OF EQUITY SECURITIES

The Company has a single class of equity securities on issue, being fully paid ordinary shares. The distribution schedule of the Company's shares is detailed below.

1-1,000	633	0.01%
1,001-5,000	1,939	0.25%
5,001-10,000	997	0.36%
10,001-100,000	2,544	4.31%
100,001 and over	660	95.07%
Total	6,773	100%

There were 1,846 holders of less than a marketable parcel of shares (3,125 shares or fewer) based on the closing price on 11 August 2023 (\$0.16) of Macmahon shares listed on ASX.

SUBSTANTIAL HOLDERS

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving a substantial shareholder notice under Part 6C.1 of the Corporations Act 2001.

Holders giving notice	Number of ordinary shares in which interest is held
Amman Mineral Contractors (Singapore) Pte Ltd	954,064,924
Paradice Investment Management Pty Ltd	140,456,595

There may be differences between this information and the list of the top 20 largest shareholders due to differences between registered holder details, the nature of a holder's relevant interest in voting shares, or movements of less than 1 percent which do not require disclosure.

VOTING RIGHTS

The voting rights attaching to fully paid ordinary shares are detailed below:

Each holder present at a general meeting (whether in person, online, by proxy or by representative) is entitled to one vote on a show of hands, or on a poll, one vote for each share, subject to any voting restrictions that may apply.

ON-MARKET SHARE BUY-BACK

The Company is not currently conducting an on-market buy-back of its shares listed on the ASX.

RESTRICTED SECURITIES AND VOLUNTARILY ESCROWED SECURITIES

There are no securities on issue which are restricted securities.

There are 11,100,000 shares which are subject to voluntary escrow until December 2023.

Equity Security Holders

The names of the 20 largest holders of quoted equity securities (fully paid ordinary shares) are listed below.

Rank	Name	Shares	%
1	Amman Mineral Contractors (Singapore) Pte Ltd	954,064,924	44.27
2	J P Morgan Nominees Australia Pty Limited	233,603,136	10.84
3	Citicorp Nominees Pty Limited	183,998,573	8.54
4	HSBC Custody Nominees <Australia> Limited	122,698,240	5.69
5	National Nominees Limited	67,689,832	3.14
6	CPU Share Plans Pty Ltd <MAH LTR Unallocated A/C>	48,937,554	2.27
7	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	28,069,355	1.30
8	Precision Opprtunities Fund Ltd <Investment A/C>	26,000,000	1.21
9	BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	16,836,101	0.78
10	UBS Nominees Pty Ltd	14,343,955	0.67
11	BNP Paribas Noms (NZ) Ltd <DRP>	14,290,336	0.66
12	Moranbah Nominees Pty Ltd <Chris Wallin Super Fund A/C>	11,400,494	0.53
13	Merrysoul Pty Ltd <Foulds Family A/C>	11,100,000	0.52
14	Kenson Investments WA Pty Ltd <Kenson Superfund A/C>	10,778,075	0.50
15	Ryder Investment Management Pty Ltd	10,680,641	0.50
16	Mr Amarjit Singh + Mrs Jaswant Kaur	8,000,000	0.37
17	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	6,603,890	0.31
18	Keong Lim Pty Limited <SK Lim Family A/C>	6,565,000	0.30
19	Maitri Pty Ltd <Coci Super Fund A/C>	6,485,994	0.30
20	Mr Paulus Gerardus Brouwer + Mr Remy Paulus Brouwer <Windy Spur S/F Account>	5,600,000	0.26
Top 20 Holders		1,787,746,100	82.96
Remaining Holders Balance		367,239,718	17.04
Total Shares on Issue		2,154,985,818	100.00



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TRIGANA GOLD MINE
ANGLOGOLD ASHANTI
AUSTRALIA
REGIS

MACMAHON ALLIANCE
MACMAHON



Year at a Glance	Our Business	Our Capabilities	Vision, Values and Strategy	Letter from the Chair	MD and CEO Report	Operational and Financial Review	Sustainability Report	Directors' Report	Remuneration Report	Financial Statements	Director's Declaration	Summary of Reports	ASX Additional Information	Directory and Glossary
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Corporate Directory and Glossary

DIRECTORS

Eva Skira AM, Non-Executive Chair
Michael (Mick) Finnegan, Managing Director
and Chief Executive Officer
David Gibbs, Non-Executive Director
Denise McComish, Non-Executive Director
Bruce Munro, Non-Executive Director
Hamish Tyrwhitt, Non-Executive Director

CHIEF FINANCIAL OFFICER

Ursula Lummis

COMPANY SECRETARY

Ben Secrett

REGISTERED OFFICE AND BUSINESS ADDRESS

15 Hudswell Road
Perth Airport WA 6105 Australia
Phone: +61 8 9232 1000
Fax: +61 8 9232 1001

POSTAL ADDRESS

PO Box 198
Cannington WA 6987 Australia

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000 Australia
Phone: 1300 850 505
www.computershare.com.au
web.queries@computershare.com.au

STOCK EXCHANGE LISTING

Macmahon Holdings Limited fully paid ordinary shares are listed on the Australian Securities Exchange with an ASX code of "MAH".

AUDITOR

KPMG
235 St Georges Terrace
Perth WA 6000 WA

INCORPORATION

Macmahon Holdings Limited is incorporated and domiciled in Australia as a public company limited by shares.

ACN 007 634 406
ABN 93 007 634 406

KEY DATES (SUBJECT TO CHANGE)

2023 Annual General Meeting – 20 October 2023
(at a time and place to be announced)

Release of FY24 Half Year Results – February 2024

Release of FY24 Full Year Results – August 2024

GLOSSARY

AMNT	PT Amman Mineral Nusa Tenggara
EBIT	Earnings before net interest expense and tax expense
EBIT(A)	Earnings before net interest expense, tax expense and customer contract amortisation
EBITDA	Earnings before net interest expense, tax expense, depreciation and amortisation
EV	Enterprise value, being market capitalisation plus net debt
Gearing ratio	Net debt/equity plus net debt
LTIFR	Lost time injury frequency rate
TRIFR	Total recordable injury frequency rate
NPAT	Net profit after tax
NTA	Net tangible assets
ROACE	Return on average capital employed – EBIT(A)/average capital employed, where capital employed is total assets excluding cash less current liabilities excluding current debt
ROE	Return on equity – Underlying NPAT/average net assets
ROA	Return on assets – Underlying NPAT/average assets

Note: Refer to Summary of Consolidated Reports for reconciliation to underlying results.



Macmahon Holdings Limited

ACN 007 634 406

15 Hudswell Road
Perth Airport WA 6105
Australia

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-  [facebook.com/macmahonmining](https://www.facebook.com/macmahonmining)
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-  [youtube.com/@macmahon9047](https://www.youtube.com/@macmahon9047)