

**Macmahon Holdings Limited
and its Controlled Entities**

INTERIM FINANCIAL REPORT

31 December 2022



CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

For the half year ended 31 December 2022

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DIRECTOR'S REPORT

For the half year ended 31 December 2022

The Directors present their report, together with the condensed consolidated interim financial statements, of Macmahon Holdings Limited and its controlled entities (the Group or Macmahon) for the half year ended 31 December 2022 including the independent review report thereon ("The Interim Financial Report").

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

E Skira	(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)

PRINCIPAL ACTIVITIES

Macmahon is an ASX listed company, providing 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, equipment maintenance and refurbishment services.

OPERATIONAL OVERVIEW

Macmahon 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.

Surface Mining

Macmahon's surface mining division offers a broad range of services including mine planning, drill and blast, bulk and selective mining, crushing and screening, water management as well as equipment operation and maintenance. During the period, Macmahon provided surface mining 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.
- **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.
- **Warrawoona Gold Mine** – Macmahon commenced an open cut mining services contract in March 2022 with Calidus Resources at the Warrawoona Gold Project 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 Agnicourt Resources to provide mining services at the Martabe Gold Mine in the North Sumatra province of Indonesia.
- **King of the Hills Gold Mine** – 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 in January 2022.
- **Greenbushes Lithium Mine** – commencing in early FY24, Macmahon has been contracted by Talison Lithium to provide mining services at the Greenbushes Lithium mine in Western Australia.

DIRECTOR'S REPORT

For the half year ended 31 December 2022

- **Langkawi Quarry** – Macmahon is currently fulfilling a mining services quarry contract for YTL Cement in Langkawi Island in Malaysia.

Underground Mining

Macmahon's underground mining division offers underground development and production services, a broad range of ground support services, as well as services to facilitate ventilation and access to underground mines including shaft sinking, raise drilling and shaft lining. During the period, Macmahon provided underground 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** – Macmahon commenced a contract with Red 5 in January 2022, 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 Mine** – Macmahon is fulfilling a contract to provide underground mining services to Silverlake Resources at the Deflector Gold Project in Western Australia.
- **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.
- **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 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.

Key project activity

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

- **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 and rehabilitation services 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 2021.
- **Hu'u** – Macmahon is constructing an 11km access road at the Hu'u copper/gold exploration project on Sumbawa Island in Indonesia.

DIRECTOR'S REPORT

For the half year ended 31 December 2022

- **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.

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 Lyncullin 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.

DIRECTOR'S REPORT

For the half year ended 31 December 2022

FINANCIAL OVERVIEW

Profit or Loss

	For the half year ended 31 December 2022 \$'000	For the half year ended 31 December 2021 \$'000
Revenue		
Australia	747,751	643,552
Indonesia	238,148	164,641
Other International	1,309	1,554
Group Revenue	987,208	809,747
EBITDA (underlying)	149,304	138,738
EBIT(A) (underlying)	53,697	46,908
NPAT (underlying)	29,769	31,688
EBITDA (reported)	146,229	113,944
EBIT (reported)	47,198	18,501
NPAT (reported)	23,270	3,282

Except for revenue and NPAT (reported), the measures above are not defined by IFRS and are unaudited. Refer to Note 5 to the condensed consolidated interim financial statements for reconciliation of underlying results.

Revenue for the Group increased by 21.9% to \$987.2 million (31 December 2021: \$809.7 million).

This increase is primarily attributed to new work (Warrawoona, King of the Hills) and, the organic growth with the ramp up and expansion of existing contracts (Boston Shaker, Deflector and Gwalia), increase in zero margin pass through costs at Batu Hijau and cost escalation recoveries across other projects.

Underlying earnings (before interest, tax, customer contracts amortisation and other adjusting items (EBIT(A)) increased by 14.5% to \$53.7 million (31 December 2021: \$46.9 million). Similarly, underlying earnings before interest, tax, depreciation and amortisation and other one-off items (EBITDA) increased by 7.6% to \$149.3 million (31 December 2021: \$138.7 million).

Reported net profit after taxes for the half year ended 31 December 2022 increased by 609.0% to \$23.3 million (31 December 2021: \$3.3 million). The prior period NPAT included the final GBF acquisition earn-out expense of \$21.9 million. Current year NPAT was impacted by \$3.8 million negative foreign exchange movements in the Indonesian Rupiah.

Balance Sheet and Cash Flows

Net assets increased by \$17.8 million to \$577.3 million as at 31 December 2022 (30 June 2022: \$559.5 million).

The Group's net tangible assets (NTA) increased by 3.9% across the half year from \$543.5 million (30 June 2022) to \$564.8 million at 31 December 2022. As a result, NTA per share increased from 25.2 cents per share to 26.2 cents per share.

Working Capital

Investment in net working capital increased during the half year by \$43.0 million primarily due to ramp up and expansion projects. At 31 December 2022, current trade and other receivables increased by \$34.8 million to \$333.8 million (30 June 2022: \$299.0 million) whilst current trade and other payables decreased \$8.4 million to \$264.0 million (30 June 2022: \$272.4 million).

Inventories of \$89.7 million at 31 December 2022 remained consistent with (30 June 2022: \$89.9 million).

Capital Expenditure

Capital expenditure (excluding intangible assets) for the half year was \$100.7 million (31 December 2021: \$152.7 million), comprising of \$40.9 million acquired through finance (31 December 2021: \$67.1 million) and \$59.8 million funded in cash (31 December 2021: \$85.6 million).

DIRECTOR'S REPORT

For the half year ended 31 December 2022

Net Financing

At 31 December 2022, cash on hand totalled \$196.0 million (30 June 2022: \$198.0 million) offset by borrowings of \$442.6 million (30 June 2022: \$413.5 million) resulting in net debt at 31 December 2022 of \$246.6 million (30 June 2022: \$215.5 million).

The increase in net debt was primarily due to the increase in sustaining equipment together with working capital to support the ramp up and expansion of existing projects, final GBF acquisition earn out payment (deferred cash settlement from FY22) and timing of receipts from certain key receivables. This was partially offset by the generation of positive operating cash flows.

Cash Flow

Operating cash flows (excluding interest, tax, SaaS costs and acquisition costs) for the half year was \$105.5 million (31 December 2021: \$96.6 million), representing a conversion rate from underlying EBITDA of 71% (31 December 2021: 70%).

Cash conversion was impacted by the timing of payment of certain key receivables. Including the late receivables of \$17 million (31 December 2021: \$7.1 million), underlying EBITDA to cash conversion would be 82% (31 December 2021: 75%).

DIVIDENDS

Subsequent to 31 December 2022, the Directors have declared an unfranked interim dividend of 0.30 cents per share.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The Directors are not aware of any other matter or circumstance arising since 31 December 2022 not otherwise dealt with within the condensed consolidated interim financial statements that has significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of affairs of the Group in subsequent financial periods.

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 the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 8 of the interim financial report. Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.



EVA SKIRA

Chair

21 February 2023

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 review of Macmahon Holdings Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

R Gambitta
Partner

Perth

21 February 2023

Independent Auditor's Report

To the shareholders of Macmahon Holdings Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Macmahon Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Macmahon Holdings Limited does not comply with the *Corporations Act 2001*, including:

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

The **Interim Financial Report** comprises:

- Condensed Consolidated statement of financial position as at 31 December 2022.
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Macmahon Holdings Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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



KPMG



R Gambitta
Partner

Perth

21 February 2023

DIRECTOR'S DECLARATION

For the half year ended 31 December 2022

In the opinion of the Directors of Macmahon Holdings Limited;

1. The condensed consolidated interim financial statements and notes of the Group set out on pages 12 to 22 are in accordance with the *Corporations Act 2001* including:
 - a) giving a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance for the half year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that Macmahon Holdings Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



EVA SKIRA

Chair

21 February 2023

Perth

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2022

	Note	Half year to 31 December 2022 \$'000	Half year to 31 December 2021 \$'000
Revenue		987,208	809,747
Other income		4,199	2,856
		991,407	812,603
Expenses			
Materials and consumables used		(308,665)	(212,802)
Employee benefits expense		(396,877)	(336,993)
Depreciation and amortisation expense		(99,031)	(95,443)
Equipment and other short-term lease expenses		(45,217)	(50,440)
Subcontractor costs		(38,099)	(32,905)
Loss on sale of subsidiary		(36)	-
Share based payments (expense) / reversal	12	(509)	368
Other expenses	6	(55,912)	(66,026)
Operating profit		47,061	18,362
Share of profit of equity-accounted investees, net of tax		137	139
Operating profit, income and expenses from equity-accounted investees		47,198	18,501
Net finance costs		(12,376)	(9,109)
Profit before income tax		34,822	9,392
Income tax expense	7	(11,552)	(6,110)
Profit after income tax for the period		23,270	3,282
Other comprehensive income items that are or may be reclassified subsequently to profit and loss			
Foreign currency translation		1,332	5,234
Other comprehensive income, net of tax		1,332	5,234
Total comprehensive income for the period		24,602	8,516
Earnings per share for profit attributable to the owners of Macmahon Holdings Limited			
Basic earnings per share (cents)		1.11	0.16
Diluted earnings per share (cents)		1.10	0.15

The accompanying notes form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		195,999	197,958
Trade and other receivables	8	333,766	299,006
Inventories		89,711	89,949
Income tax receivable		5,207	372
Assets classified as held for sale		-	3,490
Total current assets		624,683	590,775
Non-current assets			
Investments accounted for using the equity method		590	476
Trade and other receivables	8	29,310	22,962
Property, plant and equipment	9	679,382	672,576
Intangible assets and goodwill		12,436	15,993
Deferred tax asset		29,275	35,496
Total non-current assets		750,993	747,503
Total assets		1,375,676	1,338,278
Liabilities			
Current liabilities			
Trade and other payables		263,957	272,375
Borrowings	10	116,465	112,299
Employee benefits		55,833	61,063
Provisions		25,839	25,153
Liabilities directly associated with assets classified as held for sale		-	619
Total current liabilities		462,094	471,509
Non-current liabilities			
Trade and other payables		3,836	384
Borrowings	10	326,093	301,171
Employee benefits		6,386	5,714
Total non-current liabilities		336,315	307,269
Total liabilities		798,409	778,778
Net assets		577,267	559,500
Equity			
Issued capital		563,118	563,118
Reserves		(5,291)	(5,901)
Net accumulated profits		19,440	2,283
Total equity		577,267	559,500

The accompanying notes form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2022

<i>In thousands of AUD</i>	Note	Share capital	Reserve for own shares	Foreign currency reserve, net of tax	Share based payments	Accumulated losses	Retained profits	Total equity
Balance at 30 June 2022		563,118	(12,910)	4,090	2,919	(192,396)	194,679	559,500
Profit after income tax for the period		-	-	-	-	-	23,270	23,270
Other comprehensive income, net of tax		-	-	1,332	-	-	-	1,332
Total comprehensive income for the period (net of tax)		-	-	1,332	-	-	23,270	24,602
Transactions with owners, recorded directly in equity:								
Treasury shares purchased for compensation plans		-	(189)	-	-	-	-	(189)
Treasury shares allocated on vesting of performance rights		-	189	-	(9)	-	16	196
Dividends		-	-	-	-	-	(7,351)	(7,351)
Share-based payments expense	12	-	-	-	509	-	-	509
Transfer of lapsed performance rights		-	-	-	(1,222)	-	1,222	-
Total transactions with owners		-	-	-	(722)	-	(6,113)	(6,835)
Balance at 31 December 2022		563,118	(12,910)	5,422	2,197	(192,396)	211,836	577,267

<i>In thousands of AUD</i>	Note	Share capital	Reserve for own shares	Foreign currency reserve, net of tax	Share based payments	Accumulated losses	Retained profits	Total equity
Balance at 30 June 2021¹		563,118	(12,910)	(5,650)	3,902	(192,396)	189,863	545,927
Opening balance adjustment on application of IFRIC decision		-	-	-	-	-	(10,064)	(10,064)
Restated balance at 1 July 2021¹		563,118	(12,910)	(5,650)	3,902	(192,396)	179,799	535,863
Profit after income tax for the period		-	-	-	-	-	3,282	3,282
Other comprehensive income, net of tax		-	-	5,234	-	-	-	5,234
Total comprehensive income for the period (net of tax)		-	-	5,234	-	-	3,282	8,516
Transactions with owners, recorded directly in equity:								
Treasury shares purchased for compensation plans		-	(152)	-	-	-	-	(152)
Treasury shares allocated on vesting of performance rights		-	152	-	(6)	-	24	170
Dividends (0.35 cents per ordinary share)		-	-	-	-	-	(7,351)	(7,351)
Share-based payments expense	12	-	-	-	(368)	-	-	(368)
Transfer of lapsed performance rights		-	-	-	(1,023)	-	1,023	-
Total transactions with owners		-	-	-	(1,397)	-	(6,304)	(7,701)
Balance at 31 December 2021		563,118	(12,910)	(416)	2,505	(192,396)	176,777	536,678

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.

The accompanying notes form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2022

	Note	Half year to 31 December 2022 \$'000	Half year to 31 December 2021 \$'000
Cash flows from operating activities			
Receipts from customers		1,071,334	862,765
Payments to suppliers and employees		(968,314)	(768,896)
Receipts from joint venture entities		-	6
Payments to joint venture entities		-	(163)
Acquisition costs		(46)	(351)
Interest and other finance costs paid		(13,193)	(9,836)
Interest received		463	115
Income taxes paid		(7,872)	(9,572)
Net cash from operating activities		82,372	74,068
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		1,012	4,442
Payment for plant and equipment	9	(59,798)	(87,294)
Payment for intangible assets		(30)	(153)
Acquisition of a subsidiary, net of cash acquired		(5,130)	(17,095)
Disposal of subsidiary		678	-
Net cash used in investing activities		(63,268)	(100,100)
Cash flows from financing activities			
Dividends paid		(7,351)	(7,351)
Proceeds from interest-bearing loans	10	58,000	70,000
Repayment of interest-bearing loans	10	(25,446)	(16,925)
Repayment of lease liabilities	10	(44,263)	(42,286)
Purchase of treasury shares		(189)	(152)
Net cash from / (used in) financing activities		(19,249)	3,286
Net (decrease) in cash and cash equivalents		(145)	(22,746)
Cash and cash equivalents at beginning of period		197,958	182,079
Effects of exchange rate changes on cash and cash equivalents		(1,814)	1,836
Cash and cash equivalents at end of period		195,999	161,169

The accompanying notes form part of the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

1. General information

Macmahon Holdings Limited (the Company) is a for-profit public company limited by shares, incorporated and domiciled in Australia. The condensed consolidated interim financial statements of the Company as at 31 December 2022 and the half year then ended consist of Macmahon Holdings Limited and the entities it controlled at the end of, or during, the half year (collectively, the Group).

The principal activities of the Group for the half year ended 31 December 2022 consisted of providing mining and consulting services to mining companies throughout Australia and Southeast Asia.

The consolidated financial statements of the Group as at and for the year ended 30 June 2022 (2022 Financial Statements) are available on request at the Group's registered office at 15 Hudswell Road, Perth Airport, 6105, Western Australia or at www.macmahon.com.au.

2. Basis of preparation

These condensed consolidated interim financial statements for the half year ended 31 December 2022 were prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the 2022 Financial Statements for the year ended 30 June 2022.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 Financial Statements.

The amounts contained in the condensed consolidated interim financial statements were rounded to the nearest thousand dollars under the option available to the Group under Australian Securities and Investment Commission (ASIC) *Corporations Instrument (Rounding in Financial/Directors' Report) 2016/191*, unless otherwise stated.

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

3. Changes in significant accounting policies

The accounting policies are consistent with those disclosed in the 2022 Financial Statements and corresponding interim reporting period. The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

4. Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

5. Operating segments

	Mining \$'000	Unallocated \$'000	Total \$'000
Half year to 31 December 2022			
Revenue			
Revenue from contracts with customers	987,208	-	987,208
Total revenue	987,208	-	987,208
Underlying EBITDA			
Depreciation and amortisation expense (excluding customer contracts)	(94,861)	(746)	(95,607)
Underlying EBIT(A)	50,693	3,004	53,697
Finance income	-	463	463
Finance costs	(12,605)	(234)	(12,839)
Share-based payments expense	-	(509)	(509)
Loss on disposal of subsidiary	-	(44)	(44)
Acquisition costs	-	(46)	(46)
SaaS costs	-	(2,476)	(2,476)
Amortisation on customer contracts	(3,424)	-	(3,424)
Profit / (loss) before income tax	34,664	158	34,822
Other segment information			
Segment assets as at 31 December 2022	1,136,024	239,652	1,375,676
Segment liabilities as at 31 December 2022	788,256	10,153	798,409
Capital expenditure for the 6 months ended 31 December 2022	100,701	-	100,701
Half year to 31 December 2021			
Revenue			
Revenue from contracts with customers	809,747	-	809,747
Total revenue	809,747	-	809,747
Underlying EBITDA			
Depreciation and amortisation expense (excluding customer contracts)	(91,064)	(766)	(91,830)
Underlying EBIT(A)	48,489	(1,581)	46,908
Finance income	-	115	115
Finance costs	(8,958)	(266)	(9,224)
Share-based payments expense reversal	-	368	368
Earn-out in relation to previous acquisitions	-	(21,945)	(21,945)
Acquisition costs	-	(351)	(351)
SaaS costs	-	(2,866)	(2,866)
Amortisation on customer contracts	(3,613)	-	(3,613)
Profit / (loss) before income tax	35,918	(26,526)	9,392
Other segment information			
Segment assets as at 30 June 2022	1,094,907	243,371	1,338,278
Segment liabilities as at 30 June 2022	766,504	12,274	778,778
Capital expenditure for the 6 months ended 31 December 2021	152,704	-	152,704

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

5. Operating segments (continued)

	Sales to external customers		Geographical non-current assets as at	
	6 Months to 31 December 2022 \$'000	6 Months to 31 December 2021 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Australia	747,751	643,552	681,716	656,578
Indonesia	238,148	164,641	60,562	82,362
Other	1,309	1,554	8,715	8,563
	987,208	809,747	750,993	747,503

6. Other expenses

	6 Months to 31 December 2022 \$'000	6 Months to 31 December 2021 \$'000
Freight expenses	13,740	10,180
Recruitment, training and other employee incidentals	10,477	5,533
Consulting and other professional services	4,194	4,833
Earn-out in relation to previous acquisitions	-	21,945
Acquisition costs	46	351
Loss on sale of subsidiary	44	-
IT costs	5,859	5,421
Travel and accommodation expenses	4,767	3,795
Insurance	3,867	3,274
Administrative and facilities costs	3,947	3,387
Foreign exchange loss	3,750	-
Remeasurement of ECL allowance (Note 8)	-	18
SaaS costs	2,476	2,866
Other expenses	2,745	4,423
	55,912	66,026

The GBF acquisition final earn-out expense of \$21.945 million for the half year ended 31 December 2021 was paid in two tranches. \$17.095 million was paid in FY2022 and the remaining cash payment was paid in the half year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

7. Income tax

For the half year ended 31 December 2022, the income tax expense of the Group was \$11.552 million (31 December 2021: \$6.110 million). The effective tax rate in the current period was 33.2% (2021: 65.05%). Refer below reconciliation:

	2022 \$'000	2021 \$'000
Income tax expense / (benefit)		
Current tax	5,331	11,101
Deferred tax – origination and reversal of temporary differences	6,221	(4,991)
Income tax expense / (benefit)	11,552	6,110
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	34,822	9,392
Tax at the statutory rate of 30%	10,447	2,818
Tax effect amounts which are not deductible/(taxable) in calculating tax income:		
Share-based payments	31	-
Non-assessable income	98	(566)
Foreign tax rate differential	(1,473)	(1,796)
Net temporary difference previously unrecognised	530	(603)
Deferred tax asset (recognised)/de-recognised due to change in tax rate	-	(1,805)
Current year foreign losses for which no DTA was recognised	(20)	-
Permanent tax difference from the GBF earn-out payment expense	-	6,583
Withholding tax	2,305	1,479
Other	(366)	-
Income tax expense	11,552	6,110

8. Trade and other receivables

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Trade receivables	71,215	49,363
Contract assets	207,885	201,852
Less: Expected credit loss allowance (ECL)	(3,234)	(3,403)
	275,866	247,812
Other receivables	47,346	44,011
Prepayments	10,554	7,183
	333,766	299,006
Non-current		
Contract assets	9,501	9,387
Other receivables	4,202	4,075
Agency receivables	15,607	9,500
	29,310	22,962

The movement in the expected credit loss allowance in respect of trade receivables and contract assets during the reporting period was as follows:

	\$'000
Balance as at 1 July 2022	(3,403)
Adjustments for sale of GBF Ramex	59
Exchange differences	110
Balance as at 31 December 2022	(3,234)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

9. Property, plant and equipment

Acquisitions

Capital expenditure for plant and equipment for the half year totalled \$100.701 million (31 December 2021: \$152.704 million), comprising \$40.903 million acquired through debt (31 December 2021: \$67.051 million) and \$59.798 million funded in cash (31 December 2021: \$85.653 million).

Impairment

At 30 June 2022 impairment testing was undertaken on each cash generating unit (CGU) of the Group, resulting in no impairment. No additional impairment triggers were identified for the half year ended 31 December 2022. The key estimates and judgements used have not materially changed to those disclosed in the 2022 Financial Statements.

Capital commitments

At 31 December 2022, the Group had entered into non-cancellable contracts to purchase plant and equipment of \$4.397 million (30 June 2022: \$13.217 million).

10. Borrowings

On 27 July 2022, the Group updated and extended the existing syndicated multi-option debt facility. The total amount now available under this facility is \$200.000 million. The Group has drawn a total of \$160.000 million as cash and \$8.279 million as bank guarantees as at 31 December 2022. (As at 30 June 2022: \$118.0 million drawn as cash and \$8.564 million drawn for bank guarantees).

During October 2022, the Group increased the syndicated asset finance facility by \$35.000 million. The total amount available under this asset finance facility is \$180.000 million and it enables the Group to support its capital requirements. As at 31 December 2022, \$136.527 million was utilised (30 June 2022, \$119.002 million).

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.

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

The table below summarises movements in borrowings during the half year ended 31 December 2022:

	Interest-bearing loans	Lease liabilities	Total
	\$'000	\$'000	\$'000
At 1 July 2022	174,309	239,162	413,471
Borrowings drawn on facility	58,000	-	58,000
Equipment financing	7,599	33,304	40,903
Interest expensed	6,368	5,874	12,242
Interest and transaction costs paid	(6,507)	(6,089)	(12,596)
Principal repayments	(25,446)	(44,263)	(69,709)
Transfers	3,406	(3,406)	-
Exchange differences	194	53	247
At 31 December 2022	217,923	224,635	442,558
Current	37,651	78,814	116,465
Non-current	180,272	145,821	326,093

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

11. Fair value measurement

There were no material financial assets or financial liabilities carried at fair value. The carrying amount of financial assets and financial liabilities approximates their fair value.

12. Share based payments

For the half year ended 31 December 2022, the Group issued two tranches of performance rights under the Senior Manager Long Term Incentive Plan (LTIP) and two tranches of share rights under the Non-Executive Director Salary Sacrifice Plan (SSP).

The LTIP provides senior management with the opportunity to receive fully paid shares in the Company for no consideration, subject to specific time restrictions, continuous employment and the satisfaction of certain performance conditions. Each performance right entitles the participant to receive one fully paid ordinary share at the time of vesting. The plan is designed to assist with employee retention and to incentivise senior management to optimise returns and earnings for shareholders.

The SSP provides non-executive directors an 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 at two dates approximately 8 months and 14 months from the start of the financial year (NED share rights). 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 volume of rights outstanding as of 31 December 2022 is reconciled below:

	LTIP and EEP performance rights		NED share rights	
	2022	2021	2022	2021
Balance at 1 July	33,150,636	57,415,717	1,059,620	647,560
Granted	19,734,505	16,270,740	3,175,988	2,119,243
Vested	-	-	(1,059,620)	(647,560)
Forfeited	(18,517,975)	(33,686,370)	-	-
Balance at 31 December	34,367,166	40,000,087	3,175,988	2,119,243

The following share-based payment expenses / (reversal) were recognised to profit or loss for the 6 months to 31 December:

	LTIP and EEP performance rights		NED share rights	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Expenses	2,186	857	14	9
Reversal as a result of forfeiture	(1,682)	(1,234)	(9)	-
Total net expense / (reversal)	504	(377)	5	9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2022

13. Contingent assets and 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.

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.

The Group has commenced proceedings in the Supreme Court of Western Australian against one of its customers. This was announced on the ASX on 28 December 2022. In the proceedings, the Group claims payment from the customer in connection with variation and extension of time claims under the contract for bulk earthworks, access road construction and drainage work at the Coburn mineral sands project. The Group is seeking damages and return of security totalling approximately \$15.8 million. The Directors are of the opinion that the disclosure of any further financial information on this matter would be prejudicial to the interests of the Group.

14. Related party transactions

AMNT (including its related entities) is a significant shareholder of the Group. The following table provides the total amount of transactions entered into with AMNT, for the half year ended 31 December 2022 and 2021, as well as balances as at 31 December 2022 and 30 June 2022:

	31 December 2022 \$'000	31 December 2021 \$'000
Transaction recognised in profit or loss		
Revenue recognised from shareholder	182,808	123,017
	31 December 2022 \$'000	30 June 2022 \$'000
Receivables from significant shareholders		
Trade receivables and contract assets	60,620	37,124

15. Subsequent events

Subsequent to 31 December 2022 end, the Directors have declared an unfranked interim dividend of 0.30 cents per share.

The Directors are not aware of any other matters or circumstances arising from 31 December 2022 not otherwise dealt with within the interim financial report that has significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of affairs of the Group in subsequent financial periods.

Directors

E Skira	(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

Registered Office

15 Hudswell Road
Perth Airport, Western Australia 6105

Location of Shared Registry

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

Securities Exchange

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

Auditor

KPMG
235 St Georges Terrace
Perth WA 6000