MACMAHON

ANNUAL REPORT 2022

Macmahon Holdings Limited (ACN 007 611 485) is the parent company of the Macmahon group of companies. In this Report, unless otherwise stated, references to 'Macmahon', the 'Company', or the 'Group' refer to Macmahon Holdings Limited and its controlled entities.

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

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YEAR AT A GLANCE

FINANCIAL YEAR 2022 HIGHLIGHTS

FINANCIALS

Revenue

$1.7bn

Underlying EBITDA

$291m

Underlying EBIT (A)

$101m

Underlying Operating Cash Flow

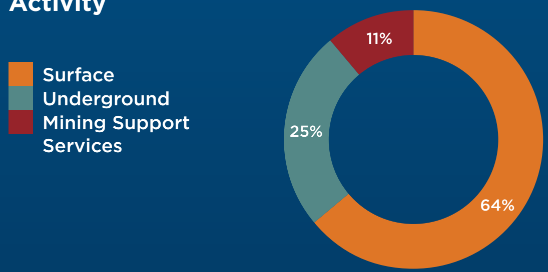
$270m

Order Book

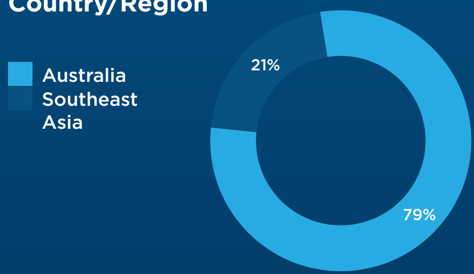
$5.0bn

REVENUE DIVERSIFICATION

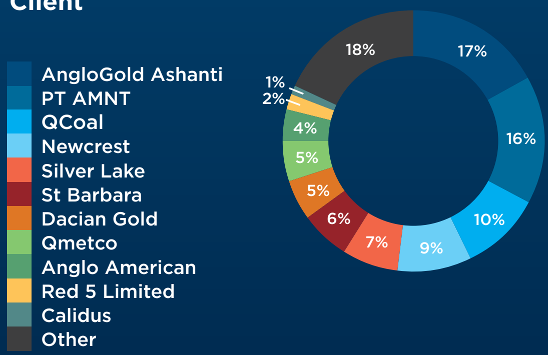
Activity



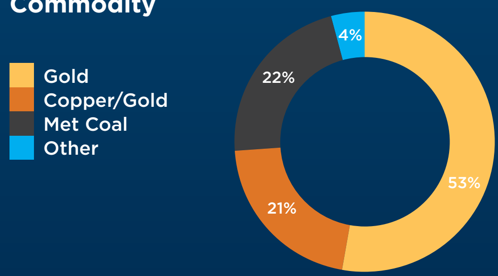
Country/Region



Client



Commodity



PEOPLE

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

Group Workforce

7,848

Safety

TRIFR** FY22 4.8 ▼24.9%

Total People Trained

1,030*

Apprentices

102

Graduates

29

Trainees

467

*929 Macmahon people plus 101 external

**Total Recordable Injury Frequency Rate

MAJOR NEW PROJECT COMMENCEMENTS

Dawson South

QUEENSLAND

Client: Anglo American
Contract: Surface Mining
Commodity: Metallurgical Coal
Project commenced: Jul 2021

King of the Hills

WESTERN AUSTRALIA

Client: Red 5 Limited
Contract: Surface & Underground
Commodity: Gold
Project commenced: Jan 2022

Warrawoona

WESTERN AUSTRALIA

Client: Calidus Resources
Contract: Surface Mining
Commodity: Gold
Project commenced: Mar 2022

OUR BUSINESS

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

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 resource companies across various commodity sectors.

Our end-to-end mining services encompass mine development and materials delivery through to engineering, civil construction, on-site mining services, rehabilitation, site remediation, training and equipment maintenance and refurbishment services.

OUR OPERATIONS

35

TOTAL SITES

Australia
Indonesia
Malaysia

4

OFFICES

Perth
Brisbane
Jakarta
Kalgoorlie

4

WORKSHOPS

Perth
Boulder
Coppabella
Lonsdale

7

COMMODITIES

Gold
Metallurgical Coal
Copper
Limestone
Nickel
Mineral Sands
Uranium

MALAYSIA

TOTAL SITES
1

1 SURFACE
Langkawi

INDONESIA

TOTAL SITES
4

2 SURFACE
Batu Hijau
Martabe

1 UNDERGROUND
Tujuh Bukit

1 MINING SUPPORT SERVICES
Hu'u Project

NORTHERN TERRITORY

TOTAL SITES
1

1 UNDERGROUND
Tanami

QUEENSLAND

TOTAL SITES
6

2 SURFACE
Byerwen
Dawson South

4 MINING SUPPORT SERVICES
Blackwater
Foxleigh
Peak Downs
Saraji

WESTERN AUSTRALIA

TOTAL SITES
21

5 SURFACE
Julius
King of the Hills
Mt Morgans
Telfer
Tropicana

13 UNDERGROUND
Bellevue
Boston Shaker
Cock-eyed Bob
Daisy Milano
Deflector
Granny Smith
Gwalia
King of the Hills
Leinster
Maxwells
Nicolsons
Santa
Wagtail

3 MINING SUPPORT SERVICES
Coburn
Fimiston
Warrawoona

SOUTH AUSTRALIA

TOTAL SITES
1

1 UNDERGROUND
Olympic Dam

VICTORIA

TOTAL SITES
1

1 UNDERGROUND
Fosterville

OUR CAPABILITIES

SURFACE MINING

Our surface mining division operates in Australia and overseas, offering a broad range 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

MINING SUPPORT SERVICES

Civil Construction

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

- Topsoil and overburden stripping
- Bulk earthworks
- Road design and construction
- 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 on-site construction.

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

- Shaft lining and maintenance
- Conveying, crushing, materials handling
- Emergency egress systems
- Pump stations and rising mains
- Site workshops and infrastructure

Business Improvement Consulting and Training

Macmahon offers advisory operational improvement and training services 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.

BATU HIJAU

HIGHLIGHT PROJECT

SURFACE MINING | COPPER/GOLD

Life of Mine
Duration

PT AMNT
Client

Macmahon has a life of mine, alliance style mining services contract at the Batu Hijau Mine in Indonesia. Batu Hijau is a large open pit, porphyry copper-gold deposit located on Sumbawa Island in Indonesia. It is the second-largest copper-gold mine in Indonesia.

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

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 optimised financial returns.

Our people are focused on improving efficiencies, investing in future relevance and diversifying and expanding our service offering.

Strategic Overview

IMPROVE	INVEST	EXPAND	DIVERSIFY	VALUE
Margins and execution	**Relevance and competitive advantage**	**Growth in current markets**	**Build scalability**	**Grow shareholder value**
• Systems and processes • Contract management • Operational excellence	• Advanced contractor • Structure and capability • Technology solutions to enhance sustainability	• Additional services with existing clients • Grow market share in Indonesia with trusted clients where skilled labour market supports organic growth	• Mining Support Services • Underground • Future / battery minerals	• Strengthen Balance Sheet • Acquisitions, JV's and/ or Teaming arrangements • Exit non-core businesses

LETTER FROM THE CHAIR

Dear Shareholders,

I'm very pleased that Macmahon has delivered strategically, operationally and financially for the 2022 financial year, despite challenging economic conditions in Australia and globally, and the ongoing impacts of COVID-19.

This is highlighted by Macmahon achieving record underlying EBITDA and underlying EBIT(A), as well as meeting revenue and earnings guidance for the year. This is the fifth consecutive year that Macmahon has met or exceeded market guidance.

Our full year results and solid financial position reflect the Company's ability to successfully navigate this current period of market volatility, and challenging market conditions to deliver sustainable profitable growth.

We achieved revenue of $1.7 billion and underlying EBIT(A) of $100.8 million. Macmahon ended the year with $5.0 billion of contracted work in hand, underpinning a high-level of secured revenue and earnings for FY23 and beyond. Macmahon maintained a liquidity position of $255.8 million as at 30 June, providing capacity to capitalise on growth opportunities.

We continue to seek to diversify our revenue mix and order book in less capital intensive and higher Return on Average Capital Employed projects, particularly in the underground segment, as well as the rehabilitation, engineering and civil space.

On a macroeconomic level, the mining industry and our business have been impacted by continued supply chain disruptions, rapidly rising global inflationary pressures, and escalating labour costs. Coupled with a shortage of skilled labour exacerbated by the COVID-19 pandemic, labour availability and costs have been a significant challenge that management has been actively addressing.

We have proactively implemented a prudent cost management strategy to mitigate the extent of cost pressures to our business, which Managing Director and CEO, Mick Finnegan will discuss in further detail in his report. Pleasingly, the impacts of the COVID-19 pandemic have been gradually ameliorating in line with vaccination rollouts and travel restrictions easing, however remain an ongoing risk. Macmahon will continue to carefully manage these risks in our business to protect our workforce and stakeholders, and safeguard business continuity.

Accomplishing these strong results in such a challenging environment is commendable and is a testament to the quality, commitment and diligence of all our people.

Speaking of our people, our business saw significant growth in our workforce during the year, despite the tight labour market. Our people's safety and wellbeing remain at the core of how we do business and is always a critical focus area for Macmahon. I am delighted that we are able to report a significant improvement in safety performance during the year. We are not taking this result for granted and will continue to pursue improving health and safety outcomes.

Furthermore, during FY22 Macmahon participated in the WA parliamentary inquiry into sexual harassment against women in the FIFO mining industry, and we have reinforced our commitment, backed by tangible action, to ensure all our people feel safe and comfortable at work.

Governance is a key consideration for our Board, and its composition has regard to a diverse range of skills and experience. The key change during the year was the retirement of Vyril Vella as a Non-Executive Director after having been involved with the Company since 2007. Vyril made an outstanding contribution to Macmahon over many years and I sincerely wish him the best for his retirement.

Our standalone Sustainability Report for FY22 expands upon the information provided in this Annual Report and further outlines progress on Environmental, Social and Governance activities and initiatives. We remain focused on our commitment and advancing disclosure across the ESG spectrum with a view to continuous improvement.

In line with the capital allocation policy, Macmahon is committed to paying a sustainable dividend and is currently targeting a payout ratio of 10-25% of underlying earnings per share. We are pleased to advise that the Board has declared a final dividend for the 2022 financial year of 0.35 cents per share, bringing the full year dividend to 0.65 cents per share. This is in line with the full year FY21 dividend and represents a payout ratio of 21.7% of underlying earnings per share.

On behalf of the Board, I would like to thank Managing Director and CEO Mick Finnegan, and all our people for their dedication and significant contributions this year, along with our shareholders, clients and suppliers for their ongoing support.

EVA SKIRA, AM
Independent, Non-Executive Chair

OUR FY22 HIGHLIGHTS

Met our environmental, social and governance obligations.

Improved safety performance.

Focused on eliminating sexual harassment, not only from our business but also from our industry.

Published our stand-alone FY22 Sustainability Report.

Delivered strategically, operationally, and financially in FY22 despite challenging economic conditions and the COVID-19 pandemic.

Declared a final dividend of 0.35 cents per share, bringing our full year dividend to 0.65 cents per share.

CEO AND MD REPORT

KEY ACHIEVEMENTS

A disciplined execution of our strategy has enabled Macmahon to achieve positive financial results for FY22, during a year that has been financially and operationally challenging for the mining services industry at large.

Macmahon has delivered record earnings with underlying EBIT(A) of $100.8 million, compared to our underlying FY22 EBIT(A) guidance range of $95 million to $105 million. We are extremely proud that the Company has continued its track record of meeting or exceeding earnings guidance for five consecutive years.

This performance was delivered during the COVID-19 pandemic (COVID) and broader economic headwinds. COVID related challenges included sickness related absenteeism, supply chain disruption, extremely tight skilled labour markets in Australia with an almost record low unemployment rate, and rising cost and wage inflation. Our 7,848 strong workforce has risen to the challenges over the year to deliver this record result and deserve recognition for this.

The Group reported revenue of $1.7 billion, meeting our full year guidance range for FY22 of $1.6 billion to $1.7 billion. Full year revenue increased by 26% over the prior year, driven by increased activity across all business areas, which included several new project start-ups in Australia and the impact of escalation cost recovery.

Our Statutory Net Profit After Tax was $27.4 million, due to the inclusion of the GBF earn-out finalised during the first half, Software as a Service (SaaS) costs and amortisation of customer contract assets after (SaaS) customisation before costs recognised on acquisitions as well as impairment of non-core discontinued business assets which will be disposed of. Excluding these non-recurring costs, underlying FY22 NPAT(A) was $63.0 million.

KEY CLIENT AND OPERATIONAL HIGHLIGHTS DURING THE 2022 FINANCIAL YEAR INCLUDED:

Ending FY22 with a $5.0 billion order book including $1.45 billion secured for FY23.

Civil works for Calidus Resources being the construction of their new Warrawoona mine site, a tailings storage facility buttress at Fimiston for Northern Star Resources and various mine services and rehabilitation projects on the east coast of Australia.

Ramping up Foxleigh and Gwalia to a steady state and the commencement of Dawson South, Fimiston, Warrawoona and King of the Hills surface and underground projects.

Telfer contract following re-negotiations in FY21 is delivering improved performance.

Successful redeployment of Mt Morgans workforce and plant to other Macmahon projects following closure of the Mt Morgans project by Dacian Gold late in the financial year.

Advancing our mining equipment technology deployment roadmap in both the surface and underground operations to enhance safe and efficient productivity.

HEALTH AND SAFETY

As noted by our Chair, we are extremely pleased to be able to report a significantly improved safety Total Recordable Injury Frequency Rate (TRIFR) performance during FY22. Health and safety is our highest priority, and as a Company we are perennially looking to implement measures to improve safety outcomes.

Macmahon's TRIFR for FY22 decreased to 4.80 from 6.39 in the previous year. This is a terrific improvement, but as always there is still work to do. Importantly, we are focussing on how to evolve our culture and we have developed a Winning at Macmahon (WAM) formula. Part of this formula includes evolving our values, that are foundational to culture, which we expect will further benefit safety outcomes. I'll comment more on WAM in the People section that follows.

Also as mentioned by our Chair, during the year we participated in the WA parliamentary inquiry into sexual harassment against women in the FIFO mining industry. We are already delivering on our commitment to do more in addressing this issue through the implementation of tangible actions and roadmaps. We know as we mature in this area we will learn more and our approach is designed to be agile and adaptive to ensure we can apply the learnings to our program quickly. It is critical to us that we ensure all our people are safe and comfortable at work.

For example, we have introduced enhanced respectful workplace behaviour and bystander training, which has already yielded positive results – such as an increased incidence of bystanders stepping forward to call out inappropriate behaviour. Additionally, we have strengthened reporting mechanisms and policies, as well as broadened our pre-employment background checks.

Finally, I can't talk about safety without also addressing mental health and wellbeing, which continues to be an important part of our safety efforts. We have been extending our leading Strong Minds, Strong Mines program to our wider community and are now also piloting a Strong Minds, Strong Schools program.

PEOPLE

An unemployment rate approaching record lows in Australia in conjunction with increased demand for contract mining services and COVID related labour disruptions have resulted in a significantly tightened labour market in Australia throughout the year.

In response to the tight labour market, Macmahon continues to focus on the retention and development of our people and attracting skilled people and new industry entrants to support our growing business. The Company has increased its focus on apprenticeships, internal and industry training, and across FY22, developed 467 trainees, 102 apprentices and, 29 graduates. We delivered or were delivering training to 1,030 people during FY22, which includes 101 non-Macmahon industry participants.

Our workforce expanded during the year to reach 7,848 and we have demonstrated our ability to successfully resource and ramp up to support growing our business for our clients.

The Company has also proactively undertaken various initiatives to retain and develop people in the longer-term, including more frequent benchmarking pay reviews, offering flexible FIFO rosters, international recruitment, the establishment of a training school and investment in significant training of our people as mentioned earlier.

Our focus on retaining and attracting people into our business has also involved reviewing our culture and evolving it to better position Macmahon for long-term success. This review, which involved 40 leaders across the business, in a three-day workshop held during late May 2022, resulted in the creation of the WAM formula. This formula, developed by our leaders, has three key elements being; the Macmahon Winning Statement, Macmahon Winning Equation (MWE) and Macmahon Winning Values. The MWE focusses on people, values and performance to drive success. The WAM formula is being launched to our workforce during the first quarter of FY23 and the program includes evolving our values to develop culture in a way that enhances employee engagement, and commitment to high performance which will contribute to delivering long-term success. I look forward to providing further updates on WAM as we progress through FY23.

Macmahon has an agile and flexible workforce, and this was demonstrated late in the fiscal year when Dacian Gold suspended mining at Mt Morgans. We have already redeployed all Macmahon employees previously at Mt Morgans to other sites the Company operates at.

CAPITAL DISCIPLINE AND STRONG CASH CONVERSION

Following recent years of large growth capital investment, Macmahon is focussed on delivering improved underlying EBIT(A), high underlying EDITDA cash conversion and sufficient free cash flow generation to maintain a strong balance sheet. We have also enhanced our liquidity position with extension to tenure and upsizing of our syndicated debt facility (SFA) as you will read below, and our disciplined capital management focus has elevated Return on Average Capital Employed as a key metric.

Macmahon has recently successfully increased its $170 million SFA to $200 million, and extended the maturity by more than three years at reduced interest rate margins. We have a very robust available liquidity of $255.8 million at year-end which provides optionality to support the delivery of our strategy.

We achieved strong EBITDA cash conversion of 92.6%, and our gearing and EBITDA leverage ratio stood at 27.8% and 0.74, respectively, both an improvement on our H1 FY22 results. This performance is noteworthy given the macroeconomic environment difficulties navigated during the second half of the fiscal year.

Pleasingly, the strong EBITDA cash conversion in FY22 enabled the funding of growth capex, payment of dividends, and delivery of a healthy financial position. Together with the increased SFA which was announced to the market on 28 July 2022, this provides us with the flexibility to pursue suitable opportunities and execute on the Company's strategy.

STRATEGY

We advanced our strategy during FY22 by continuing to diversify our business mix; predominately growing our mining support services and underground divisions.

On this front, we made some significant progress in the year, including:

- The underground division increasing its contribution to 25% of group revenue.
- Continuing to ramp up positively at the major King of the Hills and Gwalia underground projects.
- Progress on expanding our civil offering into Western Australia, including for Calidus Resources at Warrawoona and Northern Star Resources at Fimiston as mentioned earlier in this report.
- Formally entering into a Teaming arrangement with a Party that has a complementary skill set and Partnering arrangements with parties that have complementary skill sets that will accelerate our growth in mining support services and enable us to secure larger scale projects on acceptable commercial terms.

In addition to the diversification of our business mix, Macmahon's technological roadmap is evolving in order to further boost the Company's operational efficiency and broader sustainability. This includes progressing the deployment of our business intelligence systems in both underground and surface mining; notably both solutions use advanced data and mine digitisation technologies with the capacity to expand the offering in coming years dependent on client priorities.

In FY22, Macmahon welcomed new executives who bolster the diversity, breadth and depth of capabilities among our leadership group. This encompassed Ursula Lummis being promoted to Chief Financial Officer, the appointment of Donald James as Chief Commercial Officer, and Richard McLeod joining as Chief Operating Officer.

Our refreshed leadership team, consistent with our evolving strategy, is increasing its focus on improvement in Return on Average Capital Employed as a key performance metric, optimising gearing to strengthen our balance sheet, and targeting lower capital intensity growth to better leverage our balance sheet capacity. Delivering operationally for our clients and respectfully partnering to deliver fair financial returns is foundational to delivering on these outcomes.

This pragmatic strategy and focus will create a stronger, more sustainable business and, most importantly, support our core objective of delivering higher quality investment returns for shareholders.

OUTLOOK

Macmahon is anticipating another positive year in FY23, underpinned by a $5.0 billion order book comprised of an increasingly diverse mix of surface, underground and mining support service contracts, with a significant concentration of alliance contracts that provide greater operational and commercial flexibility.

On a macroeconomic level, the tight labour market across Australia and global inflationary pressures are key issues and these challenges are being managed by the business. As previously mentioned, we grew our workforce during FY22 and have already successfully implemented significant training, upskilling and wellbeing programs to facilitate the longer-term retention of employees. Our focus and investment on our people will continue as we move forward.

We have a strong pipeline of highly filtered strategically and operationally aligned opportunities worth approximately $8.4 billion, in addition to numerous contract extensions we are targeting.

The Company's solid financial position at FY22 year-end will support the capital investment for future Batu Hijau Phase 8 expansion and contract wins. Continuing contracts are expected to consolidate FY22 performance, deliver earnings growth, and improve ROACE in FY23. Our capital management discipline will also support maintaining a strong balance sheet.

Macmahon's commitment to the safe and efficient execution of its order book positions the business well to navigate current and emerging challenges and capitalise on meaningful strategically aligned opportunities ahead.

CONCLUSION

To conclude, I would like to thank the Board and our stakeholders for their ongoing support, including our clients for their shared approach to supporting and protecting the health and wellbeing of our people. I would also like to commend our people for their crucial contribution and resilience over the year.

MICHAEL FINNEGAN
Managing Director and
Chief Executive Officer

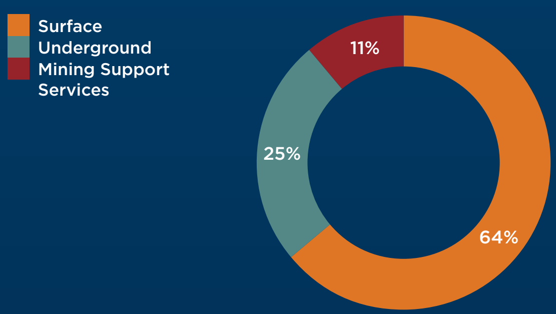
Operational and Financial Review

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

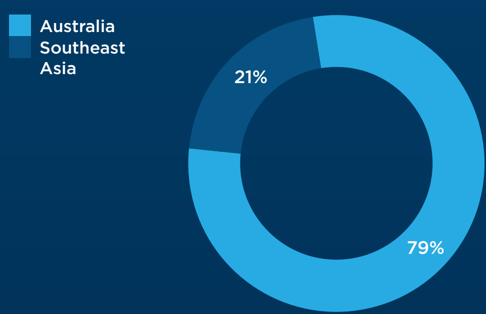
Headquartered in Perth, Western Australia, the Group derives revenue from activities including surface and underground mining and mining support services which includes civil design and construction (primarily on mine sites), equipment refurbishment and maintenance, training, design and fabrication of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

A breakdown of our revenue by activity, country, client and commodity is shown in the charts below:

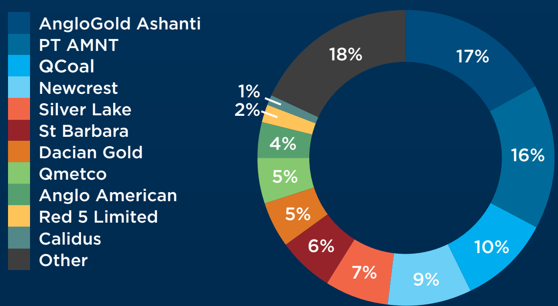
Activity



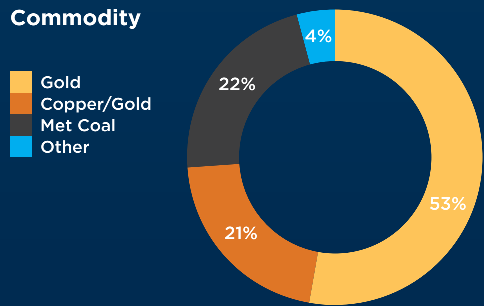
Country/Region



Client



Commodity

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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, as well as 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 a range of 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 located in the Bowen Basin in Queensland.

Mt Morgans Gold Mine

Macmahon provided open pit mining services to Dacian Gold's Mt Morgans contract located near Laverton in Western Australia from 2017 until 30 June 2022. Rehandling services will continue in the immediate future.

Julius Gold Mine

Macmahon completed an open cut mining services contract at the Julius mine in the Goldfields of Western Australia for Northern Star Resources.

Warrawoona Gold Project

Macmahon commenced an open cut mining services contract in March 2022 with Calidus Resources at the Warrawoona Gold Project in Western Australia. This follows the completion of the early civil construction works contract.

King of the Hills Gold Mine

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 (AMNT). Batu Hijau is a well-established, world-class copper/gold deposit.

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.

Langkawi Quarry

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


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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, and 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 St Barbara 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 Gold Mine
In January 2022, Macmahon commenced a contract with Red 5 to provide both 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 Gold/Copper Mine
Macmahon is fulfilling a contract to provide underground mining services to Silverlake Resources at the Deflector Gold Project in Western Australia.

Bellevue Gold Mine
Macmahon provided Stage 1 development works for Bellevue Gold at its mine north of Leinster in Western Australia during the year until May 2022.

Mt Belches Gold Project
Macmahon provided mining services to Silverlake Resources at the Maxwell's, Cock-Eyed Bob, Santa and Daisy Milano underground mines near Kalgoorlie in Western Australia.

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

During the year, Macmahon also continued to perform its existing contracts including:

Ballarat Gold Mine
Macmahon provides production drilling and cablebolting for Castlemaine Goldfields in Victoria.

Granny Smith Gold Mine
Macmahon provides cablebolting services to Gold Fields near Laverton in Western Australia.

Fosterville Gold Mine
Macmahon provides cablebolting services to Kirkland Lake Gold in Victoria.

Leinster Nickel Mine
Macmahon provides production drilling and other mining services to BHP in the eastern Goldfields in Western Australia.

Macmahon provides raise drilling services to various sites in Australia, including the Cassini and Long Victor Nickel projects in Kambalda for Mincor, 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, shaft lining at Glencore's Ulan Coal Operations and infrastructure design and installation at Tanami for Newmont.

MINING SUPPORT SERVICES

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 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 both 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 on-site maintenance work.

TRAINING SERVICES

Macmahon is a registered training organisation and has two training hubs located at our facilities in Lycullin Coppabella Queensland and at the Perth, Western Australia Corporate Office near the domestic airport. Programs offered to include 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 training and equipment operator training.

KEY PROJECT ACTIVITY

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

Fimiston

Macmahon has recently completed the Fimiston Tailings Dam Buttress Project for Northern Star Resources in Western Australia.

Warrawoona Gold Project

Macmahon completed construction of the new mine site for Calidus Resources in the east Pilbara region of Western Australia. Works included construction of the new mine infrastructure including roads, pads, drainage, dams, office facilities and workshops.

Peak Downs and Saraji Mines

Macmahon through its wholly owned subsidiary, TMM, provides multiple mining services and rehabilitation projects in Queensland, including approximately 100ha of rehabilitation at Peak Downs and Saraji Mines.

Foxleigh Project

Macmahon is fulfilling a contract to supply equipment hire and maintenance services for the Foxleigh coal mine in the Bowen Basin since March 21.

Hu'u Project

Macmahon is constructing an 11km access road at the Hu'u copper/gold exploration project 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 deliver long-term mining civil 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.

The Martabe Engineering Team checks the road quality during construction by reading the Dynamic Cone Penetrometer tool to estimate the load-bearing capacity.

FINANCIAL REVIEW

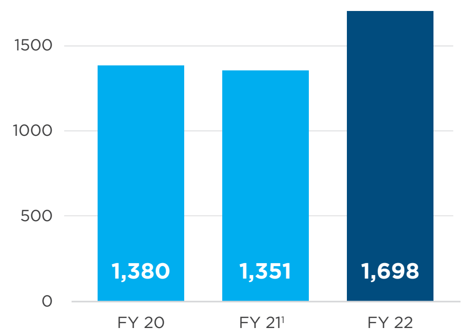
FROM OPERATIONS BEFORE SIGNIFICANT ITEMS

	1H22	2H22	2022	2021[1]
Revenue				
Australia	643.6	692.4	**1,336.0**	1,019.9
Indonesia	164.6	194.1	**358.7**	321.8
Other International	1.6	1.7	**3.3**	9.8
Group Revenue	809.8	888.2	**1,698.0**	1,351.5
EBITDA (underlying)	138.7	152.7	**291.4**	249.9
EBIT(A) (underlying)	46.9	53.9	**100.8**	96.3
NPAT (underlying)	31.7	31.3	**63.0**	59.9
EBITDA (reported)	113.9	149.1	**263.1**	248.5
EBIT (reported)	18.5	46.7	**65.2**	93.9
NPAT (reported)	3.3	24.1	**27.4**	75.4

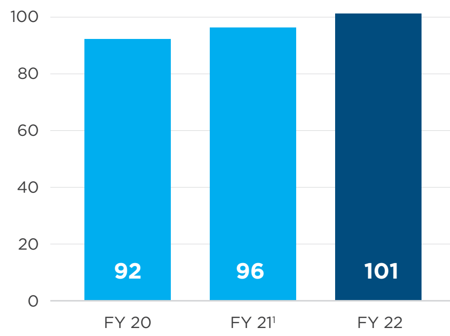
Note: With the exception of revenue and NPAT (reported) the other measures above are not defined by IFRS and are unaudited. Refer to Summary of Consolidated Reports section for reconciliation of underlying results.

1 2021 results 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). Refer to note 15 to the Financial Statements.

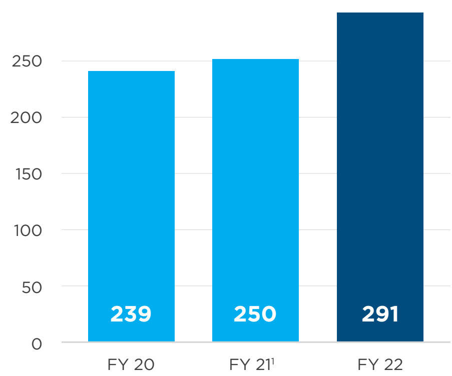
Revenue ($m)



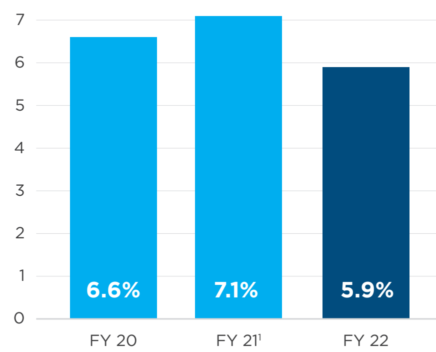
Underlying EBIT(A) ($m)



Underlying EBITDA ($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 25.6% to $1.7 billion. This increase was largely attributed to growth with the ramp up of existing projects (Gwalia, Julius and Foxleigh) and commencement of new projects (Dawson South, Fimiston, King of the Hills and Warrawoona), along with the organic growth in existing projects.

Underlying earnings before interest, tax, customer contracts amortisation and other one-off items (EBIT(A)) for FY22 increased by 4.7% to $100.8 million (30 June 2021: $96.3 million). Similarly, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 16.6% over the year to $291.4 million.

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

Depreciation (excluding customer contract amortisation) and net finance costs for the year increased from $153.6 million and $14.6 million respectively to $190.6 million and $19.0 million. This was consistent with the growth in property, plant and equipment required for new projects over the period.

Tax

The Group reported a tax expense of $18.7 million. The effective tax rate of 40.6% primarily resulted from the one-off non-deductible earn out expense.

Excluding the impact of the non-deductible expense, the effective tax rate would have been 27.5%.

BALANCE SHEET

Net assets increased from $535.9 million to $559.5 million at 30 June 2022. Total assets and total liabilities increased by $194.8 million and $171.2 million, respectively, primarily due to the commencement of new projects.

The Group's net tangible assets (NTA) increased by 6.0% to $543.5 million at 30 June 2022 (30 June 2021: $512.8 million). As a result, NTA per share increased from 23.8 cents per share to 25.2 cents per share.

Working Capital

Investment in net working capital increased by $19.7 million during the period primarily due to the commencement of new projects and increased inventory for critical items to proactively manage COVID related supply chain pressures. Current trade and other receivables and inventory increased from $246.9 million and $68.5 million respectively to $299.0 million and $89.9 million at 30 June 2022. The current trade and other payables at 30 June 2022 of $272.4 million, increased from prior year of $218.5 million.

Net Debt

At 30 June 2022, cash on hand totalled $198.0 million (30 June 2021: $182.1 million) offset by borrowings of $413.5 million (30 June 2021: $312.4 million) resulting in net debt at 30 June 2022 of $215.5 million equating to gearing of 27.8%. Net debt to EBITDA for 30 June 2022 was 0.74 times.

The increase in net debt of $85.2 million was primarily due to the purchase of plant and equipment together with increased working capital to support new and existing projects, increased inventory of critical items and the earn out payment for the GBF acquisition, offset partially by generation of positive operating cash flows.

As at 30 June 2022, cash and unutilised working capital facilities totalled $255.8 million (30 June 2021: $287.7 million).

CASH FLOW

Operating cash flow (excluding interest, tax, acquisition and SaaS customisation costs) for the year ended 30 June 2022 was $269.8 (FY21: $269.0 million), representing a conversion rate from underlying EBITDA of 92.6%. Cash conversion was impacted by the increase in working capital relating to the commencement of new projects and higher inventory levels to mitigate COVID related supply chain disruptions.

Capital Expenditure

Capital expenditure for property, plant and equipment for the year totalled $279.0 million, comprising $120.2 million acquired through finance leases, and $158.8 million funded in cash.

DIVIDEND

The Board has approved the payment of a final dividend of 0.35 cents per share for FY22. This equates to a total dividend declared for FY22 of 0.65 cents per share.


MACMAHON
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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 markets in which the Group 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 be successful.

Outlined below is an overview of a number of material risks facing Macmahon. These risks are not set out in any particular order and do not comprise every risk that Macmahon could encounter when conducting its business. Rather, they are the most significant risks that, in the opinion of the Board, should be considered and monitored by both existing shareholders and potential shareholders in the Company.

COVID-19 RISK

The global economy has been enduring the COVID-19 pandemic in recent years. Whilst restrictions on travel and border closures have eased recently, it continues to negatively disrupt trade and various industries including mining, supply chains, workforce absenteeism and also continues to create significant uncertainty for the business, domestic economies and the global economy.

The health pandemic continues to affect many countries, and while vaccine rates are improving, periodic lockdowns and/or restrictions on movement may be reinstated which can affect key markets in which Macmahon operates.

Although the pandemic risks have abated in recent months, there is a material risk that an increase in severity of these health and safety concerns to our workforce and across the globe could have a material impact on the group in the future. Should the pandemic severity ease, that may present upside opportunity to the business mainly through reduced workforce absenteeism and productivity benefits.

GUIDANCE

Macmahon provides forecasts and predictions about its future performance ("Guidance") on the basis of several assumptions which may subsequently prove to be incorrect.

Guidance is not a guarantee of future performance, and is subject to known and unknown risks, many of which are beyond the control of Macmahon.

Key identified risks that may result in Macmahon not meeting its Guidance include, but are not limited to, termination of key contracts, variability in cost and productivity assumptions, and inability to recover claims and variations from clients.

Macmahon's actual results may differ materially from its Guidance and the assumptions on which the Guidance is based.

CLIMATE CHANGE

Macmahon recognises the physical and non-physical impacts of climate change. Risks related to the physical impacts of climate change include increased incidence and severity of extreme weather events that could disrupt mining operations and impact the health and safety of our workforce. Non-physical risks arise from a variety of policy, regulatory, legal, financing and investor responses to the challenges posed by climate change and the transition to a lower-carbon economy. Companies that do not take action on climate change risk reputational damage. Macmahon will seek continual improvements in energy efficiency across the business to understand and reduce the carbon intensity of operations.

CONTINGENT LIABILITIES

Macmahon is exposed to a number of contingent liabilities, including those described in the notes to the Annual Report.

The Guidance provided by Macmahon will be negatively impacted if those contingent liabilities that are currently unquantified crystallise into actual liabilities.

RELIANCE ON KEY CUSTOMERS

Macmahon's business relies on a number of individual contracts and business alliances and Macmahon derives a significant proportion of its revenue from a small number of key long-term customers and business relationships with a few organisations. In the event that any of these customers fails to pay, reduces production or scales back operations, terminates the relationship, defaults on a contract or fails to renew their contract with Macmahon, this may have an adverse impact on the financial performance and/or financial position of Macmahon.

INDUSTRY AND COMMODITY CYCLES

Macmahon's financial performance is influenced by the level of activity in the resources and mining industry, which is impacted by a number of factors beyond the control of Macmahon. This includes:

- Demand for mining production, which may be influenced by factors including (but not limited to) prices of commodities, exchange rates and the competitiveness of Australian and Indonesian mining operations.
- Government policy on infrastructure spending.
- The policies of mine owners including their decisions to undertake their own mining operations or to outsource these functions.
- The availability and cost of key resources including people, large earth moving equipment and critical consumables.

Macmahon is indirectly exposed to movements in commodity prices, which can be volatile and beyond Macmahon's control.

Adverse movements in commodity prices may reduce the pipeline of work in the mining sector and the level of demand for the services of Macmahon's mining business, which could have a material impact on Macmahon's operating and financial performance.

FAILURE TO WIN NEW CONTRACTS

Macmahon's performance is impacted by its ability to win, extend and complete new contracts. Any failure by Macmahon to continue to win new contracts will impact its financial performance and position.

Macmahon expects to continue to have a broad range of competitors across all of its operations, which impacts the margins obtainable on contracts. There is a risk that existing and increased future competition may limit the ability to win new contracts or achieve attractive margins.

EARLY CONTRACT TERMINATION AND CONTRACT VARIATIONS

Guidance is partly based on current contracts in hand and Macmahon derives a significant proportion of its revenue from providing services under large contracts. A client could terminate services on short term notice and as a result, there can be no assurance that work in hand will be realised as revenue in any future period. There could be future risks and costs arising from any termination of contract.

Early termination or failure to renew a contract by Macmahon's clients when that renewal is expected is likely to have an adverse effect on financial performance.

While Macmahon has no reason to believe any existing or potential contracts will be terminated, there can be no assurance that this will not occur.

Due to the nature of Macmahon's business, there is also a risk that Macmahon's claims for contract variations are disputed and not ultimately agreed or are insufficiently certain at a point in time such that they cannot be brought to account in a given accounting period.

PROJECT DELIVERY RISK

Execution and delivery of projects involves judgement regarding the planning, development and operation of complex operating facilities and equipment. As a result, Macmahon's operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions.

MARGINS, OPERATIONS, SAFETY AND ENVIRONMENT

Cost overruns, unfavourable contract outcomes, serious or continued operational failure, adverse industrial relations outcomes, disruption at key facilities, disruptions to information and communication systems or a safety incident have the potential to have an adverse financial impact.

Macmahon is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, or at all, Macmahon's financial performance could be adversely affected.

Macmahon's operations involve risk to personnel and property. An accident may occur that results in serious injury or death, damage to property and environment, which may have an adverse effect on Macmahon's financial performance, and reputation and ability to win new contracts.

CONTRACT PRICING RISK

If Macmahon materially underestimates the cost of providing services, equipment, or plant, there is a risk of a negative impact on Macmahon's financial performance.

PRICE INFLATION

Macmahon procures goods and services that are critical to business operations from a range of suppliers. Cost increases, or price inflation, can occur in respect of goods and services over a certain time period for a range of reasons including strong demand and supply shortages, the cost of inputs to the production process increasing (including labour related wages and salaries), and supply related logistics disruption. The rate of these price increases can be material and if Macmahon does not recover price inflation from its clients, there is a risk of negative impact on Macmahon's financial performance.

COMMODITY PRICE EXPOSURE

Gold and copper are the two most important commodities contributing to Macmahon's order book and tender pipeline. If the gold and copper industries were to suffer, it would have a material adverse effect on Macmahon revenues and profitability.

EQUIPMENT AND CONSUMABLE AVAILABILITY

Macmahon has a significant fleet of equipment and has a substantial ongoing requirement for consumables including tyres, parts and lubricants. If Macmahon cannot secure a reliable supply of equipment, parts and/or consumables, there is a risk that its operational and financial performance may be adversely affected.

KEY PERSONNEL

Macmahon's growth and profitability may be limited by loss of key operating personnel, inability to recruit and retain skilled and experienced employees or by increases in compensation costs.

The growth of activity in the mining sector has increased demand for quality resources, creating a tightening market and upward pressures to secure skilled mining leaders, professionals and personnel.

CURRENCY FLUCTUATION

Macmahon is exposed to fluctuations in the value of the Australian dollar versus other currencies due to international operations and Macmahon's consolidated results are reported in Australian dollars. If Macmahon generates sales or earnings or has assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes could result in a significant increase or decrease in the amount of those sales or earnings and net assets.

PARTNER AND CONTROL RISK

Macmahon may undertake services through and participate in joint ventures or partnering/alliance arrangements. The success of these partnering activities depends on satisfactory operating and financial performance by Macmahon's partners. The failure of partners to meet performance obligations could impose additional financial and performance obligations that could cause significant impact on Macmahon's reputation and financial results, including loss or termination of the contract and loss of profits.

AMC (which is a related party of AMNT) is the largest shareholder of Macmahon with a 44.3% shareholding, giving AMC significant influence over Macmahon, with the ability to block special resolutions of shareholders and potentially to pass or block ordinary resolutions. AMC's interests as a shareholder of Macmahon may differ from the interests of other shareholders, and the existence of this shareholding (together with other major shareholdings) may reduce the prospects of persons making takeover bids for Macmahon in the future.

COUNTRY RISK

While Macmahon has significant operations in Australia, it has large project operations in Indonesia. Macmahon also has contracts in Malaysia and South Africa from time to time. The sovereign risk in these countries is higher than in Australia.

Operating in international markets can expose Macmahon to additional adverse economic conditions, civil unrest, conflicts, terrorism, security breaches, bribery and corrupt practices.

Some countries in which Macmahon operates, or may operate in the future, have less developed legal, regulatory or political systems than in Australia, which may be subject to unexpected or sudden change or in which it may be more difficult to enforce legal rights.

The financial performance and position of Macmahon's foreign operations may be adversely affected by changes in the fiscal or regulatory regimes applying in the relevant jurisdictions, changes in, or difficulties in interpreting and complying with local laws and regulations of different countries (including tax, labour, foreign investment law) and nullification, modification or renegotiation of, or difficulties or delays in enforcing contracts with clients or joint venture partners that are subject to the offshore local law(s).

FINANCING RISK

Macmahon has financing facilities with external financiers. A default under any of these facilities could result in withdrawal of financial support or an increase in the cost of financing.

CYBER SECURITY

The potential for cyber security attacks, misuse and release of sensitive information pose ongoing and real risks. During FY21, Macmahon conducted a cyber security maturity assessment and vulnerability scan, and commenced a three-year cyber security improvement plan in FY22.

SEXUAL HARASSMENT

Macmahon has a large and geographically spread workforce where workplace sexual harassment and other forms of reportable conduct present as an ongoing and real risk. During FY22, Macmahon participated in a WA parliamentary inquiry into sexual harassment against women in the FIFO mining industry and has reinforced our commitment, backed by tangible actions, to minimise sexual harassment and other reportable conduct in the workplace. Failure to provide our workforce with a safe working environment has the potential for reputational damage with a consequential inability to attract and retain a workforce and/or clients which would have negative impact to Macmahon's operational and financial performance.

OTHER MATERIAL RISKS THAT COULD AFFECT MACMAHON INCLUDE:

- A major operational failure or disruption at key facilities or to communication systems which interrupt Macmahon's business.
- Changing government regulation including tax, occupational health and safety, and changes in policy and spending.
- Loss of reputation through poor project outcomes, unsafe work practices, unethical business practices, and not meeting the market's expectation of our financial performance.
- Foreign exchange rates and interest rates in the ordinary course of business.
- Loss of key Board, management or operational personnel.

OUR BOARD

Our Board comprises 67% Independent Non-Executive Directors and are highly experienced in the resources, governance and financial services sectors.

EVA SKIRA, AM
Independent, Non-Executive Chair

MICHAEL FINNEGAN
Managing Director and Chief Executive Officer

DENISE MCCOMISH
Independent, Non-Executive Director

BRUCE MUNRO
Independent, Non-Executive Director

ALEX RAMLIE
Non-Independent, Non-Executive Director

ARIEF SIDARTO
Non-Independent, Non-Executive Director

HAMISH TYRWHITT
Independent, Non-Executive Director

EVA SKIRA, AM

Independent, Non-Executive Chair

Appointed as Non-Executive Director on 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 Trustee of the Trustees of St John of God Health Care Inc., a Non-Executive Director of Western Power, WA Parks Foundation, and the Western Australia Cricket Association, and Chair of the Association of Ministerial PJPs Ltd, and Catholic Education WA. 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, Non-Executive Director of Doric Construction Group, Deputy Chancellor of Murdoch University, and Board Member of MDA National Insurance.

She also has a deep understanding of 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 Australian 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: 651,507[1]
Interests in share rights: 515,229[1]

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' 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 coast of Australia, as well as a number of countries throughout Asia.

Current other listed directorships: None

Former Australian listed directorships (last three years): None

Committee memberships:

- Member of the Tender Review Committee

Interests in ordinary shares: 5,020,008[1]
Interests in performance rights: 20,787,159[1]

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, and is a highly experienced and credentialled accounting and audit professional. Denise was a partner with KPMG for 30 years, specialising in audit and advisory services. Leadership positions held included KPMG Australia Board member and National Mining Leader.

Ms McComish is a Non-Executive Director of ASX-listed Webjet Limited and Gold Road Resources Limited, and not-for-profit organisation Beyond Blue Limited. Ms McComish has been a member of the Australian Takeovers Panel since 2013.

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

1 Interests as at report date.

Current other listed directorships: Webjet Limited and Gold Road Resources Limited.

Former Australian 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[1]
Interests in share rights: None[1]

BRUCE MUNRO

Independent, Non-Executive Director
Appointed 1 October 2019

Qualifications: BE (Hons), FIEAust

Experience and expertise: Mr Munro has more than 40 years' 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 $7 billion. He has been involved as a contractor in the development and operation of 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 50 million tonnes per annum of coal.

Mr Munro was recently a Non-Executive Director of Australian Pacific Coal Ltd. Mr Munro is an Honours graduate from the University of New South Wales School of Civil Engineering and a Fellow of the Institution of Engineers Australia. Mr Munro was previously a Non-Executive Director of then ASX listed Sedgman Ltd. 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 Australian listed directorships (last three years): Australian Pacific Coal Ltd (resigned March 2020)

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

Interests in ordinary shares: 1,720,367[1]
Interests in share rights: 1,251,569[1]

ALEX RAMLIE

Non-Independent, Non-Executive Director
(AMNT Nominee) Appointed 8 August 2017

Qualifications: BA, MA (Economics)

Experience and expertise: Mr Ramlie is currently the President Director, and Chief Executive Officer of PT Amman Mineral Internasional ("Amman"), which he joined in 2015 as a member of the Amman founding team. He played an instrumental role in the acquisition of 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, he was the President Director and Chief Executive Officer of PT Borneo Lumbung Energi & Metal Tbk from 2011 to 2015. Borneo is listed on the IDX and operates a hard coking-coal mine in Tuhup, Central Kalimantan, which is held by its wholly-owned subsidiary, PT Asmin Koalindo Tuhup. Between 2012 and 2015, Mr Ramlie was also a Non-Executive Director of LSE listed Bumi PLC, Vice-President Commissioner/Vice-Chairman of IDX listed PT Berau Coal Energy Tbk and its subsidiary, PT Berau Coal, and held Commissioner positions in IDX listed PT Bumi Resources Tbk, PT Kaltim Prima Coal, and PT Arutmin Indonesia.

Mr Ramlie began his career as an investment banker at Lazard Frères & Co.

Current listed directorships: None

Former Australian listed directorships (last three years): None

Committee memberships:
- Member of the Nomination Committee

Interests in ordinary shares: 1,588,987[1]
Interests in share rights: 1,030,460[1]

1 Interests as at report date.

ARIEF SIDARTO

Non-Independent, Non-Executive Director
(AMNT Nominee) Appointed 8 August 2017

Qualifications: MBA

Experience and expertise: Mr Sidarto brings his management experience from financial, mining and diversified business groups to the Board of Macmahon. He currently serves as Director of PT Amman Mineral International.

Previously, Mr Sidarto was Managing Director and Member of the Board of PT Rajawali Corpora ("RC"), the holding company of a diversified business group in palm oil plantation, gold and other mining assets, transportation, infrastructure, hotels (St Regis, Four Seasons, Sheraton Hotels), property and media. At RC, he was member of the Finance and Investment Committee, the Ethics Committee and the Audit and Risk Management Committee.

Mr Sidarto's vast banking and financial experience extends to his career at Goldman Sachs in New York, working in its Structured Finance Division in 1991.

He then relocated to Hong Kong and subsequently to Singapore to run investment banking as Chief Operating Officer. During his time, he 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), and was a Member of Goldman Sachs' Asia Commitments Committee.

Mr Sidarto also holds directorships in Singapore entities Slate Alt Pte Ltd, Medco Pacific Resources Pte Ltd, SM Investments Pte Ltd, among others; and is a President Commissioner of PT Medco Daya Lestari.

Mr Sidarto holds an MBA from Harvard University in Boston, USA, and graduated summa cum laude with dual-bachelor degrees of finance from the Wharton School, engineering from the School of Engineering, and Applied Science from the University of Pennsylvania in Philadelphia, USA.

Current listed directorships: None

Former Australian listed directorships (last three years): None

Committee memberships:
- Member of the Nomination Committee

Interests in ordinary shares: 1,588,987[1]
Interests in share rights: 1,030,460[1]

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 three decades of senior leadership experience in the global engineering and construction sectors. Mr Tyrwhitt was the Group CEO of Dubai Financial Market (DFM) listed construction firm, Arabtec Holdings, from 2016 to 2019. In addition to his position as CEO of Arabtec Holding, he also held the position of Group CEO of Nasdaq Dubai-listed, interior solutions firm Depa Group, from 2016 to 2019.

Mr Tyrwhitt has served on the Board as an Executive Director of Depa Limited; as a Non-Executive Director of Design Studio Group Limited, a Singapore based subsidiary of Depa Group listed on the Singapore Stock Exchange; and as a Non-Executive Director of Jordan Wood Industries PSC, a listed Jordanian company, which manufactures office and household furniture.

Prior to his roles at Depa Group and Arabtec Holdings, Mr Tyrwhitt held the position of CEO at Asia Resource Minerals Plc, an Indonesian coal mining company listed in London.

Earlier in his career, Mr Tyrwhitt worked for more than 25 years with Leighton Group, now CIMIC, where he served as Group CEO from 2011 to 2014. From 2007 to 2011, Mr Tyrwhitt oversaw Leighton's Asian operations as the Managing Director for Leighton Asia, from the Leighton's Asian headquarters in Hong Kong.

1 Interests as at report date.

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 Australian listed directorships (last three years): None

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

Interests in ordinary shares: 262,878[1]
Interests in share rights: 407,890[1]

VYRIL VELLA

Independent, Non-Executive Director
(Resigned 21 October 2021)

Appointed 21 November 2007; resigned 31 October 2018; reappointed 29 June 2019; Resigned 21 October 2021

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

Experience and expertise: Mr Vella has over 40 years' experience in the civil engineering, building, property and construction industries. During Mr Vella's 34 years with the Leighton Group (now CIMIC), he held various positions, including General Manager NSW, Director of Leighton Contractors Pty Ltd (now CPB Contractors), Founding Director of Welded Mesh Pty Ltd, Managing Director of Leighton Properties, and Associate Director of Leighton Holdings. Mr Vella was also a consultant to Leighton Holdings, where he advised on investment in the residential market, general property issues and major construction and infrastructure projects. During his tenure at the Leighton Group, Mr Vella was involved in the securing and execution of projects worth many billions of dollars in value for both public companies and government clients. He also was Non-Executive Director at Devine Limited.

Current other listed directorships: None

Former Australian listed directorships (last three years): None

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

Interests in ordinary shares: 2,307,842[1]
Interests in share rights: None[1]

1 Interests as at report date.


CAUTION - SELF CLOSING GATE

EXECUTIVE MANAGEMENT TEAM

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

MICHAEL FINNEGAN

Chief Executive Officer and Managing Director

Mr Finnegan was appointed as Managing Director in October 2019. He holds a Bachelor of Science (Mining) and has more than 25 years' 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 coast of Australia, as well as a number of countries throughout Asia.

URSULA LUMMIS

Chief Financial Officer
(Appointed
01 November 2021)

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

Prior to Macmahon, Mrs Lummis has more than 20 years' experience with KPMG South Africa and KPMG Australia providing services to a large number of global listed companies in the mining and mining services sectors.

RICHARD MCLEOD

Chief Operating Officer
(Commenced
21 March 2022)

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

Over the last eight years, Mr McLeod worked for Anglo Gold Ashanti at the Tropicana and Sunrise Dam sites in Senior Management positions. 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 is a passionate believer in his people's success.

DONALD JAMES

Chief Commercial Officer
(Commenced
01 February 2022)

Mr James is a Fellow Chartered Accountant (ANZ) with extensive commercial, financial, operational and corporate experience in the mining and industrial services sectors. Over the past 21 years and prior to 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 developing and operational entities, within which he has demonstrated a strong focus on delivering high return business outcomes.

ELIZABETH GRAY

General Manager, Health, Safety, Environment, Quality and Training

Ms Gray holds a Graduate Diploma in Occupational Health and Safety and a Bachelor of Nursing. Ms Gray has 20 years of experience in the mining industry in health, safety, environment, training, and community engagement. She has been instrumental in implementing strategies to generate positive HSEQ performance and drive cultural change. Before Macmahon, Ms Gray held senior management positions with Peabody Australia, Sandvik, and BHP (BMA) Daunia Mine.

NICOLA HAMILTON

General Manager, People

Ms Hamilton holds a Bachelor of Human Resource Management (honours). She has more than 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 climates and cultures with expertise in business and strategic planning, change management, talent management and development, and employee relations.

MAHA CHAAR

General Counsel
(Appointed
01 January 2022)

Ms Chaar 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.

Ms Chaar has significant experience advising on large-scale project developments and disputes. She is also skilled in managing and documenting complex transactions and commercial contracts.

Ms Chaar hold a Master of Law, a Bachelor of Laws (Honours), and a Bachelor of Science. She has authorised several published, peer reviewed academic papers and articles.

Sustainability

The Materiality Assessment carried out last year allowed Macmahon to consider various sustainability topics within their operations, leading to further planning and review.

We are continuing to review Macmahon's overall approach to sustainability and expanding this into the company wide Sustainability Framework, which will describe our key focus areas and the commitments under each.

In engaging with the Executive Leadership Team, the initial key focus areas are mental health and wellbeing, diversity and inclusion, biodiversity and climate change.

In parallel to expanding the Sustainability Framework, we have commenced a Baseline Environmental Footprint program to calculate our baseline footprint for the company across a range of environmental aspects – from the usage of fossil fuels and greenhouse gas emissions to waste, water and rehabilitation. The data collated from the Baseline Project will provide crucial information for the Macmahon Sustainability Framework.

The program will set the foundation for further environmental and sustainability stewardship. The program will provide considerable insight into the impact of Macmahon activities and highlight where the greatest improvements can be made.

For further information, please refer to the stand-alone FY22 Annual Sustainability Report.

SUSTAINABILITY

YEAR IN REVIEW FY22

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

GOVERNANCE

Developing Macmahon's Sustainability Framework

Culture employee engagement survey resulting in updated company values

New Sexual Harassment Policy

No reported incidents of corruption

ENVIRONMENT

Commenced the Baseline Environmental Footprint Project

Overview of Macmahon's ESG footprint

TYRE RECYCLING PROGRAM

1,267 tonnes tyres recycled

LAND REHABILITATION

169 hectares in Australia

48 hectares in Indonesia

GREENHOUSE GAS EMISSIONS

15, 125 **SCOPE 1** tonnes CO_2-e

1,246 **SCOPE 2** tonnes CO_2-e

SOCIAL

DIVERSITY

4.7% Indigenous Australians

33.3% Female Non-Executive Directors

57.1% Females in Executive Leadership positions

15.1% Female employees across the whole organisation

30.0% Female workforce at Martabe in Indonesia

We continually improve and are committed to diversity, equity, inclusion, human rights and modern slavery, including training of staff in relation to these aspects.

INTERNAL AND EXTERNAL TRAINING

102 Apprentices
14% Female

467 Trainees
32% Female

431 New to Industry
41% Female

Award-winning mental health program Strong Minds, Strong Mines program extended to wider industry

Launched our mental health program, Strong Minds, Strong Schools, into schools across Western Australia

In FY22 we developed a Sexual Harassment Road Map which included Bystander training, a new whistleblower platform, independent culture reviews and employee pulse checks.

Directors' Report

The Directors present their report, together with the financial statements for the consolidated entity (referred to hereafter as the "Group") consisting of Macmahon Holdings Limited (referred to hereafter as the "Parent" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2022.

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.

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed Australian companies held within the last three years are set out in this Annual Report under the "Our Board" heading on pages 32 to 36 and form part of this report.

Eva Skira, AM, 68 (Chair)

Michael Finnegan, 47
(Chief Executive Officer and Managing Director)

Denise McComish, 62

Bruce Munro, 69

Alexander Ramlie, 49

Arief Widyawan Sidarto, 53

Hamish Tyrwhitt, 59

Vyril Vella, 73 (Resigned 21 October 2021)

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 2022, and the number of meetings attended by each Director were:

	Regular		Special (A)		Audit and Risk Committee		Remuneration Committee		Nomination Committee		Tender Committee		Other Committee (B)	
Attendance	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
E Skira	10	10	4	4	4	4	5	5	2	2	*	*	1	1
M J Finnegan	10	10	4	4	*	*	*	*	*	*	4	4	*	*
D P McComish	10	10	4	4	4	4	3	3	2	2	*	*	*	*
B A Munro	10	10	4	4	4	4	*	*	2	2	4	4	*	*
A Ramlie	10	7	4	4	*	*	*	*	2	0	*	*	*	*
A W Sidarto	10	9	4	4	*	*	*	*	2	2	*	*	*	*
H G Tyrwhitt	10	9	4	4	4	4	5	5	2	2	4	4	*	*
V A Vella[1]	2	2	3	3	1	1	2	2	0	0	*	*	1	1

A Special Board meetings, unscheduled meetings called at short notice
B Other committees include sub-committees of the Board
* Not a member of the relevant committee
1 Mr Vella resigned on 21 October 2021

COMPANY SECRETARIES

Sophie Raven LLB
Ms Raven joined the Company in March 2021 and was appointed as Company Secretary on 1 December 2021.

Gregory Gettingby BA/LLB (resigned 1 December 2021)
Mr Gettingby joined Macmahon in 2002 and resigned as Company Secretary effective 1 December 2021.

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

Ms McComish was a director of the Group 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 Group on 1 March 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Group consisted of providing surface mining, underground mining and mining support 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 financial year under review.

DIVIDENDS

Declared and paid during FY22

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

	Cents	$	Date of payment
Interim 2022 ordinary	0.30	6,300,440	6 Apr 22
Final 2021 ordinary	0.35	7,350,514	22 Oct 21

Declared after year-end

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

	Cents	$	Date for payment
Final 2022 ordinary	0.35	7,350,514	7 Oct 22

As the final dividend was declared after 30 June 2022, the financial effect of these dividends has not been brought to account in the consolidated financial statements of the Group for the year ended 30 June 2022.

REVIEW OF OPERATIONS

For the year ended 30 June 2022, the Group reported increases in revenue, underlying EBIT(A) and EBITDA. This was driven by organic growth and the commencement of new projects (Dawson South, Fimiston, King of the Hills and Warrawoona).

Reported NPAT for the year decreased primarily due to one-off expenses, being the GBF acquisition earn out, Software as a Service (SaaS) customisation costs and amortisation of customer contracts recognised on acquisition.

A review of and information about the operations of the Group during FY22 is contained on pages 16 to 26, which form part of this Director's 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 financial year under review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Dividends

Subsequent to 30 June 2022, the Board approved a final dividend on ordinary shares of 0.35 cents per ordinary share in respect of FY22.

Syndicated debt facility (SFA)

Macmahon increased its $170 million SFA to $200 million, and extended the maturity by more than three years at reduced interest rate margins.

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.

ENVIRONMENTAL REGULATION

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 50 to 65 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 2022, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

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

During FY22, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE PARENT ENTITY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the 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 28 to the consolidated financial statements.

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

The Directors are of the opinion that the services as disclosed in note 28 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.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity, acting as 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 49.

AUDITOR

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

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

EVA SKIRA, AM
Chair
23 August 2022
Perth

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 2022 there have been:

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

23 August 2022

Remuneration Report

This Remuneration Report for the year ended 30 June 2022 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 senior executives have three components:

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

The targeted remuneration mix for executive KMP for the year ended 30 June 2022 is outlined below:

		At risk	
	Fixed remuneration	Short-term incentive	Long-term incentive
Michael Finnegan Chief Executive Officer (CEO) and Managing Director	36%	36%	28%
Ursula Lummis[1] Chief Financial Officer (CFO)	57%	43%	0%
Richard McLeod[2] Chief Operating Officer (COO)	57%	43%	0%
Donald James[3] Chief Commercial Officer (CCO)	57%	43%	0%

The percentage of the long-term incentive in this table reflects the accounting standard value as noted in the remuneration table and includes the FY22 expense for performance rights granted in previous years.

1 Mrs Lummis commenced as CFO on 1 November 2021 and for FY22 was not awarded a LTI subsequent to being appointed.
2 Mr McLeod was appointed as COO on 21 March 2022 and for FY22 was not awarded a LTI subsequent to being appointed.
3 Mr James was appointed as CCO on 1 February 2022 and for FY22 was not awarded a LTI subsequent to being appointed
For FY23, Mrs Lummis, Mr McLeod and Mr James are eligible to participate in the LTI.

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, any applicable role specific allowances, and superannuation.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual and overall performance of the Group. In addition, external advisors and industry surveys may be used to ensure the 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 KMP's remuneration. Based on the results of the market benchmarking review, a remuneration increase of 29% was provided to the CEO from 1 July 2021. This increase was appropriate to bring the CEO into line with relevant comparator companies after significant growth in the size and complexity of the Company.

1.3 FY22 Short term incentive ("STI")

During FY22, the STI opportunity provided to executive KMP had the following features:

Description	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	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. The following KPI was chosen for the 2022 financial year: • EBIT(A) (100%) Reduced by the following negative modifiers: • Return on Average Capital Employed (ROACE) (25%) • Safety performance (10%) • Growth/order book (15%) 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.
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 2021 to 30 June 2022.
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	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: (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. (b) Fraudulent, dishonest or other improper conduct of the executive KMP.
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 FY22 STI Plan.

	Performance level		
	Threshold (lower end of guidance range $95million EBIT(A))	**Target (mid of guidance range $100 million EBIT(A))**	**Stretch (capped at $115 million EBIT(A))**
M Finnegan	0% of TFR	100% TFR	150% TFR
U Lummis	0% of TFR	75% TFR	112.5% TFR
R McLeod	0% of TFR	75% TFR	112.5% TFR
D James	0% of TFR	75% TFR	112.5% TFR

For FY23, 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 a 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 2021 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 prior to 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 FY22, 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 if the Company is wound up or delisted, the Board may (in its absolute discretion) determine that all or a portion of the performance rights 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 Trading in Shares Policy.

Performance rights granted in FY22

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

During FY22 a total of 7,805,941 performance rights were granted to 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 27 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.

	FY22	FY21[2]	FY20	FY19	FY18
Statutory performance indicators					
Profit/(loss) after income tax expense from continuing operations ($'m)	27.4	75.4	64.9	46.1	31.3
Reported basic earnings per share from continuing operations (EPS) (cents)	1.30	3.59	3.10	2.19	1.53
Dividends declared (cents per share)	0.65	0.65	0.60	0.50	-
Dividends paid (cents per share)[1]	0.65	0.65	0.75	-	-
Share price at 30 June (cents)	13.5	19.0	25.5	18.5	21.5
Total Shareholder Return (TSR) (%)	(25.5)	(22.9)	41.9	(14.0)	30.3

1 0.65 cents per share includes the final dividend for 2021 of 0.35 cents per share and the interim dividend for 2022 of 0.30 cents per share.

2 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. Refer to Note 15 in the financial statements for more details.

1.6 Employment contracts

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

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

	Annual fixed remuneration including superannuation	Other remuneration	Notice periods to terminate	Termination payments
M Finnegan	$900,000	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 lapses upon termination or resignation, unless the Board in its absolute discretion determines otherwise.
U Lummis[1]	$465,300			Statutory entitlements plus Any unvested performance rights held by the executive KMP lapses upon termination or resignation unless the Board in its absolute discretion determines otherwise.
R McLeod[2]	$638,000			
D James[3]	$550,000			

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

G Gettingby[4]	$475,000	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 lapses upon termination or resignation, unless the Board in its absolute discretion determines otherwise.
P Pollard[5]	$532,420	Short-term and long-term incentive opportunities as described above. Accommodation and hire vehicle allowance for a period of 2 years (maximum of $39,000 per year).		Statutory entitlements; plus A potential long-term cash incentive subject to the same performance hurdles as the Company's LTI plan and successful handover of the CFO role to the successor. The potential incentive is a maximum of TFR less cost of accommodation and hire vehicle paid by the Company during the performance period
C O'Hehir[6]	$500,000	Short-term and long-term incentive opportunities as described above. Living away from home allowance of $20,000 (annually).		Statutory entitlements; plus Any unvested performance rights held by the executive KMP lapses upon termination or resignation unless the Board in its absolute discretion determines otherwise.

1 Mrs Lummis commenced in the role as CFO on 1 November 2021.
2 Mr McLeod was appointed as COO on 21 March 2022.
3 Mr James was appointed as CCO on 1 February 2022.
4 Mr Gettingby resigned effective 22 January 2022.
5 Mr Pollard resigned as CFO effective 1 November 2021.
6 Mr O'Hehir resigned effective 28 February 2022.

2 NON-EXECUTIVE DIRECTOR REMUNERATION

The structure of the remuneration 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.

The remuneration provided to Non-Executive Directors in FY22 is set out below:

	Cash remuneration[1] $	Salary sacrifice for share rights $	Total $
Eva Skira	185,455	54,545	240,000
Denise McComish	161,667	-	161,667
Bruce Munro	92,727	77,273	170,000
Alexander Ramlie	10,909	109,091	120,000
Arief Sidarto	10,909	109,091	120,000
Hamish Tyrwhitt	146,818	43,182	190,000
Vyril Vella[2]	51,667	-	51,667
Total	**660,152**	**393,182**	**1,053,334**

1 Cash remuneration includes salary, committee fees and superannuation.
2 Mr Vella resigned on 21 October 2021.

The maximum aggregate amount that can be paid to Non-Executive Directors is $1,300,000 per annum, including superannuation (the Fee Pool). The fee pool was increased at the 2021 Annual General Meeting.

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 (NED SSP) 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 2021 (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 prior to 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 FY22, 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 FY22 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 2022

Details of the nature and value of each major element of remuneration provided to executive KMP of the Company during FY22 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	2022	218,182	-	-	-	218,182
	2021	194,825	-	-	-	194,825
D McComish	2022	109,091	37,879	-	-	146,970
	2021	36,530	1,522	-	-	38,052
B Munro	2022	109,091	45,455	-	-	154,546
	2021	106,545	19,786	-	-	126,331
A Ramlie	2022	109,091	-	-	-	109,091
	2021	106,545	-	-	-	106,545
A Sidarto	2022	109,091	-	-	-	109,091
	2021	106,545	-	-	-	106,545
H Tyrwhitt	2022	109,091	63,636	-	-	172,727
	2021	106,545	24,353	-	-	130,898
V Vella[1]	2022	36,364	10,606	-	-	46,970
	2021	106,545	27,397	-	-	133,942
Total compensation for Non-Executive Directors	2022	800,001	157,576	-	-	957,577
	2021	764,080	73,058	-	-	837,138

1 Mr Vella resigned on 21 October 2021.
2 Represents the fair value at grant date of the share rights issued for salary sacrificed over the vesting period of the award.

		Post-employment	Share-based payment[2]				
	Other long-term benefits $	Super-annuation $	Options and rights $	Performance related %	Non-performance related %	Compensation consisting of options and rights %	Total compensation $
	-	21,818	1,985	-	100	-	241,985
	-	18,508	1,313	-	100	-	214,646
	-	14,697	-	-	100	-	161,667
	-	3,615	-	-	100	-	41,667
	-	15,455	2,813	-	100	-	172,814
	-	12,002	1,608	-	100	-	139,941
	-	10,909	3,972	-	100	-	123,972
	-	10,122	3,019	-	100	-	119,686
	-	10,909	3,972	-	100	-	123,972
	-	10,122	3,019	-	100	-	119,686
	-	17,273	1,572	-	100	-	191,572
	-	12,435	755	-	100	-	144,088
	-	4,697	-	-	100	-	51,667
	-	12,725	-	-	100	-	146,667
	-	95,758	14,314	-	100	-	1,067,649
	-	79,529	9,714	-	100	-	926,381

Executives	Year	Short-term Salary and allowances $	Committee fees $	STI bonus $	Non-monetary benefits $	Total short-term $
M Finnegan Managing Director and Chief Executive Officer	2022	873,726	-	924,000	1,119	1,798,845
	2021	678,150	-	259,039	1,119	938,308
U Lummis[2] Chief Financial Officer	2022	294,001	-	236,564	340	530,905
	2021	-	-	-	-	-
R McLeod[3] Chief Development Officer	2022	163,913	-	135,938	-	299,851
	2021	-	-	-	-	-
D James[4] Chief Commercial Officer	2022	217,892	-	172,881	-	390,773
	2021	-	-	-	-	-
G Gettingby[5] Chief Development Officer	2022	248,692	-	-	447	249,139
	2021	444,042	-	94,411	894	539,347
P Pollard[6] Chief Financial Officer	2022	161,340	-	139,275	13,000	313,615
	2021	424,908	-	86,346	-	511,254
C O'Hehir[7] Chief Operating Officer	2022	317,620	-	-	13,709	331,329
	2021	371,369	-	78,512	344	450,225
Total compensation for executive personnel	2022	2,277,184	-	1,608,658	28,615	3,914,457
	2021	1,918,469	-	518,308	2,357	2,439,134
Total compensation for Directors and Executives	2022	3,077,185	157,576	1,608,658	28,615	4,872,034
	2021	2,682,549	73,058	518,308	2,357	3,276,272

1 Other long-term benefits related to movement in annual and long service leave liabilities for each Executive
2 Mrs Lummis commenced as CFO on 1 November 2021. Remuneration is shown from this date.
3 Mr McLeod was appointed as COO on 21 March 2022.
4 Mr James was appointed as CCO on 1 February 2022.
5 Mr Gettingby resigned as CDO effective 22 January 2022.
6 Mr Pollard resigned as CFO effective 1 November 2021. Remuneration is shown to this date.
7 Mr O'Hehir resigned as COO effective 28 February 2022.
8 Negative share based payment expense represents the reversal of previous expenses as a result of forfeiture of rights upon resignation.

Other long-term benefits[1] $	Post-employment Super-annuation $	Share-based payment Options and rights $	Performance related %	Non-performance related %	Compensation consisting of options and rights[8] %	Total compensation $
78,692	25,774	486,793	59	41	20	2,390,104
120,261	21,850	458,544	47	53	30	1,538,963
28,020	15,763	-	41	59	-	574,688
-	-	-	-	-	-	-
16,277	16,391	-	41	59	-	332,519
-	-	-	-	-	-	-
21,637	11,274	-	41	59	-	423,684
-	-	-	-	-	-	-
21,643	16,151	(434,761)	N/A	100	N/A	(147,828)
10,795	25,208	269,905	43	57	32	845,255
15,383	15,875	66,062	50	50	16	410,935
12,355	37,896	-	15	85	-	561,505
24,476	17,113	(44,781)	N/A	100	N/A	328,137
34,951	18,631	57,260	24	76	10	561,067
206,128	118,341	73,313	46	54	7	4,312,239
178,362	103,585	785,709	12	28	6	3,506,790
206,128	214,099	87,627	32	68	2	5,379,888
178,362	183,114	795,423	6	64	3	4,433,171

4.2 Voluntary information – Remuneration received by executive KMP for the year ended 30 June 2022

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

	Fixed remuneration[1] $	Awarded STI (cash)[2] $	Allowances[3] $	Realised remuneration received $
M Finnegan	899,500	258,788	-	1,158,288
U Lummis[4]	309,764	-	-	309,764
R McLeod[5]	180,304	-	-	180,304
D James[6]	229,167	-	-	229,167
P Pollard[7]	177,215	89,128	13,000	279,343
G Gettingby[8]	264,843	94,310	-	359,153
C O'Hehir[9]	334,733	78,420	13,333	426,486
Total	**2,395,526**	**520,646**	**26,333**	**2,942,505**

1 Fixed remuneration includes base salaries received and payments made to superannuation funds.
2 The STI paid includes the FY21 STI payment settled in FY22. The FY22 STI has not been paid in FY22.
3 Allowances include the living away from home allowance.
4 Mrs Lummis commenced as CFO on 1 November 2021. Remuneration is shown from this date.
5 Mr McLeod was appointed as COO on 21 March 2022.
6 Mr James was appointed as CCO on 1 February 2022.
7 Mr Pollard resigned as CFO effective 1 November 2021. Remuneration is shown to this date.
8 Mr Gettingby resigned as CDO effective 22 January 2022.
9 Mr O'Hehir resigned as COO effective 28 February 2022.

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 remuneration received is relevant information for the following reasons:

- The statutory remuneration expense for performance rights is based on fair value determined at 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 claw back 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 recognize the full amount of expenses even though the KMPs will never receive any benefits.

The accuracy of 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 FY22

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	924,000	102.7	0
U Lummis[1]	236,564	102.7	0
R McLeod[2]	135,938	102.7	0
D James[3]	172,881	102.7	0
P Pollard	139,275	102.7	0

1 The STI cash component for Mrs Lummis has been pro rated based on her commencement date of 1 November 2021.
2 The STI cash component for Mr McLeod has been pro rated based on his appointment date of 21 March 2022.
3 The STI cash component for Mr James has been pro rated based on his appointment date of 1 November 2021.

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 FY22 as part of the NED SSP were as follows:

		Salary sacrificed $	Number of rights granted[2]	Fair value at grant date[3] $	Vesting date
E Skira	Tranche 1	27,273	147,000	717	Feb 22
	Tranche 2	27,273	146,999	1,268	Aug 22
D McComish	–	–	–	–	–
	–	–	–	–	–
B Munro	Tranche 1	38,636	208,250	1,016	Feb 22
	Tranche 2	38,636	208,249	1,797	Aug 22
A Ramlie	Tranche 1	54,545	293,999	1,435	Feb 22
	Tranche 2	54,545	293,999	2,537	Aug 22
A Sidarto	Tranche 1	54,545	293,999	1,435	Feb 22
	Tranche 2	54,545	293,999	2,537	Aug 22
H Tyrwhitt	Tranche 1	21,591	116,375	568	Feb 22
	Tranche 2	21,591	116,374	1,004	Aug 22
V Vella[1]	–	–	–	–	–
	–	–	–	–	–

1 Mr Vella resigned on 21 October 2021
2 Share rights are issued under the NED SSP and are not in addition to their fixed remuneration.
3 In accordance with Australian Accounting Standards, as the share rights granted includes an "option" over ordinary shares, the option element is required to be fair valued at grant date. The fair value per share is $0.005 for Tranche 1 and $0.009 for Tranche 2.

Executive KMP performance rights and ordinary shares

During FY22 the following performance rights were granted as compensation to KMP:

	Number of rights granted	Vesting conditions	Grant date	Fair value per right at grant date	Earliest potential vesting date
M Finnegan	1,886,792	Market	1-Jul-21	0.0993	1-Jul-24
	1,886,793	Non-market	1-Jul-21	0.1769	1-Jul-24
P Pollard	717,547	Market	1-Jul-21	0.0993	1-Jul-24
	717,547	Non-market	1-Jul-21	0.1769	1-Jul-24

Rights were granted on 1 July 2021, prior to the commencement of the current CFO, COO and CCO.

Rights will expire on the earlier of 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.

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 FY22 are as follows:

Executive KMP	Grant date (effective from)	FV on grant date	Number granted	Number previously forfeited	Number forfeited in 2022	Held at 30 June 2022	Financial year in which the grant vests, subject to performance
M Finnegan	1 Jul 18	0.090	19,394,872	(4,848,718)	-	14,546,154	FY 21-24 (25% per year)
	1 Jul 20	0.142	2,467,420	-	-	2,467,420	FY24
	1 Jul 21	0.099	1,886,792	-	-	1,886,792	FY24
	1 Jul 21	0.177	1,886,793	-	-	1,886,793	FY24
G Gettingby	1 Jul 18	0.090	12,929,915	(3,232,479)	(9,697,436)	-	FY 21-24 (25% per year)
	1 Jul 20	0.142	888,271	-	(888,271)	-	FY24
	1 Jul 21	0.099	640,162	-	(640,162)	-	FY24
	1 Jul 21	0.177	640,161	-	(640,161)	-	FY24
C O'Hehir	1 Jul 20	0.090	864,584	-	(864,584)	-	FY24
	1 Jul 21	0.099	643,084	-	(643,084)	-	FY24
	1 Jul 21	0.177	673,855	-	(673,855)	-	FY24
P Pollard[1]	1 Jul 21	0.090	717,547	-	-	717,547	FY24
	1 Jul 21	0.142	717,547	-	-	717,547	FY24

1 Mr Pollard resigned as CFO on 1 November 2021.

6.3 Analysis of movements in performance rights

The movement during the reporting period, by 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 2021	Granted as compensation	Forfeited during the year	Held at 30 June 2022
M Finnegan	17,013,574	3,773,585	-	20,787,159
U Lummis[1]	-	-	-	-
R McLeod[2]	-	-	-	-
D James[3]	-	-	-	-
G Gettingby[4]	10,585,707	1,280,323	(11,866,030)	-
P Pollard[5]	-	1,435,094	-	1,435,094
C O'Hehir[6]	864,584	1,316,939	(2,181,523)	-

1 Mrs Lummis commenced as CFO on 1 November 2021.
2 Mr McLeod was appointed as COO on 21 March 2022.
3 Mr James was appointed as CCO on 1 February 2022.
4 Mr Gettingby resigned effective 22 January 2022.
5 Mr Pollard resigned as CFO effective 1 November 2021.
6 Mr O'Hehir resigned effective 28 February 2022.

6.4 Analysis of movements in share rights

The movement during the reporting period, by 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 2021	Salary Sacrifice Rights Granted	Vested during FY22	Held at 30 June 2022
E Skira	87,508	293,999	(234,508)	146,999
D McComish	-	-	-	-
B Munro	107,197	416,499	(315,447)	208,249
A Ramlie	201,269	587,998	(495,269)	293,998
A Sidarto	201,269	587,998	(495,269)	293,998
H Tyrwhitt	50,317	232,749	(166,692)	116,374
V Vella[1]	-	-	-	-

1 Mr Vella resigned on 21 October 2021.

6.5 Movements in ordinary shareholdings

The movement during FY22 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 2021	Other[5]	Vested rights[6]	Held at 30 June 2022
Non-Executive Directors				
E Skira	416,999	-	234,508	651,507
D McComish	275,000	294,927	-	569,927
B Munro	1,609,839	(204,919)	315,447	1,720,367
A Sidarto	1,093,718	-	495,269	1,588,987
A Ramlie	1,093,718	-	495,269	1,588,987
H Tyrwhitt	96,186	-	166,692	262,878
V Vella[1]	2,307,842	-	-	2,307,842
Executive KMP				
M Finnegan	5,020,008	-	-	5,020,008
U Lummis	-	-	-	-
R McLeod	-	-	-	-
D James	-	-	-	-
P Pollard[2]	-	-	-	-
G Gettingby[3]	3,075,590	-	-	3,075,590
C O'Hehir[4]	-	-	-	-
Total	**14,988,900**	**90,008**	**1,707,185**	**16,786,093**

1 Mr Vella resigned on 21 October 2021.
2 Mr Pollard resigned on as CFO 1 November 2021.
3 Mr Gettingby resigned on 22 January 2022. Closing details are at the date of effective resignation.
4 Mr O'Hehir resigned on 28 February 2022.
5 Other changes represent shares that were purchased or sold during the year.
6 Rights refers to share rights for Non-Executive Directors and performance rights for executives.

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 23 August 2022.

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

15 Hudswell Road, Perth Airport,
Western Australia 6105


KING OF THE HILLS
RED5

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 $'000	Restated[1] 2021 $'000
Revenue	2	**1,698,046**	1,351,485
Other income	3	**9,777**	13,033
Expenses			
Materials and consumables used		**(445,585)**	(441,714)
Employee benefits expense		**(706,955)**	(526,672)
Depreciation and amortisation expense	4	**(197,867)**	(154,580)
Equipment and other short-term lease expenses	4	**(104,119)**	(40,584)
Subcontractor costs		**(71,011)**	(45,520)
Share-based payments expense	27	**(103)**	(926)
Other expenses	4	**(116,211)**	(66,117)
Operating profit		**65,972**	88,405
Share of profit of equity-accounted investees, net of tax	24	**240**	5,519
Operating profit, income and expenses from equity-accounted investees		**66,212**	93,924
Net finance costs	4	**(19,046)**	(14,605)
Impairment of asset disposal group	31	**(1,021)**	-
Profit before income tax expense		**46,145**	79,319
Income tax expense	5	**(18,747)**	(3,912)
Profit after income tax expense for the year		**27,398**	75,407
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation		**9,740**	(16,548)
Other comprehensive income / (loss) for the year, net of tax		**9,740**	(16,548)
Total comprehensive profit for the year attributable to the owners of the Company		**37,138**	58,859

	Note	2022 Cents	2021 Cents
Earnings per share for profit attributable to the owners of Macmahon Holdings Limited			
Basic earnings per share	6	**1.30**	3.59
Diluted earnings per share	6	**1.30**	3.55

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. Refer to Note 15 for more details.

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	2022 $'000	Restated[1] 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**197,958**	182,079
Trade and other receivables	9	**299,006**	246,868
Inventories	10	**89,949**	68,498
Income tax receivable	5	**372**	-
Assets classified as held for sale	31	**3,490**	207
Total current assets		**590,775**	497,652
Non-current assets			
Investments accounted for using the equity method	24	**476**	285
Trade and other receivables	9	**22,962**	6,444
Property, plant and equipment	14	**672,576**	582,664
Intangible assets and goodwill	15	**15,993**	23,105
Deferred tax asset	5	**35,496**	33,333
Total non-current assets		**747,503**	645,831
Total assets		**1,338,278**	1,143,483
LIABILITIES			
Current liabilities			
Trade and other payables	11	**272,375**	218,515
Borrowings	17	**112,299**	108,186
Income tax payable	5	**-**	4,211
Employee benefits	12	**61,063**	52,961
Provisions	13	**25,153**	16,160
Liabilities related to assets held for sale	31	**619**	-
Total current liabilities		**471,509**	400,033
Non-current liabilities			
Trade and other payables	11	**384**	-
Borrowings	17	**301,171**	204,246
Employee benefits	12	**5,714**	3,341
Total non-current liabilities		**307,269**	207,587
Total liabilities		**778,778**	607,620
NET ASSETS		**559,500**	535,863
EQUITY			
Issued capital	18	**563,118**	563,118
Reserves	19	**(5,901)**	(14,658)
Net accumulated profits/(losses)		**2,283**	(12,597)
TOTAL EQUITY		**559,500**	535,863

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. Refer to Note 15 for more details.

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 2021	**563,118**	**(14,658)**	**(192,396)**	**189,863**	**545,927**
Opening balance adjustment on application of IFRIC decision (note 15)	**-**	**-**	**-**	**(10,064)**	**(10,064)**
Restated balance at 1 July 2021[1]	**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 19)	**-**	**307**	**-**	**59**	**366**
Treasury shares purchased for compensation plans (note 19)	**-**	**(319)**	**-**	**-**	**(319)**
Dividends (note 19)	**-**	**-**	**-**	**(13,651)**	**(13,651)**
Share-based payments expense (note 27)	**-**	**103**	**-**	**-**	**103**
Transfer of lapsed performance rights (note 19)	**-**	**(1,074)**	**-**	**1,074**	**-**
Balance at 30 June 2022	**563,118**	**(5,901)**	**(192,396)**	**194,679**	**559,500**

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Retained profits $'000	Total equity $'000
Balance at 30 June 2020	563,118	145	(192,396)	126,964	497,831
Opening balance adjustment on application of IFRIC decision (note 15)	-	-	-	(8,238)	(8,238)
Restated Balance at 1 July 2020[1]	563,118	145	(192,396)	118,726	489,593
Restated profit after income tax for the year1	-	-	-	75,407	75,407
Other comprehensive loss for the year, net of tax	-	(16,548)	-	-	(16,548)
Restated total comprehensive income for the year[1]	-	(16,548)	-	75,407	58,859
Transactions with owners in their capacity as owners:					
Treasury shares allocated on vesting of performance rights (note 19)	-	2,521	-	(2,202)	319
Treasury shares purchased for compensation plans (note 19)	-	(183)	-	-	(183)
Dividends (note 19)	-	-	-	(13,651)	(13,651)
Share-based payments expense (note 27)	-	926	-	-	926
Transfer of lapsed performance rights (note 19)	-	(1,519)	-	1,519	-
Restated Balance at 30 June 2021[1]	563,118	(14,658)	(192,396)	179,799	535,863

1 30 June 2020 and 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. Refer to Note 15 for more details.

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

Consolidated Statement of Cash Flows

	Note	2022 $'000	Restated[1] 2021 $'000
Cash flows from operating activities			
Receipts from customers		**1,855,334**	1,363,496
Payments to suppliers and employees		**(1,585,391)**	(1,098,258)
Payments to suppliers and employees for SaaS costs		**(4,964)**	(3,695)
Receipts from joint venture entities		**66**	2,327
Payments to joint venture entities		**(163)**	(123)
Acquisition costs		**(351)**	(73)
Dividends received from equity-accounted investments	24	**-**	1,595
Interest received		**273**	341
Interest and other finance costs paid		**(19,379)**	(16,218)
Income taxes paid		**(17,518)**	(10,402)
Net cash from operating activities	7	**227,907**	238,990
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**9,486**	9,899
Payments for property, plant and equipment	14	**(162,559)**	(204,174)
Payments for intangible assets	15	**(353)**	(2,421)
Investment in joint venture		**-**	(124)
Earn-out in relation to previous acquisition[2]	11	**(17,095)**	(3,150)
Acquisition of subsidiary, net of cash acquired	11	**-**	(1,864)
Net cash used in investing activities		**(170,521)**	(201,834)
Cash flows from financing activities			
Purchase of own shares	19	**(319)**	(183)
Proceeds from interest-bearing loans	17	**80,993**	73,762
Repayment of interest-bearing loans	17	**(29,413)**	(13,181)
Financing from sale and leaseback arrangements		**-**	16,249
Repayment of lease liabilities	17	**(83,076)**	(57,091)
Dividends paid	19	**(13,651)**	(13,651)
Net cash from / (used in) financing activities		**(45,466)**	5,905
Net increase in cash and cash equivalents		**11,920**	43,061
Cash and cash equivalents at the beginning of the financial year		**182,079**	141,837
Effects of exchange rate changes on cash and cash equivalents		**3,959**	(2,819)
Cash and cash equivalents at the end of the financial year	8	**197,958**	182,079

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. Refer to Note 15 for more details.
2 The FY2021 Earn-out has been reclassified. Refer to note 15 for further details.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 amortisation (EBIT(A)), as included in 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 – 2022	Mining $'000	Unallocated $'000	Total $'000
Revenue			
Revenue from contracts with customers	1,698,046	-	1,698,046
Revenue from contracts with customers - non-cash consideration	-	-	-
Total revenue	1,698,046	-	1,698,046
Underlying EBITDA	291,766	(324)	291,442
Depreciation and amortisation expense (excluding customer contracts amortisation)	(189,109)	(1,533)	(190,642)
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)
Acquisition 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

Restated[1] Consolidated – 2021	Mining $'000	Unallocated $'000	Total $'000
Revenue			
Revenue from contracts with customers	1,255,286	-	1,255,286
Revenue from contracts with customers - non-cash consideration	96,199	-	96,199
Total revenue	1,351,485	-	1,351,485
Underlying EBITDA	250,508	(621)	249,887
Depreciation and amortisation expense (excluding customer contracts amortisation)	(152,973)	(659)	(153,632)
Underlying EBIT(A)	97,535	(1,280)	96,255
Finance income	-	341	341
Finance costs	(14,324)	(622)	(14,946)
Earn-out in relation to previous - TMM acquisition	-	(3,150)	(3,150)
Acquisition costs	-	(73)	(73)
Share-based payments expense	-	(926)	(926)
SaaS customisation costs	-	(3,695)	(3,695)
Fair value uplift on investment in joint venture	-	2,140	2,140
Gain on acquisition of subsidiary	-	4,321	4,321
Amortisation on customer contracts	(948)	-	(948)
Profit / (loss) before income tax expense	82,263	(2,944)	79,319
Segment assets	926,236	217,247	1,143,483
Segment liabilities	591,135	16,485	607,620
Capital expenditure	298,492	-	298,492

	Geographical revenue from contracts with customers		Geographical non-current assets	
	2022 $'000	2021 $'000	2022 $'000	Restated[1] 2021 $'000
Australia	**1,336,022**	1,019,846	**656,578**	526,422
Indonesia	**358,763**	321,794	**82,362**	110,262
South Africa	**71**	6,090	**-**	-
Malaysia	**3,190**	3,755	**8,563**	9,147
	1,698,046	1,351,485	**747,503**	645,831

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. Refer to Note 15 for more details.

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 $659.811 million (2021: four projects related to four customers for $830.433 million), 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 that are 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 of 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	
	2022 $'000	2021 $'000
Revenue from contracts with customers	1,698,046	1,255,286
Revenue from contracts with customers (non-cash consideration)	-	96,199
	1,698,046	1,351,485

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 inter-related 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 on the basis of 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.

Sale of goods
The Group generates revenue from the sale of goods in the course of ordinary activities, which is recognised at a point in time when control has been transferred to the customer, generally being when the goods are delivered and accepted by the customer. Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of trade discounts.

Variable consideration
Certain contracts with customers include a variable element which 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 2022, variable consideration amounted to $36.772 million (2021: $40.314 million) of which $7.509 million (2021: $16.827 million) was carried as a contract asset (note 9) and has subsequently been approved by customers.

Non-cash consideration
Where customers contribute materials to the Group to facilitate the fulfilment of the contract, and the Group obtains control of the contributed materials, the cost of these materials have been included in revenue, as non-cash consideration received from the customer and the corresponding expense is included in materials and consumables used in the consolidated statement of profit or loss and other comprehensive income.

Due to COVID-19 and its impact on supply chains, from 1 July 2021, PT AMNT does not permit the Group to control all supplies on the Batu Hijau site. As a result, materials are not recognised as revenue or expenses during the period (30 June 2021: $96.199 million). In prior years, the supplies were passed through at cost by the group and there was no margin attached and therefore net earnings at Batu Hijau remain unchanged.

3 OTHER INCOME

	Consolidated 2022 $'000	2021 $'000
Net gain on disposal of plant and equipment	**3,416**	3,068
Fair value uplift on investment in joint venture	**-**	2,140
Gain on acquisition of subsidiary	**-**	4,321
Other	**6,361**	3,504
	9,777	13,033

Other income

Other income includes management fees from joint venture partners.

During 2022, the Group did not charge any joint venture partners management fees (2021: $1.061 million). Refer to Note 25.

For FY 2022 other income primarily relates to training rebates received.

4 EXPENSES

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

	Consolidated 2022 $'000	Restated[1] 2021 $'000
Depreciation		
Leasehold improvements	**8**	3
Plant and equipment	**118,972**	98,229
Right-of-use assets	**71,422**	54,915
Amortisation		
Software	**240**	485
Customer contracts	**7,225**	948
	197,867	154,580

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. Refer to Note 15 for more details.

Other expenses	Consolidated 2022 $'000	Restated[1] 2021 $'000
Freight expenses	**21,127**	15,681
Consulting and other professional services	**8,181**	5,844
Recruitment, training and other employee incidentals	**14,952**	10,847
Travel and accommodation expenses	**8,228**	5,189
Insurance expenses	**8,248**	5,697
Expected credit loss (ECL) allowance	**599**	(11)
Administrative and facilities expenses	**7,842**	5,310
Information, communication and technology expenses	**10,210**	6,640
SaaS customisation costs	**4,964**	3,695
Foreign exchange loss	**324**	620
Acquisition costs	**351**	73
Other expenses	**9,240**	3,382
Earn-out in relation to previous acquisitions	**21,945**	3,150
	116,211	66,117

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. Refer to Note 15 for more details.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Lease expenses		
Leases under AASB 16 Leases		
Depreciation of right-of-use assets	**(71,422)**	(54,915)
Interest expense on lease liabilities	**(11,498)**	(9,896)
Equipment and other short-term lease expenses	**(104,119)**	(40,584)
	(187,039)	(105,395)

Employee benefits expense

Employee benefits expense includes superannuation as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Superannuation		
Defined contribution superannuation expense	**38,964**	32,054
	38,964	32,054

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 2022 $'000	Consolidated 2021 $'000
Interest income on term deposits	**(273)**	(341)
Interest expense on lease liabilities	**11,498**	9,896
Interest expense and other facility charges on interest-bearing loans	**5,460**	4,259
Other borrowing costs	**2,361**	791
	19,046	14,605

5 TAX

a) Income tax expense

	Consolidated 2022 $'000	Consolidated Restated[1] 2021 $'000
Income tax expense		
Current tax	**20,926**	10,657
Deferred tax - origination and reversal of temporary differences	(2,179)	(6,745)
Income tax expense	**18,747**	3,912
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense before adjustments for prior periods	**46,145**	79,319
Tax at the statutory tax rate of 30%	**13,844**	23,795
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Share-based payments	**31**	278
Non-deductible expenses / (non-assessable income)[2]	**6,531**	(1,387)
Foreign tax rate differential	**(3,006)**	(2,363)
Net temporary difference previously unrecognised	**(557)**	(17,315)
Current year losses for which no deferred tax asset was recognised	**(22)**	-
Deferred tax asset derecognised due to change in income tax rates	**(1,805)**	194
Other[3]	**3,731**	710
Income tax expense	**18,747**	3,912

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. Refer to Note 15 for more details.
2 Non-deductible expenses primarily relates to the GBF earn out.
3 Including withholding tax on dividends from international subsidiaries.

b) Current assets and liabilities - income tax

	Consolidated 2022 $'000	Consolidated 2021 $'000
Income tax receivable / (payable) - Australian operations	**-**	299
Income tax receivable / (payable) - International operations	**372**	(4,510)
	372	(4,211)

c) Non-current assets - deferred tax

	Consolidated	
	2022 $'000	2021 $'000
Deferred tax asset comprises temporary differences attributable to:		
Inventories	**(4,444)**	(6,134)
Property, plant and equipment	**15,667**	23,179
Contract assets	**(45,133)**	(34,602)
Employee benefits	**23,100**	18,472
Other payables	**12,492**	21,673
Other	**-**	126
Unused tax losses carried forward	**33,814**	6,306
Deferred tax asset before adjustments for prior periods	**35,496**	29,020
Adjustments recognised for prior periods	**-**	4,313
Deferred tax asset	**35,496**	33,333
Unrecognised deferred tax asset		
Available fraction tax losses	**5,608**	5,608
Other non-deductible differences	**3,873**	4,406
Unrecognised deferred tax asset	**9,481**	10,014

Income tax

The effective tax rate in the current year of 40.6% (Restated 30 June 2021: 4.9%) primarily resulted from the non-deductible expense in the form of earn-out in relation to previous acquisitions, partially offset by the lower statutory tax rates of foreign operations.

Excluding this one-off non-deductible expense, the effective tax rate for the financial year ended 30 June 2022 approximates 27.5% (Restated 2021: 29.7%).

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

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

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

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

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

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

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

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The 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	
	2022 $'000	Restated[1] 2021 $'000
Profit after income tax attributable to the owners of Macmahon Holdings Limited	**27,398**	75,407
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**2,100,166,387**	2,100,056,818
Adjustments for calculation of diluted earnings per share:		
Effect of performance rights on issue	**6,515,039**	25,786,294
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,106,681,426**	2,125,843,112
	Cents	Cents
Earnings per share for profit attributable to owners of Macmahon Holdings Limited		
Basic earnings per share	**1.30**	3.59
Diluted earnings per share	**1.30**	3.55

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. Refer to Note 15 for more details.

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	
	2022 $'000	Restated[1] 2021 $'000
Profit after income tax expense for the year from continuing operations	**27,398**	75,407
Adjustments for:		
Depreciation and amortisation expense	**197,867**	154,580
Net (gain) / loss on disposal of plant and equipment	**(3,416)**	(3,068)
Share of profit of equity accounted investees, net of tax	**(240)**	(5,519)
Share based payments expense	**103**	926
Net foreign exchange loss / (gain)	**324**	620
Remeasurement of ECL allowance	**127**	(11)
Impairment of asset disposal group	**1,021**	-
Other[2]	**22,417**	2,392
Net gain on acquisition of subsidiary	**-**	(6,461)
Income tax expense	**18,747**	3,912
Income taxes paid	**(17,518)**	(10,402)
Dividends received from equity accounted investees	**-**	1,595
Net cash received from equity accounted investees	**(97)**	2,204
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	**(77,828)**	(37,095)
Decrease / (increase) in inventories	**(24,897)**	8,979
Increase / (decrease) in trade and other payables	**65,160**	46,592
Increase in employee benefits	**9,946**	7,878
Increase / (decrease) in provisions	**8,793**	(3,539)
Net cash from operating activities	**227,907**	238,990

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. Refer to Note 15 for more details.
2 Other includes GBF earn-out (FY21 TMM earn-out).

C WORKING CAPITAL

8 CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 $'000	2021 $'000
Cash on hand	**15**	19
Cash at bank	**197,943**	182,060
	197,958	182,079

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	
	2022 $'000	**2021 $'000**
Current		
Trade receivables	**49,363**	48,176
Contract assets	**201,852**	159,910
Less: Provision for ECL	**(3,403)**	(3,112)
	247,812	204,974
Other receivables	**44,011**	36,758
Prepayments	**7,183**	5,136
	299,006	246,868
Non-current		
Contract assets	**9,387**	3,070
Other receivables	**4,075**	2,278
Agency receivables	**9,500**	1,096
	22,962	6,444

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 cost and subsequently measured at amortised cost less expected credit loss allowances.

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 $8.569 million (2021: $7.408 million) relating to the costs recognised as part of the provision for contract closure. Refer to note 13; and,
- VAT receivable of $16.323 million (2021: $10.779 million) 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 $4.075 million continues to be classified as non-current as at 30 June 2022 (2021: $2.278 million).

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 of 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 $198.033 million (2021: $158.741 million) relate to the Group's right to consideration of mining services rendered but not billed as at 30 June 2022. 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 $3.819 million (2021: $1.169 million) 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 $9.387 million of capitalised mobilisation costs is classified as non-current as at 30 June 2022 (2021: $3.070 million) 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 INVENTORIES

	Consolidated 2022 $'000	2021 $'000
Inventories at lower of cost and net realisable value	**94,989**	74,516
Less: Allowance for obsolescence	**(5,040)**	(6,018)
	89,949	68,498

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

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and 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.

11 TRADE AND OTHER PAYABLES

	Consolidated	
	2022 $'000	2021 $'000
Current		
Trade payables	**111,135**	95,046
Accrued expenses	**129,682**	97,432
Other payables	**26,458**	22,537
Deferred consideration in relation to the acquisition of GBF	**5,100**	2,000
Contingent consideration	**-**	1,500
	272,375	218,515
Non-current		
Other payables	**384**	-
	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 2022 of $6.699 million (2021: $8.972 million) are included within accrued expenses.

Refer to note 16 for further details on financial instruments.

Contingent consideration
The GBF acquisition final earn-out expense of $21.945 million for the year ended 30 June 2022 consisted of a cash outflow of $17.095 million, with the remaining cash payment deferred until 1 July 2022.

Following the finalisation of Macmahon FY2022 results and the consideration of an independent report from an external accounting firm, an earn-out of $23.5 million was determined under the purchase agreement.

At 30 June 2022, $5.100 million remains to be paid in FY2023.

Refer to ASX announcement made on 25 October 2021 for further details.

12 EMPLOYEE BENEFITS

	Consolidated	
	2022 $'000	2021 $'000
Current		
Annual leave	**41,165**	33,740
Long-service leave	**8,459**	8,129
Other employee benefits	**11,439**	11,092
	61,063	52,961
Non-current		
Long-service leave	**5,714**	3,341
	5,714	3,341

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.

13 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 2021	**15,434**	**726**	**16,160**
Arising during the year	4,953	-	4,953
Reclassified from employee benefits	4,192	-	4,192
Released during the year	-	303	303
Utilised during the year	(455)	-	(455)
At 30 June 2022	**24,123**	**1,029**	**25,153**

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, 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, expected redundancy and demobilisation costs. The provision is assessed by taking into account past history of contract closures and likelihood of contract extensions.

Reclassification from employee benefits

During the current year, the employee redundancy cost was reclassified to the provision for contract closure.

D FIXED ASSETS

14 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:

	Right-of-use assets				
Consolidated	Buildings $'000	Plant & equipment $'000	Leasehold improvements $'000	Plant & equipment $'000	Total $'000
At 30 June 2020	**13,592**	**188,365**	**-**	**255,039**	**456,996**
Additions	312	101,531	65	194,163	296,071
Acquisitions through a business combination	-	16,333	-	1,904	18,237
Disposals	(709)	(5,602)	-	(19,986)	(26,297)
Depreciation expense	(1,745)	(53,170)	(3)	(98,229)	(153,147)
Transfers	-	(6,529)	-	6,529	-
Exchange differences	-	(64)	-	(9,132)	(9,196)
At 30 June 2021	**11,450**	**240,864**	**62**	**330,288**	**582,664**
At 1 July 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**
Cost	14,485	350,659	569	860,228	1,225,941
Accumulated depreciation and impairment losses	(3,035)	(109,795)	(507)	(529,940)	(643,277)
Carrying amount at 30 June 2021	**11,450**	**240,864**	**62**	**330,288**	**582,664**
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**

Security

Leasehold improvements and plant and equipment are subject to a registered charge to secure banking facilities. Refer to note 17.

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

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.

Change in estimates

The group has revised their estimates for the capitalisation and expense of certain components to property, plant and equipment. These components, including tyres, allocated to the appropriate plant and equipment on initial recognition are more appropriately depreciated based on their measure of usage of the specific component. This revised method more appropriately aligns the expense with revenue across the year.

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 2022, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 30 June 2022 was below its net assets and management considered this factor an impairment indicator at 30 June 2022.

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

The CGU's of the Group are Surface and civil, Underground and International. At 30 June 2022, 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.

15 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 2020	**8,808**	**1,100**	**13,690**	**23,598**
Opening balance adjustment on application of IFRIC decision	-	-	(13,690)	(13,690)
Restated balance as at 1 July 2020[1]	**8,808**	**1,100**	**-**	**9,908**
Additions	-	-	2,421	2,421
Acquisition through a business combination	-	12,555	-	12,555
Restated balance as at 30 June 2021[1]	**8,808**	**13,655**	**2,421**	**24,884**
Additions	-	-	353	353
At 30 June 2022	**8,808**	**13,655**	**2,774**	**25,237**
Accumulated amortisation and impairment				
At 30 June 2020	**-**	**(346)**	**(1,922)**	**(2,268)**
Opening balance adjustment on application of IFRIC decision	-	-	1,922	1,922
Restated balance as at 1 July 2020[1]	**-**	**(346)**	**-**	**(346)**
Amortisation	-	(948)	(485)	(1,433)
Restated balance as at 30 June 2021[1]	**-**	**(1,294)**	**(485)**	**(1,779)**
Amortisation	-	(7,225)	(240)	(7,465)
At 30 June 2022	**-**	**(8,519)**	**(725)**	**(9,244)**
Net book value				
Restated balance as at 30 June 2021[1]	8,808	12,361	1,936	23,105
At 30 June 2022	**8,808**	**5,136**	**2,049**	**15,993**

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. Refer below for more details.

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.

Change in accounting policy and the impact of cash flow reclassification

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

During the year, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The Group's accounting policy has historically been to capitalise costs related to the implementation, configuration and customisation of SaaS arrangements as intangible assets in the Consolidated Statement of Financial Position. Following the adoption of the above IFRIC agenda decision, current software with underlying SaaS arrangements were identified and assessed to determine if the Group has control of the software. For those arrangements where the Group does not control the software or the asset, the Group derecognised the intangible previously capitalised.

The adoption of the above agenda decision has resulted in recognition of costs capitalised on SaaS arrangements as an expense of $4.964 million in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the current year ended 30 June 2022 and $10.064 million as an opening balance adjustment in retained earnings related to 30 June 2021.

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

a) Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021	As previously reported $'000	Adjustment $'000	As restated $'000
Other expenses	(62,422)	(3,695)	(66,117)
Depreciation and amortisation expense	(155,666)	1,086	(154,580)
Income tax expense	(4,695)	783	(3,912)
Other profit or loss items	300,016	-	300,016
Profit after income tax for the year	**77,233**	**(1,826)**	**75,407**

b) Consolidated Statement of Financial Position

Balances as at 30 June 2021	As previously reported $'000	Adjustment $'000	As restated $'000
Intangible assets and goodwill	37,482	(14,377)	23,105
Deferred tax asset	29,020	4,313	33,333
Other net assets/(liabilities)	479,425	-	479,425
Net assets	**545,927**	**(10,064)**	**535,863**
Retained earnings	(2,533)	(10,064)	(12,597)
Other equity balances	548,460	-	548,460
Total equity	**545,927**	**(10,064)**	**535,863**

c) Consolidated Statement of Cash Flows

For the year ended 30 June 2021	As previously reported $'000	Adjustment $'000	As restated $'000
Payments to suppliers and employees	(1,098,258)	(3,695)	(1,101,953)
Other operating cashflows	1,340,943	-	1,340,943
Earn out in relation to previous acquisition[1]	(3,150)	3,150	-
Net cash from operating activities	**239,535**	**(545)**	**238,990**
Payments for intangible assets	(6,116)	3,695	(2,421)
Other investing cashflows	(196,263)	-	(196,263)
Earn-out in relation to previous acquisition[1]		(3,150)	(3,150)
Net cash used in investing activities	**(202,379)**	**545**	**(201,834)**

1 Earn-out for the previous earn-out in FY2021 has been moved to align with the current year presentation

E RISK

16 FINANCIAL RISK MANAGEMENT

	Consolidated 2022 $'000	Consolidated 2021 $'000
Financial assets		
Cash and cash equivalents	**197,958**	182,079
Trade and other receivables	**269,316**	221,634
	467,274	403,713
Financial liabilities		
Trade and other payables	**259,579**	205,725
Borrowings	**413,470**	312,432
	673,049	518,157

Trade and other receivables excludes prepayments of $7.183 million (2021: $5.136 million), contract closure reimbursements of $8.569 million (2021: $7.408 million), VAT receivable of $20.398 million (2021: $13.057 million), non-financial contract assets of $13.206 million (2021: $4.239 million), and other non-financial assets of $3.296 million (2021: $1.838 million).

Trade and other payables excludes GST and other taxes payable of $13.180 million (2021: $12.790 million).

With the exception of contingent consideration, which is measured at fair value through profit or loss, financial assets and liabilities are otherwise measured at amortised cost.

Financial instruments not measured at fair value

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

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), Great British Pounds (GBP), Malaysian Ringgit (MYR), South African Rand (ZAR), Singapore Dollar (SGD) and Ghanaian Cedi (GHS). 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:

	Average exchange rates		Reporting date exchange rates	
Australian Dollars	**2022**	**2021**	**2022**	**2021**
USD	**0.7257**	0.7471	**0.6882**	0.7512
IDR	**10,436**	10,745	**10,220**	10,882
MYR	**3.0687**	3.0813	**3.0278**	3.1186
GBP	**0.5454**	0.5545	**0.5675**	0.5429
SGD	**0.9866**	1.0056	**0.9592**	1.0106

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

	Financial assets		Financial liabilities	
Consolidated	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
USD	**12,292**	13,780	**(389)**	(97)
IDR[1]	**88,208**	32,861	**(42,175)**	(14,881)
GBP	**-**	4,804	**-**	-
Other	**307**	1,519	**(302)**	(16)
	100,807	52,964	**(42,866)**	(14,994)

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 2021.

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

	Weakened by 10%		Strengthened by 10%	
Consolidated - 2021	Effect on profit before tax $'000	Effect on other comprehensive income $'000	Effect on profit before tax $'000	Effect on other comprehensive income $'000
USD	(1,368)	-	1,368	-
IDR	(1,798)	-	1,798	-
GBP	(480)	-	480	-
Other	(150)	-	150	-
	(3,796)	-	3,796	-

Price risk
The Group is not exposed to any significant price risk.

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	
	2022 $'000	2021 $'000
Cash and cash equivalents	**197,958**	182,079
Interest-bearing loans	**(129,216)**	(65,053)
Net exposure to interest rate risk	**68,742**	117,026

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 2022, 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. The analysis has now assumed higher interest rates of 50 basis points instead of the historical 25 basis points, considering the recent changes in the Reserve Bank of Australia rates.

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

	25 basis point increase		25 basis point decrease	
Consolidated - 2021	**Effect on profit before taxes $'000**	**Effect on other comprehensive income $'000**	**Effect on profit before taxes $'000**	**Effect on other comprehensive income $'000**
Cash and cash equivalents	455	-	(455)	-
Interest-bearing loans	(163)	-	163	-
	292	-	(292)	-

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 only investing in liquid securities, and with counterparties that have an acceptable credit rating where possible.

Guarantees

The Group's policy is to provide financial guarantees only to or for subsidiaries.
Details of outstanding guarantees are provided in note 20.

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 2022, 39% of the Group's revenue is attributable to revenue transactions with three customers related to three projects (2021: 61% attributed to four customers related to four 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, receiving advance payments, receiving the benefit of a bank guarantee, or by entering into credit insurance for customers considered to be at risk.

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

	Consolidated	
	2022 $'000	2021 $'000
Cash and cash equivalents	**197,958**	182,079
Trade receivables	**45,960**	45,064
Contract assets	**198,033**	158,741
Other receivables	**15,823**	16,733
Agency receivables	**9,500**	1,096
Credit risk exposure	**467,274**	403,713

Trade and other receivables excludes prepayments of $7.183 million (2021: $5.136 million), contract closure reimbursements of $8.569 million (2021: $7.408 million), VAT receivable of $20.398 million (2021: $13.057 million), non-financial contract assets of $13.206 million (2021: $4.239 million), and other non-financial assets of $3.296 million (2021: $1.838 million).

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

	Consolidated	
	2022 $'000	2021 $'000
Mining customers	**272,719**	219,942
Other	**-**	4,804
	272,719	224,746
Less: Provision for expected credit losses	**(3,403)**	(3,112)
Credit risk exposure by customer	**269,316**	221,634

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

	Consolidated	
	2022 $'000	2021 $'000
Country		
Australia	**217,338**	173,013
Indonesia	**53,764**	48,430
Other	**1,617**	3,303
	272,719	224,746

Expected credit loss allowance

Consolidated	2022 Gross carrying amount $'000	2022 Loss allowance $'000	2021 Gross carrying amount $'000	2021 Loss allowance $'000
Current (not past due)	230,270	(416)	181,322	(294)
Past due 0 - 30 days	11,243	(33)	16,484	(74)
Past due 31-60 days	1,378	(6)	1,059	(1)
Over 90 days overdue	4,505	(2,948)	8,052	(2,743)
	247,396	(3,403)	206,917	(3,112)

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 and contract assets as at 30 June 2022:

Credit rating	Credit impaired	Loss rate	Gross carrying amount $'000	Loss allowance $'000
A- to AAA	No	0.000 %	**15,394**	**-**
BBB- to BBB+	No	0.012 %	**56,262**	**(7)**
BB- to BB+	No	0.025 %	**19,617**	**(5)**
B+ to B-	No	0.294 %	**153,182**	**(451)**
C to CCC	Yes	N/A	**-**	**-**
D	Yes	100.000 %	**2,940**	**(2,940)**
			247,395	**(3,403)**

The movement in the provision for ECLs is as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Opening balance	**3,112**	5,582
Net remeasurement of provision for ECL	**127**	(11)
Additional provision assumed as part of acquisition	**-**	2,523
Receivables expensed as uncollectible during the year	**-**	(4,982)
Exchange differences	**164**	-
	3,403	3,112

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 obligatons 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 2022 the group extended and increased the syndicated finance facility to 30 September 2026. Refer to note 22 for further details.

Information about changes in term facilities during the year is disclosed in note 17.

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.

Consolidated – 2022	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
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)**

Consolidated – 2021	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
Trade payables	(95,046)	-	-	-	(95,046)
Accrued expenses	(97,432)	-	-	-	(97,432)
Other payables	(22,537)	-	-	-	(22,537)
Borrowings	(122,910)	(73,193)	(136,193)	(5,236)	(337,532)
Total non-derivatives	**(337,925)**	**(73,193)**	**(136,193)**	**(5,236)**	**(552,547)**

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

F DEBT AND EQUITY

17 BORROWINGS

	Currency	Interest rate (%)	Maturity	Consolidated 2022 $'000	2021 $'000
Current borrowings					
Lease liabilities	AUD, USD, MYR, IDR	2.86 - 8.08%	2022 - 2029	**81,309**	79,910
Interest-bearing loans	AUD, USD	2.99 - 5.19%	2022 - 2027	**30,990**	28,276
				112,299	108,186
Non-current borrowings					
Lease liabilities	AUD, USD, MYR, IDR	2.86 - 8.08%	2023 - 2029	**157,852**	134,587
Interest-bearing loans	AUD, USD	2.99 - 5.19%	2023 - 2027	**143,319**	69,659
				301,171	204,246

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

	Interest-bearing loans		Lease liabilities	
Consolidated	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
At 1 July	**97,935**	18,502	**214,496**	184,248
New borrowings	**112,065**	94,960	**99,377**	76,961
Assumed as part of a business combination	**-**	-	**285**	11,225
Interest expensed	**5,460**	2,913	**11,498**	9,896
Interest paid	**(4,235)**	(4,186)	**(12,783)**	(9,921)
Principal repayments	**(29,413)**	(13,181)	**(82,080)**	(57,091)
Lease liabilities returned	**-**	-	**(996)**	(712)
Transfers	**(8,474)**	-	**8,497**	-
Exchange differences	**971**	(1,073)	**867**	(109)
At 30 June	**174,309**	97,935	**239,161**	214,497

Refer to note 16 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.

On 24 August 2021, the Group executed a new syndicated asset finance facility. The total amount available under this asset finance facility is $145.000 million and it enables the Group to support its capital requirements for the current financial year. As at 30 June 2022, $119.002 million was utilised.

Interest Bearing Loans
For the existing syndicated multi-option debt facility which has total amount available of $158.000 million, the Group has drawn a total of $118.000 million as cash and $8.546 million as bank guarantees as at 30 June 2022. (As at 30 June 2021: $60.000 million drawn as cash and $4.401 million drawn as bank guarantees).

On 28 July 2022 this facility was extended 3 years to 30 September 2026. Refer to note 22.

The Group has a number of loans secured against specific equipment with an amount owing of of $45.074 million as at 30 June 2022 (30 June 2021: $37.935 million).

In addition, the Group secured a new USD denominated $8.157 million (AUD $11.547 million) term facility for its Indonesian operations. This was fully drawn at 30 June 2022 and repayable by April 2025.

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.

18 EQUITY – ISSUED CAPITAL

	Consolidated			
	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares - fully paid	**2,154,985,818**	2,154,985,818	**563,118**	563,118
Less: Treasury shares	**(54,839,003)**	(54,839,003)	**(12,910)**	(12,910)
Ordinary shares	**2,100,146,815**	2,100,146,815	**550,208**	550,208

	Number of Ordinary Shares	
	2022	2021
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 2022, the Group was in a net debt position.

The gearing ratio at 30 June is as below:

	Consolidated	
	2022 $'000	2021 $'000
Borrowings	**413,470**	312,432
Less: Cash and cash equivalents	**(197,958)**	(182,079)
Net debt	**215,512**	130,353
Equity	**559,500**	535,863
Gearing ratio	**27.81%**	19.57%

19 EQUITY – RESERVES

	Consolidated 2022 $'000	Consolidated 2021 $'000
Reserve for own shares (net of tax)	**(12,910)**	(12,910)
Foreign currency reserve (net of tax)	**4,090**	(5,650)
Share based payments	**2,919**	3,902
	(5,901)	(14,658)

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, 1,707,183 shares were purchased by the Company (2021: 776,857 shares) for the non-executive directors' salary sacrifice plan. At 30 June 2022, there were 54,839,003 unallocated shares held in trust (2021: 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 27.

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

Consolidated	Reserve for own shares $'000	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 30 June 2020	**(16,159)**	**10,898**	**5,406**	**145**
Share buy-back	(183)	-	-	(183)
Foreign currency translation	-	(16,548)	-	(16,548)
Treasury shares allocated on vesting of performance rights	3,432	-	(911)	2,521
Share based payments expense (note 27)	-	-	926	926
Transfer of expired performance rights to retained earnings	-	-	(1,519)	(1,519)
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 27)	-	-	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)**

Dividends

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

	2022 $'000	2021 $'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2021: 0.35 cents per share (2020: 0.35 cents per share)	**7,351**	7,351
Interim dividend for 2022: 0.30 cents per share (2021: 0.30 cents per share)	**6,300**	6,300
	13,651	13,651
Subsequent to year end - Proposed dividends on ordinary shares:		
Final cash dividend for 2022: 0.35 cents per share (2021: 0.35 cents per share)	**7,351**	7,351
	7,351	7,351
Dividend franking account at 30 June		
Amount of franking credits available to shareholders of the Company for future years	**105**	1,012

The estimated franking account balance after the payment of the final cash dividend for FY22 will be $0.105 million.

G UNRECOGNISED ITEMS

20 CONTINGENT LIABILITIES

The following contingent liabilities existed at 30 June 2022:

	Consolidated	
	2022 $'000	**2021 $'000**
Bank guarantees (syndicated multi-option debt facility and cash backed)	**9,470**	5,325
Insurance performance bonds	**15,896**	16,650
	25,366	21,975

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

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 is currently managing a number of claims, disputes and litigation processes in relation to its contracts, as well as in relation to personal injury and property damage arising from project delivery.

There were no contingent assets as at 30 June 2022 or 30 June 2021.

21 COMMITMENTS

At 30 June 2022, the Group has contracted capital expenditure commitments, but not provided for in the financial statements, of $13.217 million (2021: $32.034 million).

22 EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2022, the Directors declared a final dividend of 0.35 cents per share.

On 28 July 2022, the Group executed a new Syndicated Finance Facility with the current financiers, refinancing the existing $170 million facility into a new $200 million facility.

The refinancing has extended the maturity date by 3 years to 30 September 2026.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

H OTHER INFORMATION/GROUP STRUCTURE

23 INTERESTS IN SUBSIDIARIES

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

Incorporated subsidiaries	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
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 3 Pty Ltd*	Australia	**0%**	100%
GBF Number 4 Pty Ltd*	Australia	**0%**	100%
GBF Number 5 Pty Ltd*	Australia	**0%**	100%
GBF Number 6 Pty Ltd	Australia	**100%**	100%
Ramex Services Pty Ltd	Australia	**100%**	100%
GBF Project Services S.R.O	Slovakia	**100%**	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 2022.

24 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:

		Ownership Interest	
Incorporated joint venture	Country of incorporation	2022 %	2021 %
PT Macmahon Labour Services	Indonesia	**49%**	49%

	Consolidated	
	2022 $'000	2021 $'000
At 1 July	**285**	10,482
Share of profit of equity-accounted investees, net of tax	**240**	5,519
Dividends declared and paid	**-**	(1,595)
Dividends declared and unpaid	**-**	(5,799)
Fair value uplift on investment in joint venture	**-**	2,140
Fair value of 50% ownership previously held	**-**	(9,361)
Exchange differences	**(49)**	(1,101)
At 30 June	**476**	285

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.

For the comparative prior-year ended 30 June 2021, the Group had recognised PT Macmahon Mining Services (PT MMS) as an incorporated joint venture for the majority of that financial year until it was fully acquired as a subsidiary in June 2021. Before it became a wholly owned subsidiary of the Group, PT MMS contributed $5.345 million profit net of tax to the Group for the year ended 30 June 2021.

25 RELATED PARTY TRANSACTIONS

Parent entity

Macmahon Holdings Limited is the ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Joint ventures

Interests in joint venture arrangements are set out in note 24.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report.

Transaction with related parties - Joint venture

The following transactions occurred with related parties:

	Consolidated	
	2022 $'000	2021 $'000
Transactions recognised in profit or loss		
Costs incurred by the Group on behalf of and recharged to the joint venture	66	1,173
Costs incurred by the joint venture on behalf of and recharged to the Group	(163)	(220)
Management fee charged to joint venture	-	1,061
Receivable from / (payable to) joint venture		
Receivable from / (payable to) joint venture	1	11

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	
	2022 $'000	2021 $'000
Transaction recognised in profit or loss		
Revenue recognised from shareholder	270,404	315,320
Non-cash materials and consumables utilised from shareholder	-	(96,199)
Receivables / (payables) from significant shareholders		
Trade receivables and contract assets	37,124	44,081

Terms and conditions

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

26 COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	Consolidated	
	2022 $'000	2021 $'000
Short-term employee benefits	**4,872,034**	3,660,932
Long-term employee benefits	**206,128**	178,362
Post-employment benefits	**214,098**	203,947
Termination benefits	**-**	128,750
Share-based payments	**87,627**	339,643
	5,379,887	4,511,634

27 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).

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 2022	2,367,887	3,466,917	5,249,563
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 2019			
	Tranche 1	Tranche 2	Tranche 3[1]	Tranche 3[1]
Performance rights effective on	01/07/2018	01/07/2018	01/07/2018	01/07/2018
Grant date	01/07/2018	01/07/2018	01/07/2018	01/07/2018
Vesting date	01/07/2020	01/07/2021	01/07/2022	01/07/2023
Service period	2 years	3 years	4 years	5 years
Tranche and number of performance rights	16,162,394	16,162,394	16,162,394	16,162,392
Remaining number of rights at 30 June 2022	-	-	4,848,718	4,848,718
Fair value on grant date	$0.0940	$0.0900	$0.0900	$0.0900
Vesting performance condition				
Less than 17% CAGR in TSR	0%	0%	0%	0%
17% CAGR in TSR	50%	50%	50%	50%
25% or more CAGR in TSR	100%	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%	Pro-rata between 50% and 100%

1 50% of shares that vest as a result of Tranche 3 2019 LTIP performance rights is subject to a further retention period of 1 year.

	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 2022	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%

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

	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 2022	4,950,704
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	8,135,371
Remaining number of rights at 30 June 2022	4,950,709
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 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 of Group Revenue	14%
Business Mix – 30% or more Underground of Group Revenue	14%
During FY24	
Business Mix – 15% or more Mining Support of Group Revenue	14%
Business Mix – 33% or more Underground of Group Revenue	14%

[2] TRIFR – Total Recordable Injury Frequency Rate

The following inputs were used in the measurement of the fair values at grant date of the 2022 LTIP performance rights:

	LTIP Performance Rights 2022	
	Tranche 1	Tranche 2
Fair value at grant date	$0.0993	$0.1769
Share price at grant date	$0.1950	$0.1950
Exercise price	Nil	Nil
Expected volatility (weighted average volatility)	45.00%	45.00%
Option life (expected weighted average life)	2.75 years	2.75 years
Dividend yield	3.25%	3.25%
Risk-free interest rate (based on government bonds)	0.25%	0.25%
Valuation model	Monte-Carlo Simulation	Trinomial Valuation

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

Non-Executive Director (NED) Salary Sacrifice Plan

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 Non-Executive Director, 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 2021		NED Share Rights 2022	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Share rights effective on	01/07/2020	01/07/2020	**01/07/2021**	**01/07/2021**
Grant date	24/06/2020	24/06/2020	**16/06/2021**	**16/06/2021**
Vesting date	21/02/2021	25/08/2021	**22/02/2022**	**16/08/2022**
Service period	8 months	14 months	**8 months**	**14 months**
Tranche and number of share rights	647,563	647,560	**1,059,623**	**1,059,620**
Remaining number of share rights at 30 June 2022	-	-	**-**	**1,059,620**
Share price at grant date	$0.245	$0.245	**$0.185**	**$0.185**
Discount for lack of marketability	30%	30%	**30%**	**30%**
Implied fair value of restricted shares	$0.172	$0.172	**$0.130**	**$0.130**
Exercise price	$0.261	$0.261	**$0.186**	**$0.186**
Risk-free interest rate	0.25%	0.25%	**0.50%**	**0.50%**
Volatility factor	45%	45%	**45%**	**45%**
Dividend yield	1.45%	2.90%	**1.63%**	**3.25%**
Implied discount to share price at grant date	98%	96%	**97%**	**95%**
Fair value at grant date	$0.005	$0.010	**$0.005**	**$0.009**

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	
	2022 Number	2021 Number	2022 Number	2021 Number
Balance at start of year	**57,415,717**	89,063,957	**647,560**	707,856
Granted during the year	**16,270,740**	13,778,822	**2,119,243**	1,295,123
Vested during the year	**-**	(4,948,330)	**(1,707,183)**	(1,355,419)
Forfeited during the year	**(40,535,821)**	(40,478,732)	**-**	-
Balance at end of year	**33,150,636**	57,415,717	**1,059,620**	647,560

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

	Consolidated	
	2022 $'000	2021 $'000
LTIP performance rights	**(1)**	434
EEP performance rights	**90**	483
NED share rights	**14**	9
	103	926

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.

28 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	
	2022 $	**2021 $**
Group auditors		
Audit and review services - KPMG		
Audit or review of the financial statements - Australia	**438,000**	365,000
Audit or review of the financial statements - Network firms	**22,401**	38,679
	460,401	403,679
Other services - KPMG		
Taxation services - Australia	**52,750**	54,061
Taxation services - Network firms	**14,253**	16,772
Other assurance services - Australia	**25,200**	15,168
Other advisory services - Australia	**9,628**	80,910
	101,831	166,911
	562,232	570,590
Subsidiary auditors		
Audit and review services		
Audit of the financial statements - PwC Indonesia	**119,779**	119,774
	682,011	690,364

29 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	
	2022 $'000	Restated[1] 2021 $'000
Revenue	**1,326,456**	1,000,838
Other income	**50,707**	17,735
Materials and consumables used	**(278,275)**	(236,818)
Employee benefits expense	**(649,770)**	(485,468)
Subcontractor costs	**(59,372)**	(40,840)
Depreciation and amortisation expense	**(127,451)**	(105,758)
Equipment and other operating lease expenses	**(96,033)**	(39,542)
Net finance costs	**(17,956)**	(13,593)
Other expenses	**(102,083)**	(54,690)
Profit before income tax expense	**46,223**	41,864
Income tax expense	**(8,143)**	(5,291)
Profit after income tax expense	**38,080**	36,573

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. Refer to Note 15 for more details.

Statement of Financial Position

	Consolidated	
	2022 $'000	Restated[1] 2021 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**115,816**	133,272
Trade and other receivables	**224,389**	178,775
Inventories	**88,778**	64,366
Income tax receivable	**-**	192
Assets classified as held of sale	**-**	207
Total current assets	**428,983**	376,812
Non-current assets		
Trade and other receivables	**37,628**	23,304
Other financial assets	**17,770**	27,813
Property, plant and equipment	**620,268**	483,662
Intangible assets and goodwill	**10,857**	11,120
Deferred tax asset	**4,201**	15,580
Total non-current assets	**690,724**	561,479
Total assets	**1,119,707**	938,291
LIABILITIES		
Current liabilities		
Trade and other payables	**230,187**	186,807
Borrowings	**100,864**	91,099
Employee benefits	**59,096**	46,446
Provisions	**18,096**	14,524
Total current liabilities	**408,243**	338,876
Non-current liabilities		
Trade and other payables	**384**	-
Borrowings	**286,553**	199,746
Employee benefits	**2,009**	1,730
Total non-current liabilities	**288,946**	201,476
Total liabilities	**697,189**	540,352
NET ASSETS	**422,518**	397,939
EQUITY		
Issued capital	**563,118**	563,118
Reserves	**(9,991)**	(9,008)
Net accumulated losses	**(130,609)**	(156,171)
TOTAL EQUITY	**422,518**	397,939

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. Refer to Note 15 for more details.

30 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

	2022 $'000	2021 $'000
Profit after income taxes of the Parent	**5,968**	30,679
Total comprehensive income of the Parent	**5,968**	30,679

Statement of financial position

	2022 $'000	2021 $'000
Current assets	**203,107**	143,504
Total assets	**417,189**	358,191
Current liabilities	**(49,829)**	(42,052)
Total liabilities	**(155,758)**	(89,227)
Equity		
Issued capital	**563,118**	563,118
Share-based payments reserve	**2,919**	3,902
Reserve for own shares	**(12,910)**	(12,910)
Accumulated losses	**(310,031)**	(310,031)
Retained profits	**18,335**	24,885
Total equity	**261,431**	268,964

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 29.

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

31 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. Accrodingly the assets and liabilities of Ramex Services Pty Ltd have been presented as a disposal group.

Measurement

The disposal group has been remeasured to the lower of fair value less costs to sell and the carrying amount of the underlying assets. This has resulted in an impairment loss of $1.021 million recognised in "Impairment of asset disposal group" in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the disposal group.

Disposal group held for sale

At 30 June 2022, the disposal group was stated at fair value less costs to sell and comprised of the following assets and liabilities.

	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
Liabilities related to assets held for sale	**619**

32 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 2021. 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 2022 or early adopted

A number of new standards, amendments of standards and interpretations are effective for annual periods beginning from 1 July 2022 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 deductable temporary differences and tax losses carried forward can be utilised
- Note 14 - impairment of non-financial assets

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 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Macmahon Holdings Limited as of 30 June 2022 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.

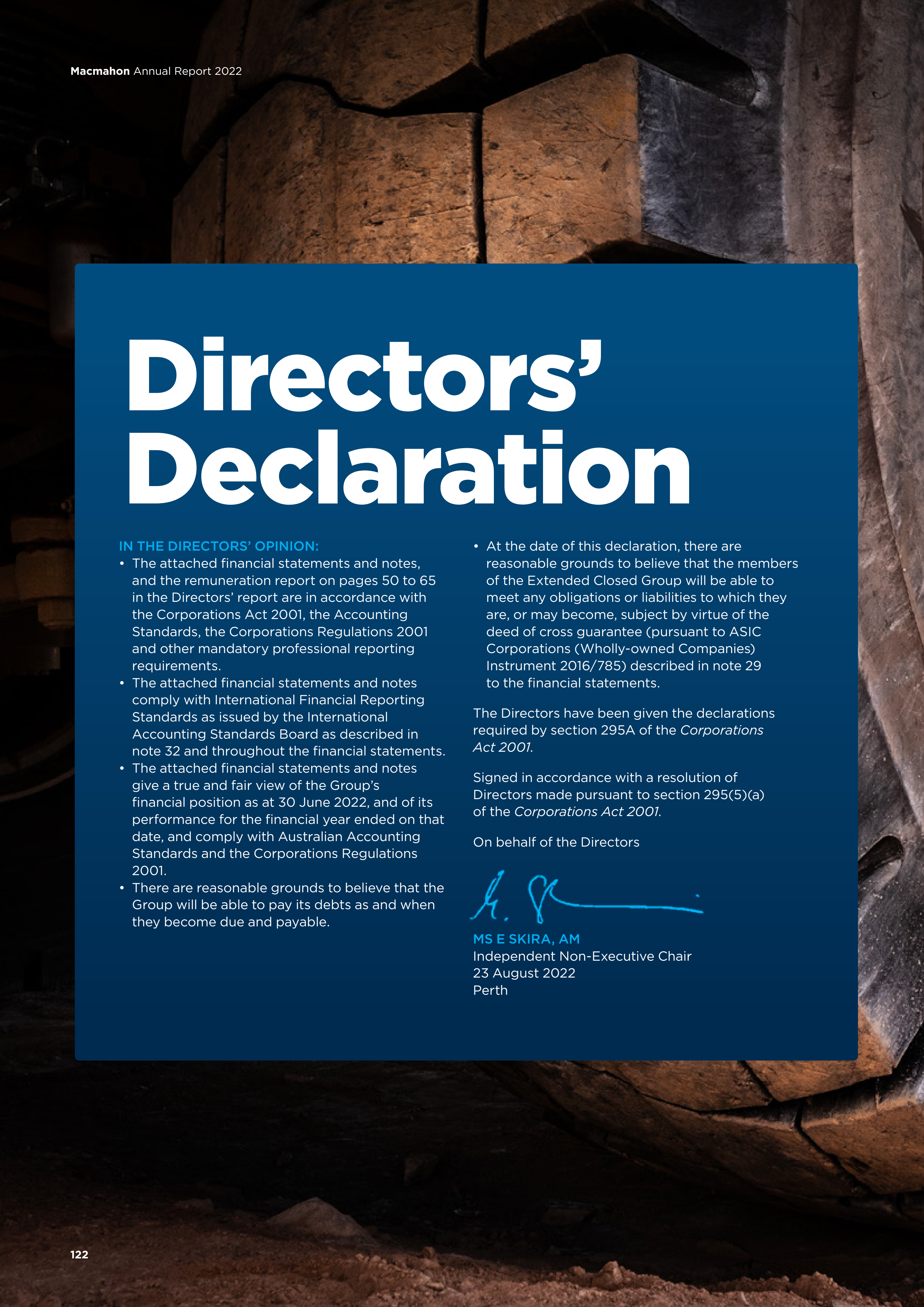
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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.



Directors' Declaration

IN THE DIRECTORS' OPINION:

- The attached financial statements and notes, and the remuneration report on pages 50 to 65 in the Directors' report are in accordance with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 32 and throughout the financial statements.
- The attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022, 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 29 to the financial statements.

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

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

On behalf of the Directors

MS E SKIRA, AM
Independent Non-Executive Chair
23 August 2022
Perth

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 2022 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 2022;
- 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.

Revenue recognition ($1,698.1 million)	
Refer to Note 2 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
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. 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.	Our procedures included: • 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 Group's project manager and 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.

KPMG

Valuation of property, plant and equipment ($672.6 million) and goodwill ($8.8 million)	
Refer to Note 14 and 15 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the testing for impairment of the Group's cash generating units (CGUs), Surface and Civil and Underground and International. Property plant and equipment and goodwill associated with these CGUs amounts to $688.6 million, representing 51.4% 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. In performing an assessment of the valuation of the property, plant and equipment and goodwill management developed a value in use model which contains significant and judgmental assumptions including: • Forecast revenues; • Forecast project margins; • Forecast capital expenditure requirements; • Growth rates; and • Discount rates.	Our procedures included: • Working with our valuation specialists, we considered the appropriateness of the value in use models applied by the Group to perform the impairment against the requirements of the accounting standards; • We assessed the integrity of the value in use 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 models; • We challenged the Group's forecast cashflows, growth rate assumptions 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 value in use model to Board approved budgets; • We considered the sensitivity of the models by varying key assumptions, such as uncontracted revenues, forecast growth rates, 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 considering comparable 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.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Macmahon Holdings Limited for the year ended 30 June 2022, 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 52 to 65 of the Directors' report for the year ended 30 June 2022.

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

KPMG.

KPMG

R Gambitta
Partner

Perth

23 August 2022

SUMMARY OF CONSOLIDATED REPORTS

Profit and loss ($'m)	2022	Restated[1] 2021	2020	2019	2018
Revenue from continuing operations	**1,698.0**	1,351.5	1,380.4	1,103.0	710.3
Underlying EBITDA	**291.4**	249.9	238.7	181.4	119.2
Depreciation and amortisation (excluding customer contracts)	**(190.6)**	(153.6)	(147.1)	(106.2)	(77.7)
Underlying EBIT	**100.8**	96.2	91.6	75.1	41.5
Other exclusions from underlying items[2]	**(35.6)**	(2.3)	(4.3)	(10.6)	(0.3)
Reported EBIT	**65.1**	93.9	87.3	64.5	41.2
Net interest	**(19.0)**	(14.6)	(14.8)	(10.7)	(2.4)
Profit / (loss) before income taxes	**46.1**	79.3	72.5	53.8	38.8
Income tax expense	**(18.7)**	(3.9)	(7.5)	(7.7)	(7.5)
Profit/(loss) after taxes from continuing operations	**27.4**	75.4	64.9	46.1	31.3
Minority interests	**-**	-	-	-	-
Profit / (loss) after taxes attributed to Macmahon	**27.4**	75.4	64.9	46.1	31.3
Other exclusions from underlying items (net of tax)[2]	**35.6**	(15.5)	4.3	10.6	0.3
Underlying net profit / (loss) after taxes attributed to Macmahon	**63.0**	59.9	69.2	56.7	31.6
Balance sheet ($'m)					
Plant and equipment	**672.6**	582.7	457.0	399.6	380.1
Total assets	**1,338.3**	1,143.5	923.0	824.9	723.3
Net assets	**559.5**	535.9	497.8	447.6	409.8
Equity attributable to the Group	**559.5**	535.9	497.8	447.6	409.8
Net debt / (net cash)	**215.5**	130.4	60.9	52.7	(3.4)
Cash flow ($'m)					
Underlying EBITDA	**291.4**	249.9	238.7	181.4	119.2
Net interest paid	**(19.1)**	(15.9)	(14.8)	(10.7)	(2.4)
Income tax (paid) / refund	**(17.5)**	(10.4)	(8.5)	(15.2)	6.3
Decrease / (increase) in working capital, provisions and other non-cash items	**(26.9)**	(15.4)	(21.7)	(63.0)	(17.3)
Net operating cash flows, including joint venture	**227.9**	239	193.7	92.5	105.8
Investing and financing cash flows (net)	**(216.0)**	(195.9)	(165.7)	(89.8)	(59.1)
Effect of exchange rates on cash	**4.0**	(2.8)	0.6	0.9	-
Cash at beginning of financial year	**182.1**	141.8	113.2	109.6	62.9
Closing cash and cash equivalents	**198.0**	182.1	141.8	113.2	109.6

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. Refer to Note 15 for more details.

2 Other exclusions from underlying items consist of:
- 2022 consists of earn-out in relation to previous acquisition, acquisition costs, share-based payment expenses, SaaS customisation 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 SaaS customisation costs, recognition of the deferred tax asset 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.
- 2018 consists of share-based payments expense.

Due to rounding, numbers presented may not add.

	2022	Restated[1] 2021	2020	2019	2018
People and safety					
Number of employees	**7,848**	6,082	5,229	4,072	3,913
LTIFR	**0.2**	0.1	0.1	0.4	0.5
TRIFR	**4.8**	6.4	3.8	4.0	6.3
Order book					
Work in hand ($bn)	**5.0**	5.0	4.5	4.5	5.4
New contracts and extension ($b)	**1.7**	2.3	1.4	0.2	1.2
Revenue growth (%)	**25.6**	(2.1)	25.1	55.3	97.5
Reported NPAT / Revenue (%)	**1.6**	5.6	4.7	4.2	4.4
Underlying NPAT / Revenue (%)[3]	**3.7**	4.4	5.0	5.1	4.4
EBIT interest cover (x)	**3.4**	6.4	5.9	6.0	17.0
Reported basic EPS from continuing operations (cents)	**1.30**	3.59	3.10	2.19	1.53
Underlying basic EPS from continuing operations (cents)	**3.00**	2.85	3.30	2.69	1.55
Balance sheet ratios					
Gearing ratio	**27.8**	19.6	10.9	10.5	(0.8)
Reported return on average capital employed (ROACE) (%)	**9.0**	15.3	16.4	14.2	15.3
Underlying ROACE (%)[3]	**13.9**	15.6	17.2	16.5	15.4
Reported return on equity (ROE) (%)	**5.0**	14.6	13.7	10.8	10.5
Underlying ROE (%)[3]	**11.5**	11.6	14.6	13.2	10.6
Reported return on assets (ROA) (%)	**2.2**	7.3	7.4	6.0	6.1
Underlying ROA (%)[3]	**5.1**	5.8	7.9	7.3	6.2
Net tangible assets (NTA) per share ($)	**0.25**	0.24	0.22	0.20	0.19
Cash flow ratios ($'m)					
Net operating cash flow per share (cents)	**10.6**	11.1	9.0	4.3	4.9
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)	**13.5**	19.0	25.5	18.5	21.5
Dividends declared (cents)[4]	**0.65**	0.65	0.60	0.50	-
Percentage franked (%)	**-**	20.0	30.0	30.0	-
Market capitalisation ($'m)	**290.9**	409.4	549.5	398.7	463.3
Enterprise value (EV)	**506.4**	539.8	610.4	451.4	459.9
Price / NTA ($)	**0.5**	0.8	1.2	0.9	1.1

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. Refer to Note 15 for more details.
3 Underlying items are adjusted for other exclusions as per footnote 2 on page 130.
4 Subsequent to 30 June 2022, the Board approved the payment of a final dividend of 0.35 cents per share. For the year ended 30 June 2022, 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

As at 19 August 2022

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

SHAREHOLDING SUMMARY

The following details of Shareholders of Macmahon Holdings Limited have been taken from the share register on 19 August 2022.

a) The twenty largest Shareholders held 84.68% of the ordinary shares.

b) There were 6,918 ordinary Shareholders as follows:

1–1,000	640
1,001–5,000	1,995
5,001–10,000	1,020
10,001–100,000	2,642
100,001 and over	621
Total	**6,918**

SUBSTANTIAL SHAREHOLDERS

As at 19 August 2022, the register of substantial shareholders disclosed the following information:

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	151,647,000

VOTING RIGHTS

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

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

FEEDBACK

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

Email

investors@macmahon.com.au

Mail

Investor Relations
PO Box 198
Cannington WA 6987

Visit

www.macmahon.com.au
www.facebook.com/macmahonmining
www.linkedin.com/company/macmahon

CALENDAR OF EVENTS

Annual General Meeting – October 2022
Release of FY23 Half-Year Results – February 2023
Release of FY23 Full-Year Results – August 2023

Twenty largest Shareholders as at 19 August 2022

Rank	Name	Units	Percent
1	Amman Mineral Contractors (Singapore) Pte Ltd	954,064,924	44.27
2	J P Morgan Nominees Australia Pty Limited	225,493,783	10.46
3	Citicorp Nominees Pty Limited	184,177,346	8.55
4	National Nominees Limited	114,833,001	5.33
5	HSBC Custody Nominees <Australia> Limited	98,108,360	4.55
6	CS Third Nominees Pty Limited	55,923,369	2.60
7	CPU Share Plans Pty Ltd	54,839,003	2.54
8	HSBC Custody Nominees (Australia) Limited	28,748,175	1.33
9	BnP Paribas Noms (Nz) Ltd	16,011,133	0.74
10	Merrysoul Pty Ltd	12,428,075	0.58
11	Rolen Pty Ltd	12,428,075	0.58
12	Moranbah Nominees Pty Ltd	11,400,494	0.53
13	BnP Paribas Nominees Pty Ltd	10,448,008	0.48
14	BnP Paribas Noms Pty Ltd	9,171,647	0.43
15	Mr Amarjit Singh + Mrs Jaswant Kaur	7,600,000	0.35
16	Neweconomy Com Au Nominees Pty Limited	6,962,730	0.32
17	HSBC Custody Nominees (Australia) Limited	6,303,890	0.29
18	Mr Paulus Gerardus Brouwer + Mr Remy Paulus Brouwer	5,600,000	0.26
19	Jamplat Pty Ltd	5,250,000	0.24
20	Maitri Pty Ltd	5,029,750	0.23
	Totals: Top 20 Holders of Ordinary Shares (Total)	**1,824,821,763**	**84.68**
	Total Remaining Holders Balance	**330,164,055**	**15.32**


DELTA
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ATTACHMENT POINT FOR FALL-ARREST

CORPORATE DIRECTORY AND GLOSSARY

DIRECTORS

E Skira, AM (Non-Executive Chair)
M Finnegan (Managing Director and Chief Executive Officer)
D McComish (Non-Executive Director)
B Munro (Non-Executive Director)
A Ramlie (Non-Executive Director)
A Sidarto (Non-Executive Director)
H Tyrwhitt (Non-Executive Director)

COMPANY SECRETARY

S Raven

PRINCIPAL REGISTERED OFFICE

15 Hudswell Road, Perth Airport
Western Australia 6105

Phone: +61 (08) 9232 1000
Fax: +61 (08) 9232 1001

LOCATION OF SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

SECURITIES EXCHANGE

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

AUDITOR

KPMG
235 St Georges Terrace
Perth, Western Australia 6000

OTHER INFORMATION

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

GLOSSARY

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

Macmahon Holdings Limited
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