MACMAHON

ANNUAL REPORT
2021

Contents

Year at a Glance

FY21 Highlights

7,069

Group Workforce

$1.35bn

Revenue

$250m

Underlying EBITDA

$95m

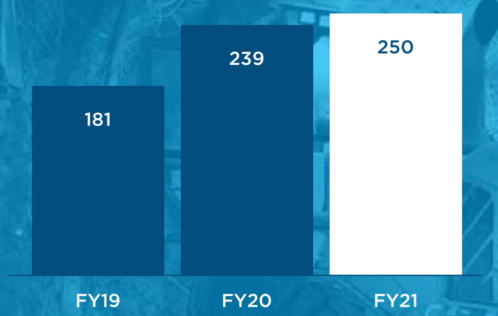
Underlying EBIT (A)

$239m

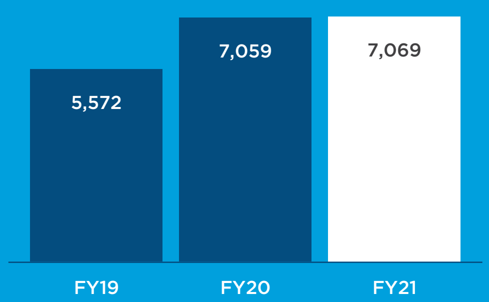
Operating Cash Flow

$5.0bn

Order Book



Underlying EBITDA ($m)



Workforce

14.5%

Underlying ROE

13.5%

Underlying ROACE

0.65cps

Total FY21 Dividend

Contract Miner of the Year

Australian Mining Prospect Awards 2020. The awards recognise excellence in contract mining, engineering, projects, and services.

NEW

Sustainability Policy

142ha

Rehabilitated in Australia

45ha

Rehabilitated in Southeast Asia

STRONG MINDS

STRONG MINES

Strong Minds, Strong Mines, mental, physical and social health program, available to the wider mining industry.

MSCI

ESG RATINGS

AA

CCC	B	BB	BBB	A	AA	AAA

Our Business

Macmahon is a diversified contractor with leading capabilities in surface and underground mining, civil construction and resources engineering.

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

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

Our Operations

Malaysia

Surface Mining
- Langkawi

Northern Territory

Underground Mining
- Tanami

Queensland

Office (Brisbane)

Workshop (Coppabella)

Surface Mining
- Byerwen
- Dawson

Underground Mining
- Mt Wright

Mining Support Services
- Peak Downs
- Poitrel Levee
- Saraji

Equipment Maintenance and Management
- Foxleigh

Indonesia

Office (Jakarta)

Surface Mining
- Batu Hijau
- Martabe

Western Australia

Office (Perth)

Workshop (Perth)

Surface Mining
- Julius
- Mt Marven
- Mt Morgans
- Telfer
- Tropicana

Underground Mining
- Boston Shaker
- Granny Smith
- Gwalia
- Leinster
- Bellevue
- Cock-eyed Bob
- Daisy Milano
- Deflector
- Maxwells
- Nicolsons
- Santa
- Wagtail

Mining Support Services
- Coburn
- Warrawoona

South Australia

Workshop (Lonsdale)

Underground Mining
- Olympic Dam

Victoria

Underground Mining
- Fosterville

Our Capabilities

SURFACE MINING

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

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

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
- 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

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

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

EQUIPMENT MAINTENANCE AND MANAGEMENT

Macmahon offers comprehensive equipment maintenance and management 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-house and on-demand.
- Rapidly and efficiently deploy critical spares, parts and supplies to customer locations.
- Train apprentices and employ a range of experienced tradespeople for rapid deployment to remote sites.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DIESEL FUEL ONLY

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 act according to our guiding principles.

Safety
Think Safe | Act Safe | Enforce Safety

Teamwork
Work Smart | Work Hard | Work Together

Prosperity
Find Value | Drive Value | Achieve Value

Integrity
Be Reliable | Be Direct | Be Honest

Environment
Reduce | Recycle | Rejuvenate

Strategy

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

Strategic Overview

Improve
Margins and execution

Systems and processes
Contract management
Operational excellence

Invest
Relevance and competitive advantage

Advanced contractor
Structure and capability
Sustainability

Diversify
Build scalability

Mining Support Services
Underground

Expand
Growth in current markets

Additional services with existing clients
Grow market share

Letter from the Chair

Dear Shareholders,

I am pleased to report that Macmahon continued to perform strongly during the 2021 financial year, again demonstrating resilience during a period of uncertainty and volatility in many sectors of the economy.

Financially, we delivered revenue and earnings growth in line with our guidance and secured over $2 billion of new work during the period. The award of this new work was a key achievement for our business, which confirms our ongoing value proposition for resource developers and reputation in the industry, and advances our strategy to diversify Macmahon across the mining value chain by expanding our underground business. Importantly, when combined with our existing projects, this new work also provides us with a high level of secured revenue for the 2022 financial year, and provides a solid platform for further growth and diversification in the future.

Given our performance, Macmahon is also able to return some of its earnings to shareholders. In line with our capital allocation policy, the Board declared a final dividend for the 2021 financial year of 0.35 cents per share, bringing the full year payout to 0.65 cents per share. This represented a payout ratio of 18% of underlying earnings per share.

However, it was with great sadness that we reported the deaths of two employees during the year. In April 2021, an employee was fatally injured in an accident at the Batu Hijau mine in Indonesia, and in June 2021, an employee at the Daisy Milano mine in Western Australia passed away from unknown causes. Our people's safety and wellbeing are at the core of how we do business and our thoughts continue to be with the family, friends, and colleagues impacted by these tragedies.

The ongoing impact of COVID-19 has been another challenging issue in our business. We have adopted a range of measures to reduce the risks to our employees and host communities, and to date we have avoided significant operational disruptions at our sites. However, we are very conscious that many people and businesses have been severely affected by the pandemic and we continue to monitor this issue very closely.

Macmahon is committed to building a sustainable business, and we are exploring ways to further strengthen our environmental, social and governance practices.

Macmahon is committed to building a sustainable business, and we are exploring ways to further strengthen our environmental, social and governance practices. As part of this commitment, we were pleased to welcome Denise McComish as an Independent Non-Executive Director to our Board during the year. Her extensive financial and commercial experience, including in audit, reporting, assurance, and M&A, has added further diversity to the Board's skillset and will assist us to ensure our governance remains robust.

To further report on our progress on ESG priorities, we have published a standalone Sustainability Report, which expands on the information provided in this Annual Report. By increasing our disclosure in this area we hope to further lift our performance, and also better communicate to our external stakeholders the importance we attach to ESG issues.

On behalf of the Board, I would like to thank all of our people for their dedication and contributions during the year. I also thank our shareholders, clients and suppliers for their ongoing support.

EVA SKIRA
Independent Non-Executive Chair

CEO and MD Report

KEY ACHIEVEMENTS

Macmahon reported strong financial results for the 2021 financial year, including revenue of $1.35 billion and an underlying EBIT(A) of $95.2 million. These results were within the guidance range provided with our FY20 full year result, and I am proud that Macmahon has now delivered on its earnings guidance for four consecutive years.

Notably, the Company's positive earnings performance was delivered while maintaining a solid balance sheet and liquidity position. In particular, at 30 June 2021, Macmahon had:

- Net debt of $130.3 million, equating to gearing of 19.3%.
- A net debt to EBITDA ratio of 0.5.
- Cash and unutilised working capital facilities of $287.7 million.
- Cash conversion of 107.7%.
- An order book of $5.0 billion.

Key operational highlights during the 2021 financial year included:

- Securing $2.0 billion of additional contracting work across both our surface and underground mining divisions.
- Expanding our civil construction business into Western Australia.
- Executing an extended and upsized debt facility to $170 million at an attractive interest rate of under 3% plus Bank Bill Swap Rate.

Further detail of our contract wins during the year is shown in the table below:

I am very appreciative of the contributions made by our people to achieve these outcomes during a year of many challenges including COVID-19 disruptions, a tightening labour market, and adverse currency movements.

HEALTH AND SAFETY

As noted by our Chair, it was with great sadness that we reported the passing of two of our colleagues during the year. Health and safety remains our highest priority, and as a Company we are continually looking to implement measures to improve our safety management.

Macmahon's Total Reportable Injury Frequency Rate (TRIFR) for FY21 increased to 6.39 from 3.77 in the previous year. Any increase is a cause for concern and reducing both actual and potential incidents continues to be a key focus for the Company in FY22.

On a positive note, with all of the challenges presented by COVID-19, our award-winning mental health program, Strong Minds, Strong Mines, continues to be highly valued by our workforce, especially those working extended rosters. We are now offering this program to the resources industry generally.

PEOPLE

With increased demand for mining services and continued COVID-19 travel restrictions, we have experienced a tightening of labour availability in Australia.

Announced	Project	Client	Estimated Start	Estimated Value ($m)	Term (years)
17 Sep 20	Coburn	Strandline (ASX:STA)	May 21	24	0.8
17 Sep 20	Bellevue	Bellevue Gold (ASX:BGL)	Aug 20	10	1.3
9 Dec 20	Foxleigh	Qmetco	Mar 21	250	5
9 Dec 20	Nicolsons	Pantoro (ASX:PNR)	Oct 21	22	2
12 Feb 21	Deflector	Silver Lake (ASX:SLR)	Apr 21	217	4
3 Mar 21	Gwalia	St Barbara (ASX:SBM)	May 21	500	5
9 Mar 21	King of the Hills	Red 5 (ASX:RED)	Jan 22	660	5
30 Mar 21	Dawson	Anglo American	Jul 21	240	3
20 Jul 21	Julius	Northern Star (ASX:NST)	May 21	25	1
Other				51	
Total secured work added to order book				1,999	
Preferred Contractor					
17 Sep 20	Warrawoona	Calidus (ASX:CAI)	Early 22	220	4.5

In response to this development, Macmahon increased its focus on apprenticeships and internal training and developed 289 trainees, 105 apprentices and 32 graduates during the year.

The Company has also undertaken various initiatives to retain our existing people, including regular salary benchmarking, flexible FIFO rosters and leadership development courses.

Notwithstanding the labour pressures in Australia, we are pleased with the successful commencement of our new projects. We believe we are well placed to continue to manage labour availability and deliver value for our clients.

CAPITAL DISCIPLINE AND STRONG CASH CONVERSION

During its recent growth, Macmahon has retained a strong focus on capital discipline and working capital management. The business continued to generate strong cash flow in FY21 and retains a strong balance sheet. This healthy financial position provides the flexibility to fund recent contract wins, pursue opportunities and deliver on the Company's growth strategy.

STRATEGY

Following recent contract wins, we are increasingly focused on diversifying our business mix, and growing our Mining Support Services and our Underground Mining divisions. To this end, I am pleased to report that during FY21:

- The underground division increased its contribution to 22% of group revenue from the previous year. This will grow further through FY22, as a result of the recently awarded $500 million Gwalia contract and commencement of the King of the Hills ("KOTH") underground project.
- We secured the combined open pit and underground contract at the KOTH project worth approximately $650 million. This contract highlights the benefits of being able to offer a broader mining services solution from the outset.
- We expanded our civil offering into Western Australia, including commencing bulk earthworks at the Warrawoona and Coburn projects.

In addition to the diversification of our business mix, Macmahon will continue to focus on operational improvement and technological investment to improve safety and increase productivity and efficiencies across the business.

Together, these initiatives are intended to create a stronger and more sustainable business. Our medium-term objectives are to deliver an EBITDA margin of over 20%, an EBIT(A) margin of more than 8%, and ROACE of over 15%.

POSITIVE OUTLOOK

As a result of recent contract wins and our strong order book, Macmahon enters FY22 with forecast earnings largely secured.

In addition, our tender pipeline remains robust, and we are now in a position to focus our business development efforts on lower capital and higher return projects in Underground and Mining Support Services.

Overall, I believe Macmahon is well positioned to continue its strong performance and capitalise on the opportunities ahead.

CONCLUSION

In closing, I would like to thank the Board, our clients, and other stakeholders for their ongoing support. I would also like to commend our people for their vital contribution and commitment during the year.

MICHAEL FINNEGAN
Chief Executive Officer
and Managing Director

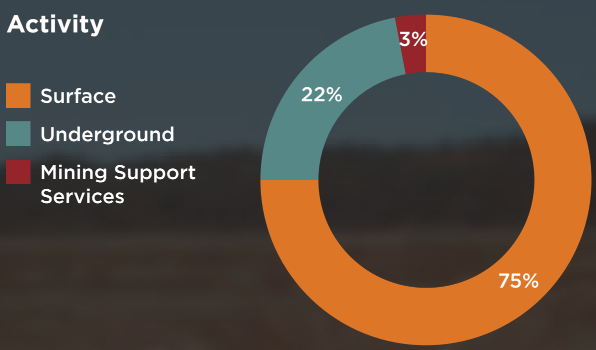
Operational and Financial Review

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

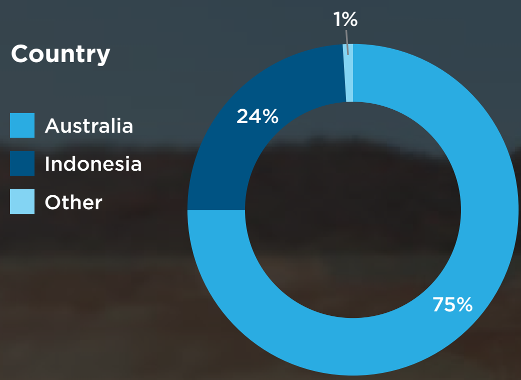
Headquartered in Perth, Western Australia, the Group derives revenue from activities, including surface and underground mining, civil design and construction (primarily on mine sites), equipment repair and maintenance, advisory services, design and fabrication of mining infrastructure, and mine site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

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

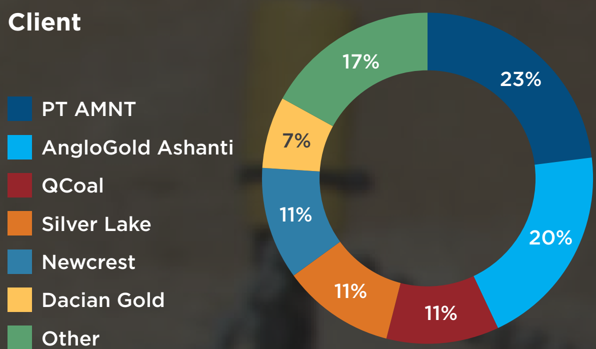
Activity



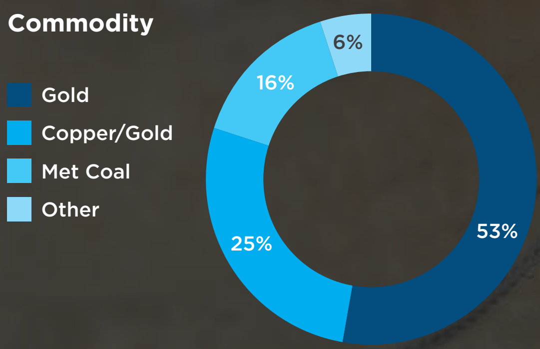
Country



Client



Commodity

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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.

PROJECT ACTIVITY

During the year, Macmahon provided services to a range of mines across Australia and Southeast Asia, and at the Mogalakwena Platinum Mine in South Africa. Our major projects include the following:

Tropicana Gold Mine
Macmahon is fulfilling a life of mine contract at the Tropicana project in Western Australia for AngloGold Ashanti and its new JV partner, Regis Resources.

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

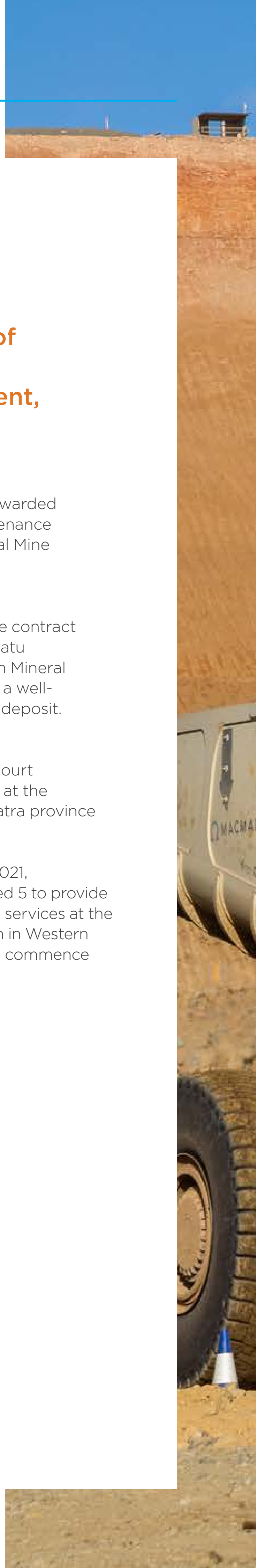
Byerwen Coking Coal Mine
Macmahon has been providing open cut mining services at the Byerwen Coking Coal Mine in Queensland's Bowen Basin for QCoal since the establishment of the mine in November 2017. In June 2020, Macmahon was awarded a $700 million contract to expand and extend mining for a further three years.

Foxleigh Project
In December 2020, Macmahon was awarded a five-year equipment hire and maintenance services contract for the Foxleigh Coal Mine in the Bowen Basin.

Batu Hijau Copper/Gold Mine
Macmahon is performing a 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.

In addition to these projects, in June 2021, Macmahon secured a contract with Red 5 to provide both surface and underground mining services at the **King of the Hills Project** near Laverton in Western Australia. The contract is scheduled to commence in early 2022 and run until 2027.

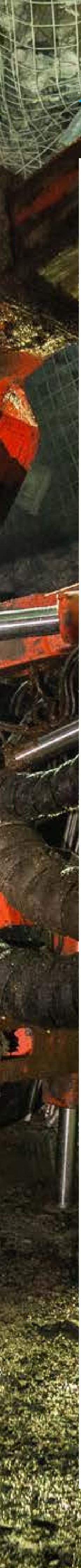


Macmahon is fulfilling a life of mine contract at the Tropicana project in Western Australia for AngloGold Ashanti and its new JV partner, Regis Resources.

- TROPICANA GOLD MINE

In May 2021, Macmahon commenced a five-year underground mining services contract with St Barbara.

- GWALIA GOLD MINE



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 acquired the GBF Underground Mining business in 2019, and now provides services through both the Macmahon and GBF brand names.

PROJECT ACTIVITY

During the year, Macmahon secured significant new work and contract extensions in this division including:

Gwalia Gold Mine
In May 2021, Macmahon commenced a five-year underground mining services contract with St Barbara at its Gwalia Gold Mine in Western Australia.

King of the Hills Project
This contract includes both a surface and underground mining scope and will commence in early 2022.

Deflector
In May 2021, Macmahon secured a further four-year contract to provide mining services at the Deflector Gold Project in Western Australia, now owned by Silver Lake Resources. This contract follows the completion of GBF's original five-year contract at the site.

Bellevue Gold Mine
In August 2020, GBF commenced a contract for Bellevue Gold at its mine north of Leinster in Western Australia.

Mt Belches Gold Project
In April 2020, GBF secured a new three-year contract with Silver Lake Resources to provide mining services at the Maxwell's, Cock-Eyed Bob and Santa underground mines.

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

Boston Shaker Gold Mine
Macmahon is developing a new underground mine at the Tropicana site, which is a joint venture between AngloGold Ashanti and Regis Resources.

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

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

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

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

Macmahon continues to provide raise drilling services to various sites, including the Cassini Nickel project in Kambalda for Mincor, Marvel Loch for Barto Gold, 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 a range of 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 fan installation at **Prominent Hill** for Oz Minerals.

Mining Support Services

Macmahon provides consulting, design, civil construction, equipment sales and hire, maintenance and site rehabilitation services to the resources sector. Macmahon is focused on building its civil construction business in Western Australia following the successful commencement of new contracts in that state in FY21.

PROJECT ACTIVITY

During the year, Macmahon provided civil construction services in Western Australia to:

Warrawoona Gold Project
Macmahon is the preferred mining contractor for the Warrawoona Gold Project by Calidus Resources in the East Pilbara region of Western Australia, and is currently providing early stage construction services on site. The scope of work under the existing contract involves the construction of the new mine infrastructure, including roads, pads, drainage, dams, office facilities and workshops.

Coburn Mineral Sands
Macmahon was selected by Strandline Resources in August 2020 to construct a 43 kilometre access road connecting the mine with the North West Coastal Highway, and install other site roads, bulk earthworks, main roads intersection, dams and drainage.

Mt Morgans Gold Mine
Macmahon has now completed a tailings dam lift at the Mt Morgans facility. The project included work on existing dam walls to increase the tailings capacity of the current facility.

In Queensland, Macmahon provided services through its TMM brand to several projects in the Bowen Basin.

In Queensland, Macmahon provided services through its TMM brand to several projects in the Bowen Basin.

Macmahon continues to invest in new technology to improve safety and performance, via autonomous drill rigs, and new energy efficient electric haul trucks to reduce emissions.

Equipment Maintenance and Management

Macmahon owns and operates world-class equipment maintenance facilities, giving it the ability to support frontline contracting services with plant and maintenance services.

Macmahon's primary workshop, located in Perth, Western Australia, is a key operational asset with the ability to rebuild both plant and components. This facility allows Macmahon to keep maintenance activities in-house, rapidly and efficiently deploy supplies to client locations, and conduct essential maintenance work.

Key Plant and Equipment

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.

Macmahon's Underground Mining fleet is comprised of trucks, loaders, and drills. This equipment is predominantly sourced from Sandvik, Epiroc and Caterpillar.

Macmahon continues to invest in new technology to improve safety and performance, via autonomous drill rigs, and new energy efficient electric haul trucks to reduce emissions.

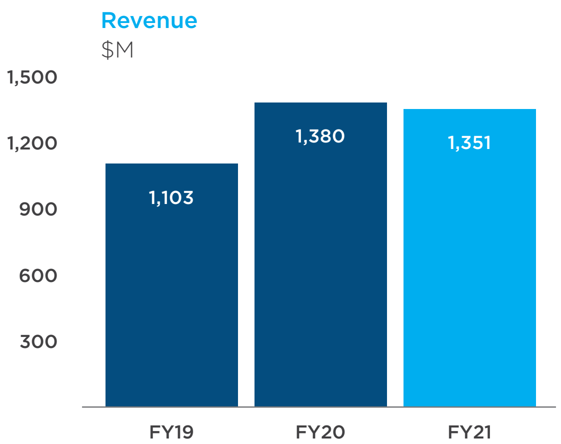
Financial Review

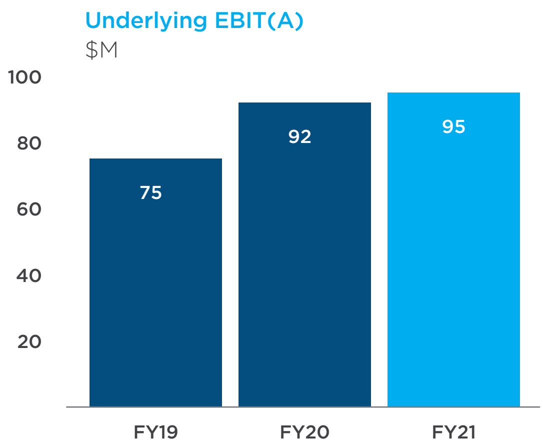
FINANCIAL PERFORMANCE

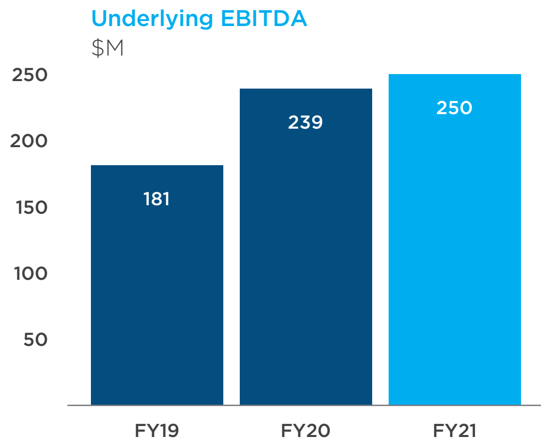
From operations

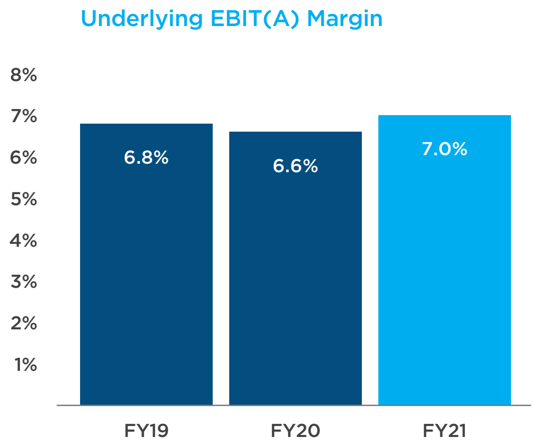
	1H21	2H21	2021	2020
Revenue				
Australia	472.0	547.9	**1,019.9**	901.9
Indonesia	173.5	148.3	**321.8**	454.0
Other International	7.0	2.8	**9.8**	24.5
Group Revenue	652.5	699.0	**1,351.5**	1,380.4
EBITDA (underlying)	121.2	128.7	**249.9**	238.7
EBIT(A) (underlying)	46.5	48.7	**95.2**	91.6
NPAT (underlying)	48.2	27.7	**75.9**	69.2
EBITDA (reported)	117.9	134.3	**252.2**	234.8
EBIT (reported)	43.0	53.5	**96.5**	87.3
NPAT (reported)	44.8	32.4	**77.2**	64.9

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









PROFIT AND LOSS

Macmahon delivered revenue and earnings growth in line with its publicly stated guidance. Revenue for the Group excluding non-cash consideration of $96.2 million (30 June 2020: $198.9 million) increased by 6.2% to $1.26 billion. This increase was largely attributed to growth across the Group from expansions of existing contracts (Byerwen, Mt Morgans, Boston Shaker), and commencement of new projects (Coburn Civil, Dawson, Foxleigh, Julius, Bellevue and Gwalia).

Non-cash consideration represents the consumable materials contributed by PT AMNT to facilitate the services for which the Group obtains control but receives no margin. Due to COVID-19, from 1 July 2020, the movement of tyres and lubricants was limited, resulting in the Group not having direct control of these materials. As a result, these materials were not recognised as revenue or expenses during the period. Given these materials are passed through at cost, there is no margin attached and earnings at Batu Hijau remain unchanged. Looking beyond COVID-19, it is likely the Group will not regain control of these consumable materials.

Under AASB 15, if a customer contributes goods to facilitate fulfilment of the contract, an assessment is required as to whether the Group obtains control of these contributed goods. Where supplied consumables are controlled by the Group, their cost and use are required to be recognised as revenue and cost.

Underlying earnings before interest, tax, customer contracts amortisation and other one-off items, (EBIT(A)) for FY21 increased by 3.9% to $95.2 million (30 June 2020: $91.6 million). Similarly, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 4.7% over the year to $249.9 million.

Depreciation, including Amortisation and Net Finance Costs

Consistent with the growth in property, plant and equipment required for expansion and new projects, depreciation (including amortisation) increased from $147.4 million to $155.7 million for the year. Net interest for the year decreased by 1.6% to $14.6 million (30 June 2020: $14.8 million) primarily due to the implementation of a new enhanced debt facility, providing the Group with the opportunity to replace expensive finance. This benefit was partially offset with the increase in debt as noted below.

Tax

The Group reported a tax expense of $4.7 million. The effective tax rate of 5.7% primarily resulted from the recognition of certain deferred tax assets (DTAs) of $17.3 million not previously recognised, and the lower statutory tax rates of foreign operations. The previously unrecognised DTAs were recognised, as they are now considered recoverable due to amendments to the income tax rules allowing for the deduction of full cost of eligible depreciating assets.

Excluding this DTA, the effective tax rate would have been 26.9%, and excluding the foreign tax rate differential on foreign operations, the effective tax rate would be 29.7%.

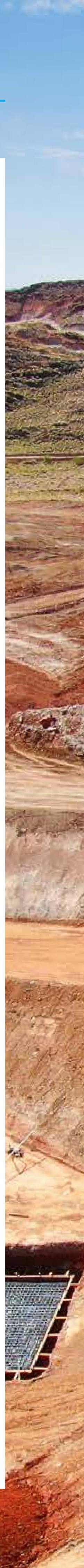
BALANCE SHEET

Net assets increased to $545.9 million at 30 June 2021 (30 June 2020: $497.8 million). Total assets and total liabilities increased by $230.5 million and $182.4 million, respectively, primarily due to the execution of expansions and extensions at existing projects, and commencement of new projects.

The Group's net tangible assets (NTA) increased by 6.7% to $508.4 million at 30 June 2021 (30 June 2020: $476.5 million). As a result, NTA per share increased from 22.1 cents per share to 23.6 cents per share.

Working Capital

Investment in net working capital decreased by $9.1 million. Consistent with project expansions and new projects commenced during the year, current trade and other receivables and inventory increased from $202.6 million and $57.3 million, respectively, to $246.9 million and $68.5 million at 30 June 2021. The current trade and other payables at 30 June 2021 of $218.5 million increased from prior year of $153.9 million.



Net Debt

At 30 June 2021, cash on hand totalled $182.1 million (30 June 2020: $ 141.8 million) offset by borrowings of $312.4 million (30 June 2020: $202.7 million), resulting in net debt at 30 June 2021 of $130.3 million), equating to gearing of 19.3%. Net debt to EBITDA for 30 June 2021 was 0.5 times.

The increase in net debt of $69.4 million was primarily due to the purchase of plant and equipment to support the growth previously noted, and was partially offset by operating cash flows of $239.5 million.

In December 2020, the Group extended and increased its $75.0 million debt facility into a new enhanced $170.0 million debt facility, which expires in July 2023. At 30 June 2021, $60.0 million was drawn as cash, and $4.4 million for bank guarantees.

In addition, the Group secured a new USD denominated $9.5 million (AUD $13.762 million) term facility for its Indonesian operations, which was fully drawn at 30 June 2021 and repayable by January 2022.

As at 30 June 2021, cash and unutilised working capital facilities totalled $287.7 million (30 June 2020: $197.9 million).

CASH FLOW

Operating cash flow (excluding interest, tax and acquisition costs) for the year ended 30 June 2021 was $269.0 (FY20: $218.4 million), representing a conversion rate from underlying EBITDA of 107.7%. This compared favourably to the 91.5% EBITDA conversion rate for the prior financial year.

Capital Expenditure

Capital expenditure for property, plant and equipment for the year totalled $296.1 million, comprising $81.9 million acquired through finance leases, $10.0 million deferred other payables, and $204.2 million funded in cash.

DIVIDEND

The Board has approved the payment of a final dividend of 0.35 cents for FY21. This equates to a total dividend declared for FY21 of 0.65 cents per share.

Risk Management

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

Given the breadth of operations and 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 significantly impacted by the COVID-19 pandemic, which has resulted in the closure of borders, disrupted trade in various industries including mining, interrupted supply chains, and created significant uncertainty in the global economy.

The health pandemic continues to affect many countries, and while vaccines are increasingly available, periodic lockdowns or restrictions on movement continue to occur in the key markets in which Macmahon operates.

Although the pandemic has had limited financial impact to the Group during the year ended 30 June 2021, there is a risk that the prolonged continuation of these circumstances across the globe could have a material impact on the Group in the future.

PERFORMANCE OF THE BATU HIJAU PROJECT

The future financial performance of Macmahon is partly dependent on outcomes at the Batu Hijau project.

The mining services contract for the Batu Hijau project requires agreements to be reached about certain matters on a regular basis, including annual performance targets. There is no guarantee this will occur.

The Batu Hijau mine is located in Indonesia, where the risk of earthquake, volcanic eruption and tsunami is higher than many other parts of the world.

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 is committed to understanding our impacts, looking for opportunities to reduce our energy use across the business, and continuing to engage with stakeholders to understand their expectations.

CONTINGENT LIABILITIES

Macmahon is exposed to a number of contingent liabilities, including those described in the notes to this 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 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 adversly effect Macmahon's financial performance, reputation, and ability to win new contracts.

CONTRACT PRICING RISK

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

COMMODITY PRICE EXPOSURE

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

EQUIPMENT AND CONSUMABLE AVAILABILITY

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

KEY PERSONNEL

Macmahon's growth and profitability may be limited by loss of key operating personnel, inability to recruit and retain skilled and experienced employees, or an increase 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 as 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 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, its largest project is in Indonesia. Macmahon also works in Malaysia. 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, and 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 local law.

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 developed a three-year cyber security plan.

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

EVA SKIRA
Independent, Non-Executive Chair

MICHAEL FINNEGAN
Managing Director and Chief Executive Officer

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

VYRIL VELLA
Independent, Non-Executive Director

DENISE MCCOMISH
Independent, Non-Executive Director

EVA SKIRA

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 Chair of Trustees at St John of God Health Care Inc. and Board member at Western Power, WA Parks Foundation, and the Western Australia Cricket Association. 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 was 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): RCR Tomlinson Limited (resigned October 2018)

Committee memberships:

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

Interests in ordinary shares: 416,999
Interests in share rights: 381,507

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
Interests in performance rights: 17,013,574

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: 1,609,839
Interests in share rights: 523,696

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: 1,093,718
Interests in share rights: 789,267

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: 1,093,718
Interests in share rights: 789,267

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.

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: 96,186
Interests in performance rights: 283,066

VYRIL VELLA

Independent, Non-Executive Director
Appointed 21 November 2007; resigned 31 October 2018; reappointed 29 June 2019

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
Interests in share rights: None

DENISE MCCOMISH

Independent, Non-Executive Director
Appointed 1 March 2021

Qualifications: University Diploma 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 not-for-profit organisations Beyond Blue and Chief Executive Women. Denise 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.

Current other listed directorships: Webjet Limited

Former Australian listed directorships (last three years): None

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

Interests in ordinary shares: 275,000
Interests in share rights: None

Executive Management Team

MICHAEL FINNEGAN

Managing Director and Chief Executive Officer

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 15 years have primarily been spent in senior line management positions. Mr Finnegan has a strong commercial and technical background, and has spent time in operations on the east and west coast of Australia, as well as a number of countries throughout Asia.

PETER POLLARD

Chief Financial Officer

Mr Pollard was appointed as Chief Financial Officer in August 2020. He holds a Bachelor of Business with 38 years' experience in the contracting and services sectors covering mining, oil and gas, infrastructure and telecommunications. During this time, Mr Pollard has worked and lived in Australia, Asia and the Middle East, working with large international contracting and services companies, including CIMIC Group.

GREG GETTINGBY

Chief Development Officer

Mr Gettingby joined Macmahon in 2002 and was appointed to the position of Chief Development Officer in December 2018. He previously held commercial management and legal roles with the Company across all divisions of its business. Prior to joining Macmahon, Mr Gettingby worked as a lawyer in private practice and holds a Bachelor of Arts and a Bachelor of Laws.

CARL O'HEHIR

Chief Operating Officer

Mr O'Hehir holds a Bachelor of Engineering (Mining) and is a Site Senior Executive under the Queensland Coal Mining Safety and Health Act. Mr O'Hehir has 20 years' experience in open cut mining in Queensland and in Africa across technical, operational and managerial roles. Prior to joining TMM in July 2010, Mr O'Hehir held senior positions at Thiess and BHP.

MARK HATFIELD

Executive General Manager, Plant and Innovation

Mr Hatfield has more than 17 years' experience within the mining and heavy equipment industry, and has fulfilled numerous operational and senior leadership roles. Mr Hatfield has a strong technical background and has spent time in operations on the west coast of Australia, as well as a number of countries throughout Asia.

NICOLA HAMILTON

General Manager, People

Nicola Hamilton holds a Bachelor of Human Resource Management (honours). She has more than 20 years' 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.

ELIZABETH GRAY

General Manager, HSEQ and Training

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

Creating an inclusive and respectful workplace is paramount. Strengthening this is a focus area for Macmahon in FY22.

Sustainability Report

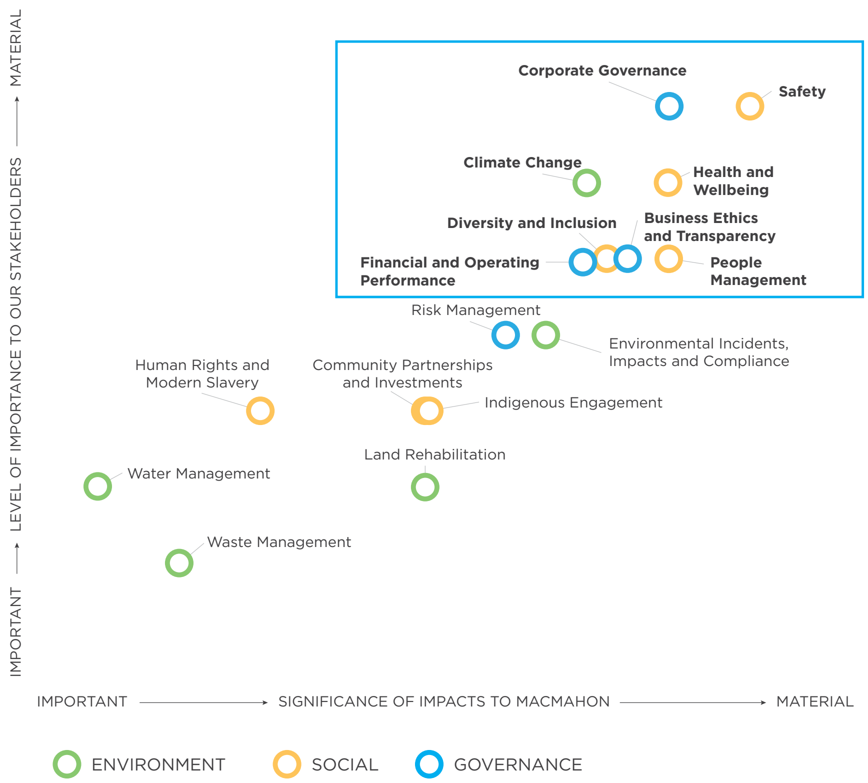
Macmahon has outlined its key environmental, social and governance (ESG) considerations in this section. For additional details, please refer to our standalone Sustainability Report for FY21, which has been released separately to the Australian Stock Exchange (ASX) and is available on our website.

As part of our continued focus to improve our disclosure on sustainability, we have prepared the Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Our business took positive action to improve our sustainability in FY21, including the adoption of a new Sustainability Policy. Under this policy, we recognise that we have a corporate responsibility to protect the health and safety of our people, responsibly manage our environmental impact and ensure we work in partnership for the benefit of the communities in which we operate.

In line with this responsibility, we have now set a range of sustainability objectives for FY22 in our annual business plan. These include:

- Adding Sustainability to the Audit and Risk Committee remit in FY22.
- Reviewing the Macmahon Climate Change Policy and determining appropriate climate change metrics and targets.
- Building on our Diversity Policy by establishing detailed strategies.
- Establishing a Community Partnership and Investment Strategy.
- Establishing a Reconciliation Action Plan.
- Ensuring a robust and coherent set of sustainability targets exists.
- Engaging with employees to further raise sustainability awareness.



Environment

Macmahon's Environmental Policy, values and commitment reflect the integrated way we work at each of our locations. Although we do not own any mines, we are committed to reducing, recycling and rejuvenating by promoting environmental awareness, minimising waste and identifying energy-efficient solutions.

We continue to improve our understanding of the sources, scope and extent of our resource use, environmental emissions and impacts, and transparently report our performance. Our overarching goal for environmental management is to avoid or, if this is not possible, minimise our impacts while contributing to lasting environmental benefits across the regions where we operate.

We conduct monthly environmental inspections. In FY21, we conducted over 290 inspections across our operations and recorded no major environmental incidents.

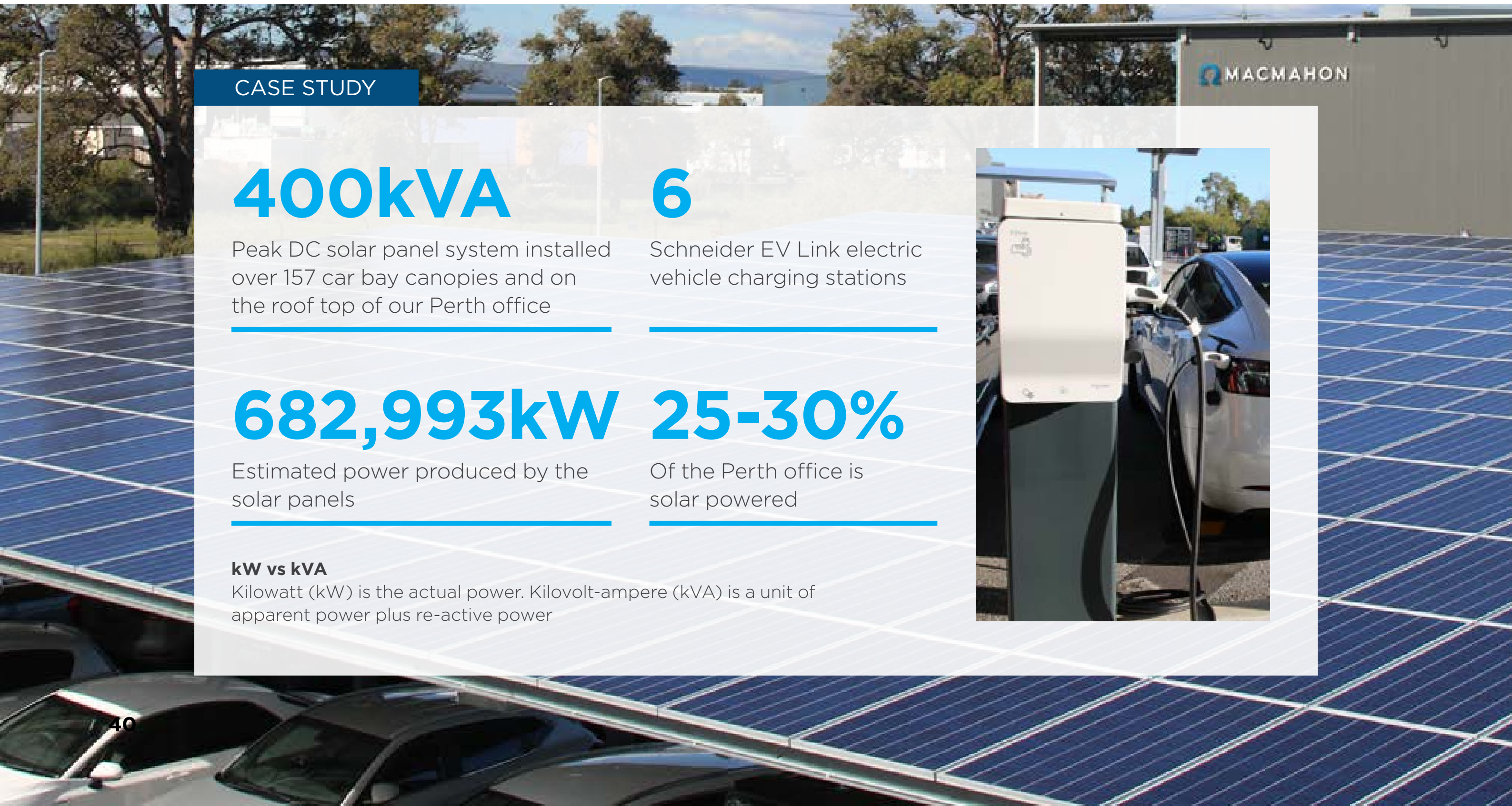
CLIMATE CHANGE

As set out in Macmahon's Climate Change Position Statement, we acknowledge that climate change is real and poses a threat to our environment.

We will seek continual improvements in energy efficiency across our business to reduce the carbon intensity of our operations and minimise the impact on the environment.

Macmahon measures and reports its Greenhouse Gas (GHG) emissions yearly via an independent consultant. Macmahon does not report GHG data directly for the National Greenhouse and Energy Reporting (NGER) scheme, as this functional responsibility of most mining projects sits with our clients.

During FY21, our scope 1 (direct) GHG emissions were 2,051 tonnes per CO_2-e, while our scope 2 (indirect) GHG emissions were 1,481 tonnes per CO_2-e



CASE STUDY

400kVA
Peak DC solar panel system installed over 157 car bay canopies and on the roof top of our Perth office

6
Schneider EV Link electric vehicle charging stations

682,993kW
Estimated power produced by the solar panels

25-30%
Of the Perth office is solar powered

kW vs kVA
Kilowatt (kW) is the actual power. Kilovolt-ampere (kVA) is a unit of apparent power plus re-active power

The large increase in scope 1 GHG emissions in FY20 was primarily attributed to the purchase of diesel fuel by GBF Group on behalf of a client's operations. However, from October 2020 GBF no longer purchases fuel for this operation, which resulted in the subsequent reduction of our FY21 scope 1 GHG emissions.

The installation of solar panels at our Perth Head Office contributed to a reduction of our FY21 scope 2 GHG emissions.

Our engineering team continuously assess opportunities to purchase lower-emission equipment.

	Metric	FY21	FY20	FY19	FY18	FY17
Energy	Gigajoules (GJ)	**37,200**	96,140	20,478	16,152	9,898
GHG Scope 1	Total Tonnes CO_2-e	**2,051**	6,119	795	569	156
GHG Scope 2	Total Tonnes CO_2-e	**1,481**	1,803	1,761	1,538	1,583
Total (Scope 1 and Scope 2) Emissions	Total Tonnes CO_2-e	**3,532**	7,922	2,556	2,107	1,741

Note: Emissions and energy data is calculated using Clean Energy Regulator's NGER emissions/energy calculator and are based on actual amounts of fuel (kL) and purchased electricity (kWh) used on a facility-by-facility basis.

Macmahon will set GHG emissions targets in FY22 and use FY21 as its baseline year for emissions. Macmahon will also investigate reporting against the Taskforce on Climate-related Financial Disclosures (TCFD) in FY22 for sites under its operational control.

FY21	Energy (GJ)	GHG (Scope 1 & 2) tonne CO_2-e
Electricity	7,993	1,481
Diesel	28,572	2,008
Petrol	635	43
Total	**37,200**	**3,532**

In conjunction with our Original Equipment Manufacturers and our clients, we monitor, maintain and rebuild equipment to extend its useful life and optimise performance. Our engineering team continuously assess opportunities to purchase lower-emission equipment, and we have moved from a predominately mechanical drive trucking fleet to an electric drive in FY21 for new purchases. In FY22, our team will commence trials of battery-powered light vehicles in our underground operation.

Macmahon seeks to work across a range of commodities, including those important for the world's transition to low carbon energy, such as copper. Macmahon had minimal exposure to thermal coal mining over the period, and remains cognisant of stakeholder expectations on this issue.

CASE STUDY

Batu Hijau rehabilitation

In addition to mining activities at the Batu Hijau project, the alliance team progressively rehabilitates the land. Around 1.2 million trees have been successfully replanted across 700 hectares between 2000 to 2020.

LAND REHABILITATION

Macmahon offers complete solutions for mine closure and mine site rehabilitation, and progressive rehabilitation for mining contracts. Our capabilities include bulk earthworks, topsoil management, revegetation, monitoring and maintenance.

In FY21, we rehabilitated 142 hectares in Australia across the Peak Downs, Saraji and South Walker Creek mine sites. In addition, 45 hectares were rehabilitated in Southeast Asia at the Batu Hijau site.

Australia	FY21	FY20	FY19
Total Hectares rehabilitated	**142**	60	177

Southeast Asia	CY20	CY19	CY18
Total Hectares rehabilitated	**45**	37	23

Social

Macmahon is dedicated to the health and safety of our people, providing an inclusive workplace that offers many opportunities, and we build strong relationships with the communities in which we operate.

PEOPLE MANAGEMENT

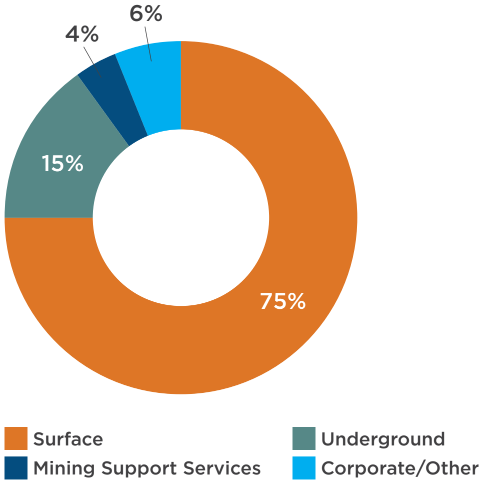
Our people are our greatest asset and are essential to our long-term success. We remain committed to supporting overall wellbeing and a positive work-life balance for our people.

Our workforce as at 30 June 2021 was 7,069 people. We anticipate this will increase over the coming year as we bring on several new projects in FY22.

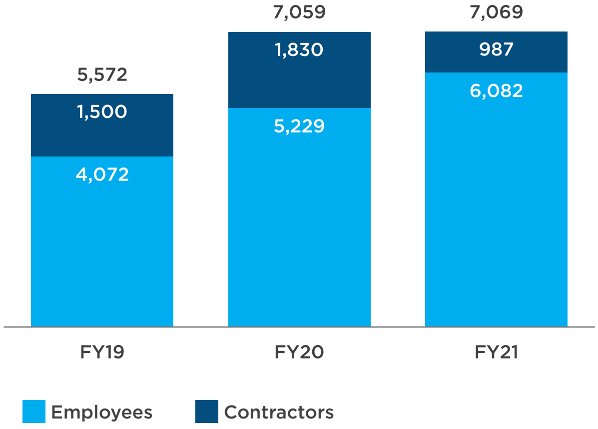
Workforce by location

	Employees	Contractors	Total Workforce
Australia	3,035	940	3,975
Southeast Asia	3,016	47	3,063
Other	31	0	31
Total	**6,082**	**987**	**7,069**

Workforce by Business Unit



Workforce over the last three years



Australia

Given the increased demand for mining services in the second half of the year and continued COVID-19 travel restrictions, we have experienced tightened labour availability in Australia and higher turnover rates.

Macmahon has employed various strategies to attract and retain our people, such as providing:

- Opportunities for growth and development through our Grow Our Own initiatives.
- Reward and recognition initiatives:
  - Retention bonus schemes in agreement with clients.
  - Competitive remuneration with increased benchmarking bi-annually.
  - Monetary leader awards to recognise performance and access to discount benefits.
- Flexible working arrangements, including offering our fly-in-fly-out (FIFO) workforce the flexibility to choose between lifestyle (even-time) or higher earnings rosters.
- Access to gym facilities and classes at the Perth Head Office.
- Access to award-winning physical and mental health programs, including "Strong Minds, Strong Mines".

In FY22, we plan on undertaking an employee engagement survey to further build on our culture.

Indonesia

We continue to foster positive labour relations with our Indonesian workforce. We ensure we comply with all relevant Indonesian labour legislation, and provide written contracts underpinned by Company Regulations (similar to an Australian Enterprise Agreement) that are approved by the Indonesian Government's Ministry of Manpower. We also offer production bonuses (linked to safety KPIs) and health insurance for employees and their family members.

Training and Development

To support our continued growth, Macmahon remains firmly committed to supporting the development of our people. We have increased our focus on our apprenticeship, graduate, traineeship ("Grow Our Own" people strategy) and leadership programs throughout the year.

In addition, we have revamped our performance review process (Challenge, Develop & Grow), which is part of our strategy to attract, lead, develop, engage, and retain talent.

CASE STUDY

Strong Minds, Strong Mines

Macmahon is sharing its award-winning Wellbeing program with the resources industry to help shine a light on the benefits of mental, physical and social health as part of its Strong Minds, Strong Mines program. Diggers & Dealers 2021.

IN FINANCIAL YEAR 2021

32 GRADUATES

Thirty-two graduates participated in our Structured Graduate Development Program, which includes an 18-month partnership with Engineering Education Australia (EEA) to support our graduates in acquiring industry-specific skills and building on existing capabilities.

105 APPRENTICES

One hundred and five apprentices participated in our National Apprenticeship Programs, specialising in mobile plant mechanics, auto electricians, HV electricians and boilermakers.

289 TRAINEESHIPS

Two hundred and eighty-nine new-to-industry people were developed in a range of programs. We established a training school in Perth to fast track our new-to-industry training programs.

95 LEADERSHIP DEVELOPMENT PROGRAM

Ninety-five of our leaders participated in a structured leadership program in partnership with the Australian Institute of Management Western Australia.

SAFETY

The safety of our people remains our number one priority. Macmahon is committed to reducing, and where possible, eliminating hazards and risks within our business to protect the health and safety of our workforce.

Sadly, as referred to in the Chair and CEO and Managing Director's Reports, we reported the passing of two employees during the year. In April 2021, a truck driver was fatally injured at the Batu Hijau mine site after losing control of his vehicle. In June 2021, an employee at the Daisy Milano mine passed away from unknown causes. Investigation by the coroner is ongoing into the cause of death. These tragic losses have been felt across the business, and we are supporting the families and our people wherever possible.

Our safety performance has not been in line with our targets. Macmahon's Total Reportable Injury Frequency Rate (TRIFR) for FY21 increased to 6.39 from 3.77 in the previous year. The Lost Time Injury Frequency Rate (LTIFR) increased from 0.12 in FY20 to 0.14 in FY21. Comparing performance, the most recent Western Australia Mining sector average TRIFR was 6.2, whilst the LTIFR for the sector was 2.2.

	FY21	FY20	FY19	FY18
TRIFR	**6.39**	3.77	3.98	6.28
Industry TRIFR[1]	**6.2**	6.2	6.4	6.7
LTI	**0.14**	0.12	0.36	0.46
Industry LTIFR[1]	**2.1**	2.1	2.2	2.0
Workforce	**7,069**	7,059	5,572	5,050

1 Department of Mines, Industry Regulation and Safety total mining frequency rates. Note: FY21 departmental data not available at time of publishing so, FY20 data disclosed.

As a result of our disappointing safety performance in FY21, our Safety and Health Management System was reviewed and confirmed as appropriate. Greater emphasis has been placed on improving behaviours and situational awareness to ensure a safe workplace. We expect to improve our performance in FY22 and will focus on implementing the following initiatives:

- Review and amend the Company's Critical Risk Standards.
- Complete audits against the new Critical Risk Standards across all projects.
- Install fatigue and behavioural observation monitoring technology across our mining fleet.
- Launch a psychological safety program to address culture and make sure our people are empowered to speak up to create a safer workplace environment.
- Commence cross departmental audits into our Integrated Management Standards to identify system gaps.

Importantly, many of the Company's projects recorded positive safety results:

- 96% of all projects remained LTI free for the entire year.
- 54% of all projects were both LTI and recordable injury free for the period.

Our leading indicators show the significant steps and efforts that we have put into improving safety performance going forward. We continuously monitor the following leading indicators:

- Safety Interactions
- Planned Task Observations
- Hazard Reporting Frequency Rate
- Monthly Safety Inspections
- Project Managers Quarterly Risk Review
- Safety Planner Compliance Sheet

HEALTH AND WELLBEING

Macmahon's commitment to supporting the health and wellbeing of its people is vitally important. Our dedicated health and wellbeing program, Strong Minds, Strong Mines, continues to support our employees' physical and mental health, and encourages our people to reach out for help when needed. We are proud that this program is now offered to and adopted by our clients.

This year, we have employed a dedicated Wellbeing Coordinator who visits sites and provides health and nutrition guidance, along with group and personal physical fitness plans.

The Macmahon fitness app, Team App, continues to be well used by our workers and their families. This app provides access to meal plans, workout programs and videos, motivational videos and access to our Wellbeing Coordinator. The app has now been deployed to other companies who are benefiting from the content and the support it provides.

COVID-19

The impact of the COVID-19 pandemic continues to be a challenge in our business. We continue to closely monitor the situation, implement risk management measures across our operations to protect our workforce and stakeholders, and safeguard business continuity.

These measures included:

- Providing financial support to those directly impacted.
- Securing accommodation for more than 190 interstate fly-in-fly-out (FIFO) workers required to temporarily relocate to the state in which they work.
- Identifying high-risk members of our workforce and providing health plans managed by our Group Doctor.
- Focusing on fatigue management, including providing additional break times.
- Access to our 24 hours 7 days a week Employee Assistance Program.
- Proactive use of preventive measures, including use of face masks, temperature checks, regular cleaning and sanitation.
- Accommodating our Batu Hijau workforce on Lombok Island for a two-week quarantine period before transferring to the mine site on Sumbawa Island.

DIVERSITY, EQUITY AND INCLUSION (DEI)

Macmahon recognises the benefits of having a diverse workforce, and seeks to create an inclusive workplace environment where people's diverse experiences, perspectives and backgrounds are valued and utilised. Increasing female and Aboriginal employment rates remains our key priority.

The Group's Diversity Policy is available on the Macmahon website, and requires the Board to set and report against measurable diversity targets. The table below outlines our measurable objectives in relation to diversity and the progress towards achieving those objectives at 30 June 2021.

Macmahon supports improvements in the industry's gender ratio by actively encouraging female applicants and has set a target of 25% female appointments for entry-level programs. The Group produced a separate report on its Gender Equality Indicators in accordance with the *Workplace Gender Equality Act 2012*. A copy of this report is available on our website.

Creating an inclusive and respectful workplace is paramount. Strengthening this is a focus area for Macmahon in FY22 with implementation of a revised DEI framework to engage and raise awareness with both internal and external stakeholders.

In addition, Macmahon actively encourages the employment of Indigenous Australians, and we continue to work with our clients in other areas to provide opportunities for Indigenous participation in our projects.

In FY21, the Company's target for Indigenous representation was 5.5% of Australian employees. Macmahon employed 144 Indigenous people in the reporting year, representing 4.7% of Australian employees.

	Current Target	FY21 Actual
Indigenous Australian employees	5.5%	**4.7%**
Female Directors	30%	**25%**
Percent of females in senior management positions	20%	**12.2%**
Percentage of female employees across Australia	15%	**14.2%**
Percentage of female employees across the whole organisation	15%	**12.4%**

CASE STUDY

Supporting Grassroots Sporting Clubs

We know that sport and group recreation activities build healthier, happier and safer communities. Macmahon supports grassroots sporting clubs in many of the areas that we operate, aiming for a minimum of one club per region.

Macmahon is proud to get behind initiatives that bring families together and promote happy, healthy lifestyles. We partner with Perth Football Club to support their School Sponsorship Program. Engaging with 30 kids at a time, these half-hour sessions are open to any school within the Perth zone, and are run by two or more Perth Football Club players with local District staff.

COMMUNITY PARTNERSHIPS AND INVESTMENT

Macmahon has an established tradition of supporting local initiatives in the communities in which it operates. Macmahon seeks to identify community sponsorships and partnerships that align with the interests of local communities close to its projects, in addition to larger projects which provide strong synergies with Macmahon's values-based culture.

Macmahon's strategic community investment includes voluntary contributions, in-kind support, and allocated funding. Macmahon is committed to increasing its community investment in FY22.

Macmahon offers varying types of support to programs that best align with the Company's operations and values. The types of support to community organisations include:

- Sponsorship for projects or programs that aim to meet a specific community need and align with one or more of our values of safety, teamwork, prosperity, integrity, and environment.
- Support for local sporting or community organisations in locations where Macmahon has operations.
- In-kind support for community organisations in locations where Macmahon has operations.
- Support for employees' community fundraising activities.

Community development projects are selected based on their capacity to positively impact quality-of-life indicators for the relevant community and enhance the Company's licence to operate.

Governance

BUSINESS ETHICS AND TRANSPARENCY

Integrity is one of Macmahon's five core values, and we expect all employees to act lawfully, ethically, and responsibly. Our expectations on anti-bribery and corruption are detailed in our Code of Conduct, which is available on our website. All employees are required to complete training on our Code of Conduct in their induction program and annually thereafter.

While Macmahon is a member of various industry groups which engage with governments from time to time, Macmahon is not directly involved in lobbying and has not made any political donations.

Macmahon's approach to bribery and corruption is supported by our Whistleblower Policy. The Company has a number of channels for making a report, including a whistleblower hotline for stakeholders to call if they would like to report actual or suspected unlawful, unethical or irresponsible behavior in a confidential manner.

As of the date of this Sustainability Report, for FY21 there were:

- No confirmed incidents of corruption.
- No confirmed incidents in which employees were dismissed or disciplined for corruption.
- No confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- No formal proceedings against Macmahon or its employees.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MACMAHON

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 2021.

DIRECTORS

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

- Eva Skira, 67 (Chair)
- Michael Finnegan, 46
  (Chief Executive Officer and Managing Director)
- Vyril Vella, 72
- Hamish Tyrwhitt, 58
- Bruce Munro, 68
- Alexander Ramlie, 48
- Arief Widyawan Sidarto, 52
- Denise McComish, 61 (appointed 1 March 2021)

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 35 and form part of this report.

MEETINGS OF DIRECTORS

The number of meetings of the Company’s Board of Directors (the Board) and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Regular		Audit and Risk Committee		Remuneration Committee		Nomination Committee		Tender Committee		Other Committee (A)	
Attendance	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
E Skira	10	10	4	4	6	6	3	3	*	*	2	2
M J Finnegan	10	10	*	*	*	*	*	*	6	6	2	2
V A Vella[1]	10	10	4	4	6	6	3	3	*	*	2	2
A Ramlie	10	8	*	*	*	*	3	2	*	*	*	*
A W Sidarto	10	10	*	*	*	*	3	3	*	*	*	*
H G Tyrwhitt[2]	10	10	4	4	6	6	3	3	6	6	*	*
B A Munro	10	10	4	4	*	*	3	3	6	6	*	*
D P McComish[3]	3	3	1	1	*	*	1	1	*	*	*	*

A Other committees include sub-committees of the Board.
* Not a member of the relevant committee.
1 Mr Vella resigned as Chair of the Remuneration Committee on 1 November 2020 and remains a member.
2 Mr Tyrwhitt was appointed as the Chair of the Remuneration Committee on 1 November 2020.
3 Ms McComish was appointed as a Director of the Company and a member of the Nomination Committee on 1 March 2021, and was appointed as a member of the Audit & Risk Committee effective from 1 June 2021.

COMPANY SECRETARIES

Gregory Gettingby BA/LLB

Mr Gettingby holds a Bachelor of Arts and a Bachelor of Laws.

Mr Gettingby joined Macmahon in 2002 and was appointed to the position of Chief Development Officer in 2018. He previously held commercial management and legal roles with the Company.

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

Katina Nadebaum B.Com, CA (resigned 4 March 2021)

Ms Nadebaum joined the Company in November 2018 as Joint Company Secretary and resigned on 4 March 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 mining and civil construction services to mining companies throughout Australia, Southeast Asia and South Africa.

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 FY21

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

	Cents	$	Date of payment
Interim 2021 ordinary	0.30	6,300,440	7 Apr 21
Final 2020 ordinary	0.35	7,350,514	29 Oct 20

Declared after year-end

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

	Cents	$	Date of payment
Final 2021 ordinary	0.35	7,350,514	22 Oct 2021

As the final dividend was declared after 30 June 2021, 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 2021.

REVIEW OF OPERATIONS

For the year ended 30 June 2021, the Group reported increases in EBIT(A) and NPAT. Excluding non-cash consideration for consumable materials contributed by PT AMNT (AMNT), the Group also reported an increase in revenue. These increases are driven by organic growth, including the expansion of existing contracts (Byerwen, Mt Morgans, Boston Shaker, Deflector and Mt Belches) and commencement of new projects (Cockburn Civil, Bellevue, Julius, Gwalia and Foxleigh).

A review of and information about the operations of the Group during FY21 is contained on pages 14 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

Subsequent to 30 June 2021, the Board approved a final dividend on ordinary shares of 0.35 cents per ordinary share in respect of FY21.

On 24 August 2021, the Group executed a new Syndicated Asset Finance Facility. The total amount under this facility is $145 million and will enable the Group to support its capital requirements in FY22.

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 56 to 71 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 2021, 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 FY21, 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 54.

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
Chair
25 August 2021
Perth

KPMG

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

To the Directors of Macmahon Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Macmahon Holdings Limited for the financial year ended 30 June 2021 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

25 August 2021


MACMA

Remuneration Report

This Remuneration Report for the year ended 30 June 2021 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 2021 is outlined below:

		At risk	
	Fixed remuneration	Short-term incentive	Long-term incentive
Michael Finnegan Chief Executive Officer (CEO) and Managing Director	34%	32%	34%
Peter Pollard Chief Financial Officer (CFO)	67%	33%	0%
Greg Gettingby Chief Development Officer (CDO)	50%	25%	25%
Carl O'Hehir[1] Chief Operating Officer (COO)	71%	29%	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 FY21 expense for performance rights granted in previous years.

1 Mr O'Hehir was appointed as COO in October 2020 and was not awarded a LTI subsequent to being appointed.

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 The Reward Practice for the CEO's remuneration and by Mercer for other KMP's remuneration. Based on the results of the market benchmarking review, an 8.7% remuneration increase was provided to the CEO from 1 July 2020, and 2.5% remuneration increase from 1 January 2021 for other executive KMP.

1.3 FY21 Short-term incentive ("STI")

During FY21, 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's were chosen for the 2021 financial year: • EBIT(A) (50%) • Return on Equity (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 and its ROE target (gateway), and to increase in line with any additional EBIT(A) or ROE, up to a cap.
Reasons for using these targets	EBIT(A) and ROE were chosen as the primary targets for the STI to simplify administration of the plan, and to focus executive KMP on two key metrics used by shareholders of the Company. Safety performance and growth/order book are also used in the calculation of the STI to ensure earnings are generated with regard for the longer term sustainability of the business.
Performance period	Performance against the STI targets relate to the period from 1 July 2020 to 30 June 2021.
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 FY21 STI Plan.

	Performance level		
	Threshold (lower end of guidance range $90 million)	**Target (high end of initial guidance range $99 million)**	**Stretch (capped at $107 million EBIT)**
M Finnegan	0% of TFR	92% TFR	138% TFR
P Pollard	0% of TFR	50% TFR	75% TFR
G Gettingby	0% of TFR	50% TFR	75% TFR
C O'Hehir	0% of TFR	40% TFR	60% TFR

For FY22, 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

For all performance rights on issue at 30 June 2021, vesting is dependent on the Company's absolute level of compound annual growth rate (CAGR) of total shareholder returns (TSR) over a defined performance period.

The reasons for selecting this performance condition include that (a) it provides a straightforward measure of Group performance that is simple to communicate to employees and for them to continuously monitor; (b) it is an important metric for shareholders in a company of Macmahon's size and risk profile, many of whom have indicated that they seek absolute returns, rather than returns relative to an index, and (c) it should closely match the actual returns received by shareholders in the Company.

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 FY21, the portion of each grant of rights eligible to vest at various levels of increase in 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 15 % CAGR TSR growth	0%
Between 15% and < 25% CAGR TSR growth	50%, plus a straight-line increase in % award until 25% TSR is achieved
At 25% CAGR TSR growth and above	100%

Continued employment condition

Performance rights 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.

In addition, 22,627,351 performance rights issued to executive KMP during FY19 were subject to a condition of continued employment for one year after any vesting of those performance rights. Under this condition, if any of the relevant performance rights vest into shares, the holder must remain an employee of the Group for a further year before the shares are transferred to that individual.

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 FY21

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

During FY21 a total of 4,220,275 performance rights were granted to Executive KMP. The vesting of these rights is dependent on the Company's absolute level of compound annual growth rate (CAGR) of total shareholder returns (TSR) over a three-year performance period.

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.

	FY21	FY20	FY19	FY18	FY17
Statutory performance indicators					
Profit/(loss) after income tax expense from continuing operations ($m)	77.2	64.9	46.1	31.3	(5.5)
Reported basic earnings per share from continuing operations (EPS) (cents)	3.68	3.10	2.19	1.53	(0.47)
Dividends declared (cents per share)	0.65	0.60	0.50	-	-
Dividends paid (cents per share)[1]	0.65	0.75	-	-	-
Share price at 30 June (cents)	19.0	25.5	18.5	21.5	16.5
Total Shareholder Return (TSR) (%)	(22.9)	41.9	(14.0)	30.3	87.5

1 0.65 cents per share includes the final dividend for 2020 of 0.35 cents per share and the interim dividend for 2021 of 0.30 cents per share

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	$700,000	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.
G Gettingby	$475,000			
P Pollard[1]	$515,000	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[2]	$480,000	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.
G Everist[3]	$515,000	Short-term and long-term incentive opportunities as described above.		Statutory entitlements; plus Relocation benefit of $20,000 and final termination settlement payment of $128,750.

1 Mr Pollard was appointed as CFO on 26 August 2020.
2 Mr O'Hehir was appointed as COO on 1 October 2020.
3 Mr Everist resigned effective 28 February 2021.

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.

Non-Executive Directors' fees are set at a level which enables the attraction and retention of experienced and skilled Board members to ensure an effective oversight role over the Company's operations. Fee levels aim to reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors fees are reviewed annually by the Board to ensure fee levels are appropriate and in-line with the market. Following an external benchmarking review performed by The Reward Practice, Non-Executive fees were changed from 1 March 2021 as follows:

	1 July 2020 - 28 February 2021 $	1 March 2021 - 30 June 2021 $
Board Chair	200,000	240,000
Board members	115,000	120,000
Committee Chair	7,500 – 15,000	30,000
Committee member	n/a	20,000

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

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

The remuneration provided to Non-Executive Directors in FY21 is set out below:

	Cash remuneration[1] $	Salary sacrifice for share rights $	Total $
Eva Skira	167,671	45,662	213,333
Alexander Ramlie	11,644	105,023	116,667
Arief Sidarto	11,644	105,023	116,667
Vyril Vella	146,667	-	146,667
Bruce Munro	82,398	55,936	138,334
Hamish Tyrwhitt	117,077	26,256	143,333
Denise McComish	41,667	-	41,667

1 Cash remuneration includes salary, committee fees and superannuation.

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 2020 (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). No rights were granted for Directors appointed during the year. 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 FY21, the Company engaged The Reward Practice and Mercer to provide benchmarking information about market remuneration levels for the Board (including 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 FY21 remuneration review process.

The Board is satisfied that the remuneration benchmarking data provided by The Reward Practice and Mercer was free from undue influence by employees of Macmahon.

4 VALUE PROVIDED TO KMP

4.1 Statutory remuneration for the year ended 30 June 2021

Details of the nature and value of each major element of remuneration provided to executive KMP of the Company during FY21 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 and allowances $	Committee fees $	One-off discretionary payments $	Cash bonus/ STI $	Non-monetary benefits $	Total short-term $
E Skira Chair	2021	194,825	-	-	-	-	194,825
	2020	176,012	-	-	-	-	176,012
A Ramlie	2021	106,545	-	-	-	-	106,545
	2020	100,457	-	-	-	-	100,457
A Sidarto	2021	106,545	-	-	-	-	106,545
	2020	100,457	-	-	-	-	100,457
V Vella	2021	106,545	27,397	-	-	-	133,942
	2020	92,845	22,831	-	-	-	115,676
B Munro	2021	106,545	19,786	-	-	-	126,331
	2020	77,055	5,137	-	-	-	82,192
H Tyrwhitt	2021	106,545	24,353	-	-	-	130,898
	2020	77,626	-	-	-	-	77,626
D McComish[1]	2021	36,530	1,522	-	-	-	38,052
	2020	-	-	-	-	-	-
Total compensation for Non-Executive Directors	2021	764,080	73,058	-	-	-	837,138
	2020	624,452	27,968	-	-	-	652,420

1 Ms McComish was appointed as a Non-Executive Director in March 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 $	Termination payments $	Options and rights $	Performance related %	Non-performance related %	Compensation consisting of options and rights %	Total compensation $
-	18,508	-	1,313	-	100	-	214,646
-	16,721	-	752	-	100	-	193,485
-	10,122	-	3,019	-	100	-	119,686
-	9,543	-	1,820	-	100	-	111,820
-	10,122	-	3,019	-	100	-	119,686
-	9,543	-	1,820	-	100	-	111,820
-	12,725	-	-	-	100	-	146,667
-	10,991	-	-	-	100	-	126,667
-	12,002	-	1,608	-	100	-	139,941
-	7,808	-	366	-	100	-	90,366
-	12,435	-	755	-	100	-	144,088
-	7,374	-	172	-	100	-	85,172
-	3,615	-	-	-	100	-	41,667
-	-	-	-	-	-	-	-
-	79,529	-	9,714	-	100	-	926,381
-	61,980	-	4,930	-	100	-	719,330

Executives	Year	Short-term: Salary and allowances $	Short-term: Committee fees $	Short-term: One-off discretionary payments $	Short-term: Cash bonus/ STI $	Short-term: Non-monetary benefits $	Total short-term $
M Finnegan Chief Executive Officer and Managing Director	2021	678,150	-	-	259,039	1,119	938,308
	2020	622,690	-	-	735,714	1,021	1,359,425
P Pollard[2] Chief Financial Officer	2021	424,908	-	-	86,346	-	511,254
	2020	-	-	-	-	-	-
G Gettingby Chief Development Officer	2021	444,042	-	-	94,411	894	539,347
	2020	438,500	-	40,000	264,857	793	744,150
C O'Hehir[1] Chief Operating Officer	2021	371,369	-	-	78,512	344	450,225
	2020	-	-	-	-	-	-
G Everist[3] Chief Financial Officer	2021	364,660	-	20,000	-	-	384,660
	2020	490,000	-	-	294,286	2,255	786,541
Total compensation executive personnel	2021	2,283,129	-	20,000	518,308	2,357	2,823,794
	2020	1,551,190	-	40,000	1,294,857	4,069	2,890,116
Total compensation for Directors and Executives	2021	3,047,209	73,058	20,000	518,308	2,357	3,660,932
	2020	2,175,642	27,968	40,000	1,294,857	4,069	3,542,536

1 Mr O'Hehir was appointed as COO in October 2020.
2 Mr Pollard commenced in the role as CFO on 26 August 2020.
3 Mr Everist resigned effective 28 February 2021.
4 Other long-term benefits related to the movement in annual and long service leave liabilities for each Executive.
5 Represents the statutory remuneration expense based on the fair value at grant date of the performance rights over the vesting period of the award.
6 On resignation, Mr Everist's performance rights were forfeited, resulting in a reversal of expenses previously recognised for these rights.

	Post-employment		Share-based payment[5]				
Other long-term benefits[4] $	Super-annuation $	Termination payments $	Options and rights $	Performance related %	Non-performance related %	Compensation consisting of options and rights %	Total compensation $
120,261	21,850	-	458,544	47	53	30	1,538,963
2,960	21,060	-	664,169	68	32	32	2,047,614
12,355	37,896	-	-	15	85	-	561,505
-	-	-	-	-	-	-	-
10,795	25,208	-	269,905	43	57	32	845,255
19,121	25,000	-	413,963	60	40	34	1,202,234
34,951	18,631	-	57,260	24	76	10	561,067
-	-	-	-	-	-	-	-
-	20,833	128,750	(455,780)[6]	(581)	681	(581)	78,463
6,812	25,000	-	433,321	58	42	35	1,251,674
178,362	124,418	128,750	329,929	24	76	9	3,585,253
28,893	71,060	-	1,511,453	62	38	34	4,501,522
178,362	203,947	128,750	339,643	20	80	8	4,511,634
28,893	133,040	-	1,516,383	54	46	29	5,220,852

4.2 Voluntary information – Remuneration received by executive KMP for the year ended 30 June 2021

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

	Fixed remuneration[1] $	Awarded STI (cash)[2] $	Allowances[3] $	Vested LTI[4] $	Realised remuneration received $
M Finnegan	700,000	797,777	-	468,667	1,966,444
P Pollard[5]	436,803	-	26,000	-	462,803
G Gettingby	469,250	287,298	-	169,450	925,998
C O'Hehir[6]	375,000	-	15,000	-	390,000
G Everist[7]	347,500	308,539	186,743	-	842,782
Total	**2,328,553**	**1,393,614**	**227,743**	**638,117**	**4,588,027**

1 Fixed remuneration includes base salaries received and payments made to superannuation funds.
2 The STI paid includes the FY18 25% retention payment and the FY20 STI payment settled in FY21. The FY21 STI has not been paid in FY21.
3 Allowances include relocation and termination benefits.
4 On 1 July 2020, the performance rights granted to executive KMP on 1 July 2017 partially vested. The value of this LTI, included above, has been calculated based on the Company's share price on 1 July 2020.
5 Mr Pollard commenced in the role as CFO on 26 August 2020. Remuneration is shown from this date.
6 Mr O'Hehir commenced in the role as COO on 1 October 2020. Remuneration is shown from this date.
7 Mr Everist resigned effective 28 February 2021.

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 recognise 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 FY21

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	259,039	40	60
P Pollard	86,346	40	60
G Gettingby	94,411	40	60
C O'Hehir	78,512	40	60

Based on underlying performance for the current year, 44.7% of the bonus would have been eligible to vest. However, given the fatality at the Batu Hijau project in April 2021, the Board reduced the vesting percentage for KMP's by 10%.

6 EQUITY INSTRUMENTS

6.1 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 FY21 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	22,831	87,508	438	Feb 21
	Tranche 2	22,831	87,508	875	Aug 21
A Ramlie	Tranche 1	52,511	201,270	1,006	Feb 21
	Tranche 2	52,511	201,269	2,013	Aug 21
A Sidarto	Tranche 1	52,511	201,270	1,006	Feb 21
	Tranche 2	52,511	201,269	2,013	Aug 21
B Munro	Tranche 1	27,986	107,198	536	Feb 21
	Tranche 2	27,986	107,197	1,072	Aug 21
H Tyrwhitt	Tranche 1	13,128	50,317	252	Feb 21
	Tranche 2	13,128	50,317	503	Aug 21
V Vella	–	–	–	–	–
	–	–	–	–	–
D McComish[1]	–	–	–	–	–
	–	–	–	–	–

1 Ms McComish was appointed as Non-Executive Director on 1 March 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 $0.010 for Tranche 2.

Executive KMP performance rights and ordinary shares

During FY21 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	2,467,420	Absolute TSR	1 Jul 20	0.1419	1 Jul 23
G Gettingby	888,271	Absolute TSR	1 Jul 20	0.1419	1 Jul 23
C O'Hehir	864,584	Absolute TSR	1 Jul 20	0.1419	1 Jul 23

No rights were issued to other KMP.

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 FY21 are as follows:

Executive KMP	Grant date (effective from)	Fair value on grant date	Number granted	Number vested in FY21	Number forfeited in FY21	Held at 30 June 2021	Financial year in which the grant vests, subject to performance
M Finnegan	1 Jul 17	$0.085	3,333,333	(1,874,666)	(1,458,667)	-	FY21
	1 Jul 18	$0.090	19,394,872	–	(4,848,718)	14,546,154	FY21 – FY24 (25% per year)
	1 Jul 20	$0.142	2,467,420	–	-	2,467,420	FY24
G Gettingby	1 Jul 17	$0.085	1,205,189	(677,798)	(527,391)	-	FY21
	1 Jul 18	$0.090	12,929,915	–	(3,232,479)	9,697,436	FY21 – FY24 (25% per year)
	1 Jul 20	$0.142	888,271	–	-	888,271	FY24
C O'Hehir	1 Jul 20	$0.142	864,584	-	-	864,584	FY24
G Everist	1 Jan 18	$0.125	1,070,093	–	(1,070,093)	-	FY21
	1 Jul 18	$0.090	12,929,915	–	(12,929,915)	–	FY21 – FY24 (25% per year)

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 2020	Granted as compensation	Vested during the year	Forfeited during the year	Held at 30 June 2021
M Finnegan	22,728,205	2,467,420	(1,874,666)	(6,307,385)	17,013,574
P Pollard[1]	-	-	-	-	-
G Gettingby	14,135,104	888,271	(677,798)	(3,759,870)	10,585,707
C O'Hehir[2]	1,468,347	864,584	-	-	2,332,931
G Everist[3]	14,000,008	-	-	(14,000,008)	-

1 Mr Pollard was appointed as CFO on the 26 August 2020.

2 Mr O'Hehir was appointed COO on 1 October 2020. The performance rights as noted above were granted to Mr O'Hehir as a senior manager of the Company, prior to becoming COO, and have been included above for completeness of rights outstanding at 30 June 2021.

3 Mr Everist resigned effective 28 February 2021.

6.4 Movements in ordinary shareholdings

The movement during FY21 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 2020	Other[4]	Vested rights[5]	Held at 30 June 2021
Non-Executive Directors				
E Skira	226,698	-	190,301	416,999
A Sidarto	661,713	-	432,005	1,093,718
A Ramlie	661,713	-	432,005	1,093,718
V Vella	1,857,842	450,000	-	2,307,842
B Munro	500,000	904,920	204,919	1,609,839
H Tyrwhitt	-	-	96,186	96,186
D McComish[1]	-	275,000	-	275,000
Executive KMP				
M Finnegan	3,145,342	-	1,874,666	5,020,008
G Gettingby	2,397,792		677,798	3,075,590
P Pollard[2]	-	-	-	-
C O'Hehir	-	-	-	-
G Everist[3]	53,563		-	53,563
Total	**9,504,663**	**1,629,920**	**3,907,880**	**15,042,463**

1 Ms McComish was appointed as Non-Executive Director on 1 March 2021.
2 Mr Pollard was appointed as CFO on the 26 August 2020.
3 Mr Everist resigned effective 28 February 2021. Closing details are at the date of effective resignation.
4 Other changes represent shares that were purchased or sold during the year.
5 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.

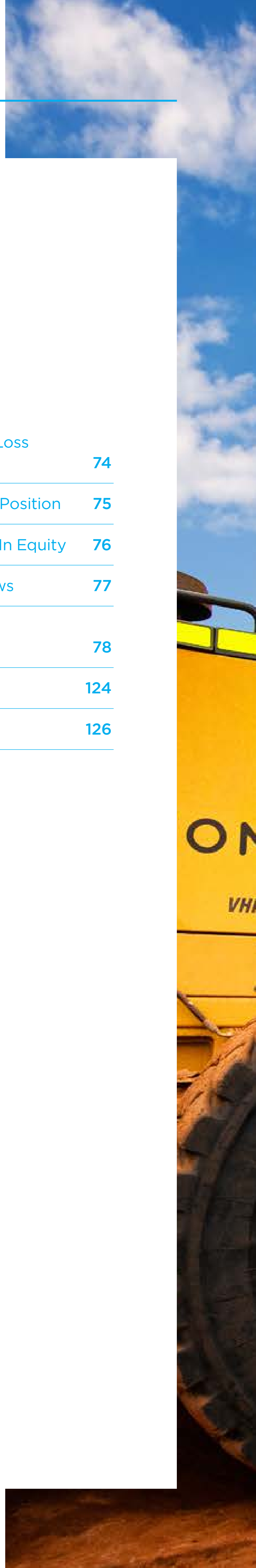
A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 August 2021.

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

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MACMAHON

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2021 $'000	2020 $'000
Revenue	2	**1,351,485**	1,380,374
Other income	3	**13,033**	6,757
Expenses			
Materials and consumables used		**(441,714)**	(529,032)
Employee benefits expense		**(526,672)**	(467,085)
Depreciation and amortisation expense	4	**(155,666)**	(147,445)
Equipment and other short-term lease expenses	4	**(40,584)**	(43,797)
Subcontractor costs		**(45,520)**	(43,894)
Share-based payments expense	27	**(926)**	(2,591)
Other expenses	4	**(62,422)**	(69,312)
Operating profit		**91,014**	83,975
Net finance costs	4	**(14,605)**	(14,839)
Share of profit of equity-accounted investees, net of tax	24	**5,519**	3,351
Profit before income tax expense		**81,928**	72,487
Income tax expense	5	**(4,695)**	(7,539)
Profit after income tax expense for the year		**77,233**	64,948
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation		**(16,548)**	(1,583)
Other comprehensive loss for the year, net of tax		**(16,548)**	(1,583)
Total comprehensive profit for the year attributable to the owners of the Company		**60,685**	63,365

	Note	2021 Cents	2020 Cents
Earnings per share for profit attributable to the owners of Macmahon Holdings Limited			
Basic earnings per share	6	**3.68**	3.10
Diluted earnings per share	6	**3.63**	2.99

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	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**182,079**	141,837
Trade and other receivables	9	**246,868**	202,639
Inventories	10	**68,498**	57,277
Assets classified as held for sale		**207**	829
Total current assets		**497,652**	402,582
Non-current assets			
Investments accounted for using the equity method	24	**285**	10,482
Trade and other receivables	9	**6,444**	8,574
Property, plant and equipment	14	**582,664**	456,996
Intangible assets and goodwill	15	**37,482**	21,330
Deferred tax asset	5	**29,020**	23,058
Total non-current assets		**655,895**	520,440
Total assets		**1,153,547**	923,022
LIABILITIES			
Current liabilities			
Trade and other payables	11	**218,515**	153,933
Borrowings	17	**108,186**	49,258
Income tax payable	5	**4,211**	5,640
Employee benefits	12	**52,961**	45,594
Provisions	13	**16,160**	14,154
Total current liabilities		**400,033**	268,579
Non-current liabilities			
Trade and other payables	11	**-**	1,500
Borrowings	17	**204,246**	153,492
Employee benefits	12	**3,341**	1,620
Total non-current liabilities		**207,587**	156,612
Total liabilities		**607,620**	425,191
NET ASSETS		**545,927**	497,831
EQUITY			
Issued capital	18	**563,118**	563,118
Reserves	19	**(14,658)**	145
Net accumulated losses		**(2,533)**	(65,432)
TOTAL EQUITY		**545,927**	497,831

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 1 July 2020	563,118	145	(192,396)	126,964	497,831
Profit after income tax expense for the year	-	-	-	77,233	77,233
Other comprehensive loss for the year, net of tax	-	(16,548)	-	-	(16,548)
Total comprehensive income for the year	-	(16,548)	-	77,233	60,685
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	-
Balance at 30 June 2021	563,118	(14,658)	(192,396)	189,863	545,927

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2019	563,118	(2,004)	(192,396)	78,900	447,618
Profit after income tax expense for the year	-	-	-	64,948	64,948
Other comprehensive loss for the year, net of tax	-	(1,583)	-	-	(1,583)
Total comprehensive income for the year	-	(1,583)	-	64,948	63,365
Transactions with owners in their capacity as owners:					
Treasury shares allocated on vesting of performance rights (note 19)	-	1,388	-	(1,171)	217
Treasury shares purchased for compensation plans (note 19)	-	(247)	-	-	(247)
Dividends (note 19)	-	-	-	(15,713)	(15,713)
Share-based payments expense (note 27)	-	2,591	-	-	2,591
Balance at 30 June 2020	563,118	145	(192,396)	126,964	497,831

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

Consolidated Statement of Cash Flows

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		**1,363,496**	1,359,737
Payments to suppliers and employees		**(1,098,258)**	(1,145,891)
Receipts from joint venture entities		**2,327**	2,771
Payments to joint venture entities		**(123)**	(1,623)
Earn-out in relation to previous acquisition		**(3,150)**	-
Acquisition costs		**(73)**	(1,345)
Dividends received from equity-accounted investments	24	**1,595**	3,403
Interest received		**341**	546
Interest and other finance costs paid		**(16,218)**	(15,385)
Income taxes paid		**(10,402)**	(8,520)
Net cash from operating activities	7	**239,535**	193,693
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**9,899**	3,957
Payments for property, plant and equipment		**(204,174)**	(75,392)
Payments for intangible assets	15	**(6,116)**	(6,071)
Investment in joint venture		**(124)**	-
Acquisition of subsidiary, net of cash acquired		**(1,864)**	(18,907)
Net cash used in investing activities		**(202,379)**	(96,413)
Cash flows from financing activities			
Purchase of own shares	19	**(183)**	(247)
Proceeds from interest-bearing loans	17	**73,762**	23,044
Repayment of interest-bearing loans	17	**(13,181)**	(24,024)
Financing from sale and leaseback arrangements		**16,249**	-
Repayment of lease liabilities	17	**(57,091)**	(52,313)
Dividends paid	19	**(13,651)**	(15,713)
Net cash from/(used in) financing activities		**5,905**	(69,253)
Net increase in cash and cash equivalents		**43,061**	28,027
Cash and cash equivalents at the beginning of the financial year		**141,837**	113,165
Effects of exchange rate changes on cash and cash equivalents		**(2,819)**	645
Cash and cash equivalents at the end of the financial year	8	**182,079**	141,837

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 contracts 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 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 – 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)	(152,973)	(1,745)	(154,718)
Underlying EBIT(A)	97,535	(2,366)	95,169
Finance income	-	341	341
Finance costs	(14,324)	(622)	(14,946)
Earn-out in relation to previous acquisition	-	(3,150)	(3,150)
Acquisition costs	-	(73)	(73)
Share-based payments expense	-	(926)	(926)
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	(335)	81,928
Segment assets	926,236	227,311	1,153,547
Segment liabilities	591,135	16,485	607,620
Capital expenditure	302,187	-	302,187

Consolidated – 2020	Mining $'000	Unallocated $'000	Total $'000
Revenue			
Revenue from contracts with customers	1,181,498	-	1,181,498
Revenue from contracts with customers - non-cash consideration	198,876	-	198,876
Total revenue	1,380,374	-	1,380,374
Underlying EBITDA	234,077	4,630	238,707
Depreciation and amortisation expense	(145,151)	(1,948)	(147,099)
Underlying EBIT(A)	88,926	2,682	91,608
Finance income	-	546	546
Finance costs	(14,763)	(622)	(15,385)
Acquisition costs	-	(1,345)	(1,345)
Share-based payments expense	-	(2,591)	(2,591)
Amortisation on customer contracts	(346)	-	(346)
Profit/(loss) before income tax expense from continuing operations	73,817	(1,330)	72,487
Segment assets	740,083	182,939	923,022
Segment liabilities	406,232	18,959	425,191
Capital expenditure	147,634	-	147,634

	Geographical revenue from contracts with customers		Geographical non-current assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Australia	**1,019,846**	901,915	**536,486**	382,709
Indonesia	**321,794**	453,995	**110,262**	127,192
South Africa	**6,090**	17,527	**–**	–
Malaysia	**3,755**	6,937	**9,147**	10,539
	1,351,485	1,380,374	**655,895**	520,440

Major customers

The revenue information above is based on the location of customers. Revenue from four projects related to four customers, individually greater than 10%, amounted to $830.433 million (2020: three customers for $846.516 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	
	2021 $'000	2020 $'000
Revenue from contracts with customers	**1,255,286**	1,181,498
Revenue from contracts with customers - non-cash consideration	**96,199**	198,876
	1,351,485	1,380,374

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 recognise in 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 2021, variable consideration amounted to $40.314 million (2020: $54.385 million) of which $16.827 million (2020: $17.857 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 expense is included in materials and consumables used in the consolidated statement of profit or loss and other comprehensive income.

3 Other income

	Consolidated	
	2021 $'000	2020 $'000
Net gain on disposal of plant and equipment	**3,068**	-
Net foreign exchange gain	**-**	4,630
Fair value uplift on investment in joint venture	**2,140**	-
Gain on acquisition of subsidiary	**4,321**	-
Other	**3,504**	2,127
	13,033	6,757

Other income
Other income includes management fees from joint venture partners of $1.061 million (2020: $1.078 million). Refer to note 25.

4 Expenses

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Depreciation		
Leasehold improvements	**3**	-
Plant and equipment	**98,229**	92,993
Right-of-use assets	**54,915**	52,583
Amortisation		
Software	**1,571**	1,523
Customer contracts	**948**	346
	155,666	147,445

	Consolidated 2021 $'000	Consolidated 2020 $'000
Other expenses		
Freight expenses	**15,681**	14,069
Consulting and other professional services	**5,844**	10,387
Recruitment, training and other employee incidentals	**10,847**	9,689
Travel and accommodation expenses	**5,189**	9,172
Insurance expenses	**5,697**	4,388
Expected credit loss (ECL) allowance	**(11)**	4,173
Administrative and facilities expenses	**5,310**	4,485
IT expenses	**6,640**	2,832
Earn-out in relation to previous acquisitions	**3,150**	-
Acquisition costs	**73**	1,345
Foreign exchange loss	**620**	-
Legal costs in relation to client mediation	**-**	1,125
Net loss on disposal of plant and equipment	**-**	203
Other expenses	**3,382**	7,444
	62,422	69,312

	Consolidated 2021 $'000	Consolidated 2020 $'000
Lease expenses		
Depreciation of right-of-use assets	**(54,915)**	(52,583)
Interest expense on lease liabilities	**(9,896)**	(13,108)
Equipment and other short-term lease expenses	**(40,584)**	(43,797)
	(105,395)	(109,488)

Employee benefits expense

Employee benefits expense includes superannuation as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Superannuation		
Defined contribution superannuation expense	**32,054**	26,576
	32,054	26,576

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	
	2021 $'000	2020 $'000
Interest income on term deposits	**(341)**	(546)
Interest expense on lease liabilities	**9,896**	13,108
Interest expense on interest-bearing loans	**4,259**	1,005
Amortisation of borrowing costs	**791**	1,272
	14,605	14,839

5 Tax

a) Income tax expense

	Consolidated	
	2021 $'000	2020 $'000
Income tax expense		
Current tax	**10,657**	18,103
Adjustment recognised for prior periods	**-**	651
Deferred tax - origination and reversal of temporary differences	**(5,962)**	(11,215)
Income tax expense	**4,695**	7,539
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**81,928**	72,487
Tax at the statutory tax rate of 30%	**24,578**	21,746
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	**278**	777
Non-assessable income	**(1,387)**	(1,406)
Foreign tax rate differential	**(2,363)**	(1,725)
Net temporary difference previously unrecognised	**(17,315)**	(17,116)
Deferred tax asset derecognised due to change in income tax rates	**194**	3,750
Other	**710**	862
	4,695	6,888
Adjustment recognised for prior periods	**-**	651
Income tax expense	**4,695**	7,539

b) Current assets and liabilities - income tax

	Consolidated	
	2021 $'000	2020 $'000
Income tax receivable/(payable) - Australian operations	**299**	(605)
Income tax payable - International operations	**(4,510)**	(5,035)
	(4,211)	(5,640)

c) Non-current assets - deferred tax

	Consolidated	
	2021 $'000	2020 $'000
Deferred tax asset comprises temporary differences attributable to:		
Inventories	**(6,134)**	(5,654)
Property, plant and equipment	**23,179**	12,179
Contract assets	**(34,602)**	(18,287)
Employee benefits	**18,472**	18,831
Other payables	**21,673**	15,625
Other	**126**	364
Unused tax losses carried forward	**6,306**	-
	29,020	23,058
Unrecognised deferred tax asset		
Australian property, plant and equipment	**-**	17,659
Available fraction tax losses	**5,608**	5,720
Other non-deductible differences	**4,406**	4,848
	10,014	28,227

Income tax

The effective tax rate in the current year of 5.7% (30 June 2020: 10.4%) primarily resulted from the recognition of certain deferred tax assets (DTAs) of $17.315 million previously not recognised, and the lower statutory tax rates of foreign operations. The DTAs were recognised as a result of the amendments to the *Income Tax Assessment Act 1997* and *Income Tax (Transitional Provisions) Act 1997* following *Treasury Laws Amendment (2020 Measures No.6) Act 2020* receiving Royal Assent, allowing for an accelerated deduction of full cost of eligible depreciating assets. Excluding these adjustments, the effective tax rate for the financial year ended 30 June 2021 approximates 29.7% (2020: 34.0%).

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 Group'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 2021 $'000	Consolidated 2020 $'000
Profit after income tax attributable to the owners of Macmahon Holdings Limited	**77,233**	64,948
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	**2,100,056,818**	2,094,933,604
Adjustments for calculation of diluted earnings per share:		
Effect of performance rights on issue	**25,786,294**	77,621,327
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,125,843,112**	2,172,554,931
	Cents	**Cents**
Earnings per share for profit attributable to owners of Macmahon Holdings Limited		
Basic earnings per share	**3.68**	3.10
Diluted earnings per share	**3.63**	2.99

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	
	2021 $'000	**2020 $'000**
Profit after income tax expense for the year from continuing operations	**77,233**	64,948
Adjustments for:		
Depreciation and amortisation expense	**155,666**	147,445
Net (gain)/loss on disposal of plant and equipment	**(3,068)**	203
Share of profit of equity accounted investees, net of tax	**(5,519)**	(3,351)
Share-based payments expense	**926**	2,591
Net foreign exchange loss/(gain)	**620**	(4,630)
Remeasurement of ECL allowance	**(11)**	4,173
Other	**(758)**	187
Net (gain) on acquisition of subsidiary	**(6,461)**	-
Income tax expense	**4,695**	7,539
Income taxes paid	**(10,402)**	(8,520)
Dividends received from equity accounted investees	**1,595**	3,403
Net cash received from equity accounted investees	**2,204**	1,148
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(37,095)**	4,667
Decrease/(increase) in inventories	**8,979**	(4,430)
Increase/(decrease) in trade and other payables	**46,592**	(36,402)
Increase in employee benefits	**7,878**	13,414
(Decrease)/increase in provisions	**(3,539)**	1,308
Net cash from operating activities	**239,535**	193,693

C Working Capital

8 Cash and cash equivalents

	Consolidated	
	2021 $'000	2020 $'000
Cash on hand	**19**	9
Cash at bank	**182,060**	141,828
	182,079	141,837

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	
	2021 $'000	2020 $'000
Current		
Trade receivables	**48,176**	42,684
Contract assets	**159,910**	117,107
Less: Provision for ECL	**(3,112)**	(5,582)
	204,974	154,209
Other receivables	**36,758**	43,095
Prepayments	**5,136**	5,335
	246,868	202,639
Non-current		
Contract assets	**3,070**	-
Other receivables	**2,278**	4,326
Agency receivables	**1,096**	4,248
	6,444	8,574

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 $7.408 million (2020: $6.789 million) relating to the costs recognised as part of the provision for contract closure. Refer to note 13; and,
- VAT receivable of $10.779 million (2020: $27.173 million) relating to input tax credits collected on goods and services consumed. The VAT receivable 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 $2.278 million continues to be classified as non-current as of 30 June 2021 (2020: $4.326 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 exercise of the put/call, which is represented by a non-current receivable.

Contract assets

Contract assets of $158.741 million (2020: $117.107 million) relate to the Group's right to consideration of mining services rendered but not billed as at 30 June 2021. 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 $1.169 million (2020: nil) 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 $3.070 million of capitalised mobilisation costs is classified as non-current as of 30 June 2021 (2020: nil) 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	
	2021 $'000	**2020 $'000**
Inventories at lower of cost and net realisable value	**74,516**	62,343
Less: Allowance for obsolescence	**(6,018)**	(5,066)
	68,498	57,277

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 2021 $'000	2020 $'000
Current		
Trade payables	**95,046**	64,882
Accrued expenses	**97,432**	71,879
Other payables	**22,537**	15,172
Deferred consideration in relation to the acquisition of GBF	**2,000**	2,000
Contingent consideration	**1,500**	-
	218,515	153,933
Non-current		
Contingent consideration	**-**	1,500
	-	1,500

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 2021 of $8.972 million (2020: $8.764 million) are included within accrued expenses.

Refer to note 16 for further details on financial instruments.

Contingent consideration

The acquisition of GF Holdings (WA) Pty Ltd and its subsidiaries (GBF) included a potential contingent consideration payment based on future earnings of GBF.

At acquisition date, the fair value of the contingent consideration was estimated to be $1.500 million utilising a discounted cash flow method and future earnings assumptions for the years ended 30 June 2020 and 2021. The fair value of the contingent consideration was classified as Level 3 in the fair value hierarchy. However, under the share purchase agreement, the earn out will require the parties to agree on certain matters within 30 days of these financial statements being finalised, or if the parties cannot agree, then on the determinations of an independent expert.

Accordingly, the actual earn out payment could be higher or lower than the Group's current estimate, depending on the outcome of this process.

There were no changes in the key judgments or estimates which informed the valuation of contingent consideration between acquisition date and balance date. As a result, no gain or loss on remeasurement to fair value was recognised to profit or loss for the year ended 30 June 2021.

12 Employee benefits

	Consolidated 2021 $'000	2020 $'000
Current		
Annual leave	**33,740**	27,218
Long-service leave	**8,129**	7,287
Other employee benefits	**11,092**	11,089
	52,961	45,594
Non-current		
Long-service leave	**3,341**	1,620
	3,341	1,620

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.

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 2020	13,093	1,061	14,154
Arising during the year	1,801	-	1,801
Assumed as part of a business combination (note 31)	1,268	-	1,268
Released during the year	-	(335)	(335)
Utilised during the year	(728)	-	(728)
At 30 June 2021	15,434	726	16,160

Provisions

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

Provision for project closure

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

D Fixed Assets

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:

Consolidated	Right-of-use assets Buildings $'000	Right-of-use assets Plant & equipment $'000	Leasehold improvements $'000	Plant & equipment $'000	Total $'000
At 30 June 2019	**13,740**	**2,703**	**-**	**399,607**	**416,050**
Transfers on initial recognition of AASB 16 *Leases*	-	149,772	-	(149,772)	-
Additions	454	63,402	-	77,707	141,563
Acquisitions through a business combination	1,346	23,150	-	21,702	46,198
Transferred from held for sale	-	-	-	847	847
Disposals	-	-	-	(5,851)	(5,851)
Depreciation expense	(1,948)	(50,635)	-	(92,993)	(145,576)
Exchange differences	-	(27)	-	4,185	4,158
Write-off at closed sites	-	-	-	(393)	(393)
At 30 June 2020	**13,592**	**188,365**	**-**	**255,039**	**456,996**
At 1 July 2020	**13,592**	**188,365**	**-**	**255,039**	**456,996**
Additions	312	101,531	65	194,163	296,071
Acquisitions through a business combination (note 31)	-	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**
Cost	15,540	266,830	504	769,097	1,051,971
Accumulated depreciation and impairment losses	(1,948)	(78,465)	(504)	(514,058)	(594,975)
Carrying amount at 30 June 2020	**13,592**	**188,365**	**-**	**255,039**	**456,996**
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**

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.

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.

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 1 July 2019	**3,025**	**-**	**7,619**	**10,644**
Additions	-	-	6,071	6,071
Acquisition through a business combination	5,783	1,100	-	6,883
At 30 June 2020	**8,808**	**1,100**	**13,690**	**23,598**
Additions	-	-	6,116	6,116
Acquisition through a business combination (note 31)	-	12,555	-	12,555
At 30 June 2021	**8,808**	**13,655**	**19,806**	**42,269**
Accumulated amortisation and impairment				
At 1 July 2019	**-**	**-**	**(399)**	**(399)**
Amortisation	-	(346)	(1,523)	(1,869)
At 30 June 2020	**-**	**(346)**	**(1,922)**	**(2,268)**
Amortisation	-	(948)	(1,571)	(2,519)
At 30 June 2021	**-**	**(1,294)**	**(3,493)**	**(4,787)**
Net book value				
At 30 June 2020	8,808	754	11,768	21,330
At 30 June 2021	**8,808**	**12,361**	**16,313**	**37,482**

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 is 2-3 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.

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or Customisation Costs in a Cloud Computing Arrangement*, which potentially affects the capitalised software development expenditure balances. Refer to note 32 for details.

Impairment of non-financial assets

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

E Risk

16 Financial risk management

	Consolidated	
	2021 $'000	**2020 $'000**
Financial assets		
Cash and cash equivalents	**182,079**	141,837
Trade and other receivables	**221,634**	166,755
	403,713	308,592
Financial liabilities		
Trade and other payables	**205,725**	149,198
Borrowings	**312,432**	202,750
	518,157	351,948

Trade and other receivables excludes prepayments of $5.136 million (2020: $5.335 million), contract closure reimbursements of $7.408 million (2020: $6.789 million), VAT receivable of $13.057 million (2020: $31.499 million), non-financial contract assets of $4.239 million (2020: nil), and other non-financial assets of $1.838 million (2020: $0.835 million).

Trade and other payables excludes GST and other taxes payable of $12.790 million (2020: $6.235 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 review 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 holdings of 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 denonimated 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	**2021**	**2020**	**2021**	**2020**
USD	**0.7471**	0.6713	**0.7512**	0.6865
IDR	**10,745**	9,610	**10,882**	9,779
MYR	**3.0813**	2.8234	**3.1186**	2.9417
GBP	**0.5545**	0.5327	**0.5429**	0.5582
GHS	**4.3325**	3.6825	**4.3981**	3.9748
SGD	**1.0056**	0.9299	**1.0106**	0.9568
ZAR	**11.4899**	10.5081	**10.7823**	11.8642

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

	Financial assets		Financial liabilities	
Consolidated	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
USD	**13,780**	56,966	**(97)**	(342)
IDR[1]	**32,861**	15,817	**(14,881)**	(18,344)
GBP	**4,804**	4,411	**-**	-
Other	**1,519**	1,202	**(16)**	(46)
	52,964	78,396	**(14,994)**	(18,732)

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 2020.

	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	**(888)**	**-**	**888**	**-**
IDR	**(5,238)**	**-**	**5,238**	**-**
GBP	**(480)**	**-**	**480**	**-**
Other	**(168)**	**-**	**168**	**-**
	(6,774)	**-**	**6,774**	**-**

	Weakened by 10%		Strengthened by 10%	
Consolidated - 2020	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	(5,662)	-	5,662	-
IDR	253	-	(253)	-
GBP	(441)	-	441	-
Other	(116)	-	116	-
	(5,966)	-	5,966	-

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	
	2021 $'000	2020 $'000
Cash and cash equivalents	182,079	141,837
Interest-bearing loans	(65,053)	(828)
Net exposure to interest rate risk	**117,026**	141,009

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the increase/(decrease) of profit or loss and other comprehensive income at 30 June, assuming a change in interest rates of 25 basis points. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2020.

	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)**	**-**

	25 basis point increase		25 basis point decrease	
Consolidated - 2020	**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	355	-	(355)	-
Interest-bearing loans	(2)	-	2	-
	353	-	(353)	-

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 2021, 61% (2020: 61% attributed to three customers) of the Group's revenue is attributable to revenue transactions with 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	
	2021 $'000	2020 $'000
Cash and cash equivalents	**182,079**	141,837
Trade receivables	**45,064**	37,102
Contract assets	**158,741**	117,107
Other receivables	**16,733**	9,134
Agency receivables	**1,096**	4,248
Credit risk exposure	**403,713**	309,428

Other receivables excludes prepayments of $5.136 million (2020: $5.335 million), contracted reimbursement costs for project closure costs of $7.408 million (2020: $6.789 million), non-financial contract assets of $4.239 million (2020: nil), VAT receivable of $13.057 million (2020: $31.499 million) related to input tax credits collected on goods and services consumed, and other non-financial assets of $1.838 million (2020: $0.835 million).

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

	Consolidated	
	2021 $'000	2020 $'000
Mining customers	**219,942**	168,762
Other	**4,804**	4,411
	224,746	173,173
Less: Provision for expected credit losses	**(3,112)**	(5,582)
Credit risk exposure by customer	**221,634**	167,591

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

	Consolidated	
	2021 $'000	2020 $'000
Country		
Australia	**173,013**	118,963
Indonesia	**48,430**	46,922
Other	**3,303**	7,288
	224,746	173,173

Expected credit loss allowance

Consolidated	2021 Gross carrying amount $'000	2021 Loss allowance $'000	2020 Gross carrying amount $'000	2020 Loss allowance $'000
Current (not past due)	181,322	(294)	150,486	(189)
Past due 0 - 30 days	16,484	(74)	8,426	(111)
Past due 31-60 days	1,059	(1)	2,911	(102)
Over 90 days overdue	8,052	(2,743)	11,350	(5,180)
	206,917	(3,112)	173,173	(5,582)

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 2021:

Credit rating	Credit impaired	Loss rate	Gross carrying amount $'000	Loss allowance $'000
A- to AAA	No	0.007 %	14,853	(1)
BBB- to BBB+	No	0.014 %	62,741	(9)
BB- to BB+	No	0.076 %	19,843	(15)
B+ to B-	No	0.294 %	101,499	(298)
C to CCC	Yes	3.146 %	1,780	(56)
D	Yes	44.073 %	6,201	(2,733)
			206,917	(3,112)

The movement in the provision for ECLs is as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance	**5,582**	1,409
Net remeasurement of provision for ECL	**(11)**	4,173
Additional provision assumed as part of acquisition (note 31)	**2,523**	-
Receivables expensed as uncollectible during the year	**(4,982)**	-
	3,112	5,582

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.

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 - 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)**

Consolidated - 2020	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	(64,882)	-	-	-	(64,882)
Accrued expenses	(71,879)	-	-	-	(71,879)
Other payables	(15,172)	-	-	-	(15,172)
Borrowings	(59,114)	(56,990)	(104,009)	(6,868)	(226,981)
Total non-derivatives	**(211,047)**	**(56,990)**	**(104,009)**	**(6,868)**	**(378,914)**

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 2021 $'000	2020 $'000
Current borrowings					
Lease liabilities	AUD, MYR, IDR	2.93-8.45%	2021-2029	**79,910**	43,777
Interest-bearing loans	AUD, USD	2.99-3.55%	2022-2023	**28,276**	5,481
				108,186	49,258
Non-current borrowings					
Lease liabilities	AUD, MYR, IDR	2.93-8.45%	2022-2029	**134,587**	140,471
Interest-bearing loans	AUD, USD	2.99-3.55%	2022-2023	**69,659**	13,021
				204,246	153,492

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

	Interest-bearing loans		Lease liabilities	
Consolidated	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 July	**18,502**	8,741	**184,248**	157,107
Recognition of right-of-use liabilities on initial application of AASB 16 *Leases*	**-**	-	**-**	16,687
New borrowings	**94,960**	34,211	**76,961**	52,689
Assumed as part of a business combination (note 31)	**-**	1,307	**11,225**	28,933
Interest expensed	**2,913**	916	**9,896**	13,108
Interest paid	**(4,186)**	(916)	**(9,921)**	(13,108)
Principal repayments	**(13,181)**	(24,024)	**(57,091)**	(52,313)
Lease liabilities returned	**-**	-	**(712)**	-
Transfers to agency arrangements (note 8)	**-**	-	**-**	(20,507)
Transfers	**-**	(1,733)	**-**	1,733
Exchange differences	**(1,073)**	-	**(109)**	(81)
At 30 June	**97,935**	18,502	**214,497**	184,248

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.

Term facilities

During the year, the Group's existing $75.000 million multi-option facility was refinanced into a new $170.000 million syndicated multi-option debt facility. The refinancing has extended the maturity date of the facility by 2 years from July 2021 to July 2023.

During the financial year ended 30 June 2021, $60.000 million has been drawn as cash and $4.401 million has been drawn for bank guarantees.

In addition, the Group secured a new USD denominated $9.5 million (AUD $13.762 million) term facility for its Indonesian operations, which was fully drawn at 30 June 2021 and repayable by January 2022.

Assets pledged as security

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.

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			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	**2,154,985,818**	2,154,985,818	**563,118**	563,118
Less: Treasury shares	**(54,839,003)**	(60,365,895)	**(12,910)**	(16,159)
Ordinary shares	**2,100,146,815**	2,094,619,923	**550,208**	546,959

	Number of Ordinary Shares	
	2021	2020
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 2021, the Group was in a net debt position.

The Group's policy is to keep the gearing ratio below 30%. The gearing ratio at 30 June is as below:

	Consolidated	
	2021 $'000	2020 $'000
Borrowings	**312,432**	202,750
Less: Cash and cash equivalents	**(182,079)**	(141,837)
Net debt	**130,353**	60,913
Equity	**545,927**	497,831
Gearing ratio	**19.28%**	10.90%

19 Equity - Reserves

	Consolidated 2021 $'000	Consolidated 2020 $'000
Reserve for own shares (net of tax)	**(12,910)**	(16,159)
Foreign currency reserve (net of tax)	**(5,650)**	10,898
Share-based payments	**3,902**	5,406
	(14,658)	145

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, 776,857 shares were purchased by the Company (2020: 939,083 shares). At 30 June 2021, there were 54,839,003 unallocated shares held in trust (2020: 60,365,895 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 2019	(17,755)	12,481	3,270	(2,004)
Share buy-back	(247)	-	-	(247)
Foreign currency translation	-	(1,583)	-	(1,583)
Treasury shares allocated on vesting of performance rights	1,843	-	(455)	1,388
Share-based payments expense (note 27)	-	-	2,591	2,591
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)

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

	2021 $'000	2020 $'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2020: 0.35 cents per share (2019: 0.50 cents per share)	**7,351**	10,475
Interim dividend for 2021: 0.30 cents per share (2020: 0.25 cents per share)	**6,300**	5,238
	13,651	15,713
Subsequent to year end - Proposed dividends on ordinary shares:		
Final cash dividend for 2021: 0.35 cents per share (2020: 0.35 cents per share)	**7,351**	7,351
	7,351	7,351
Dividend franking account as at 30 June		
Amount of franking credits available to shareholders of the Company for future years	**1,012**	1,556

The estimated franking account balance after the payment of the final cash dividend for FY21 will be $0.365 million.

G Unrecognised Items

20 Contingent liabilities

The following contingent liabilities existed at 30 June 2021:

	Consolidated	
	2021 $'000	**2020 $'000**
Bank guarantees (syndicated multi-option debt facility and cash backed)	**5,325**	18,467
Insurance performance bonds	**16,650**	11,424
	21,975	29,891

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 2021 or 30 June 2020.

21 Commitments

At 30 June 2021, the Group has contracted capital expenditure commitments, but not provided for in the financial statements, of $32.034 million (2020: $4.478 million).

22 Events after the reporting period

Subsequent to 30 June 2021, the Directors declared a final dividend of 0.35 cents per share.

On 24 August 2021, the Group executed a new Syndicated Asset Finance Facility. The total amount under this facility is $145 million and will enable the Group to support its capital requirements in FY22.

No other matter or circumstance has arisen since 30 June 2021 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 2021 %	Ownership interest 2020 %
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 (2020: Windsor Earthmoving Contractors Pty Ltd)	Australia	**100%**	100%
Macmahon Maintenance Masters Pty Ltd	Australia	**100%**	100%
Macmahon Contractors (WA) Pty Ltd*	Australia	**0%**	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%
Progressive Services Mongolia Pte Ltd*	Singapore	**0%**	100%
Reactionary Services LLC*	Mongolia	**0%**	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	**100%**	100%
GBF Number 4 Pty Ltd*	Australia	**100%**	100%
GBF Number 5 Pty Ltd*	Australia	**100%**	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%**	50%
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 2021.

** In June 2021, the Group acquired the remaining 50% of the voting shares of PT Macmahon Mining Services, a joint venture in which the Group had joint control and held 50% ownership interest. Refer to note 31 for further details.

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	2021 %	2020 %
PT Macmahon Mining Services	Indonesia	**100%**	50%
PT Macmahon Labour Services	Indonesia	**49%**	0%

In June 2021, the Group acquired the remaining 50% of the voting shares of PT Macmahon Mining Services (PT MMS), and it is now considered a subsidiary of the Group. Refer to note 31 for further details.

	Consolidated	
	2021 $'000	2020 $'000
At 1 July	**10,482**	10,954
Share of profit of equity-accounted investees, net of tax	**5,519**	3,351
Dividends declared and paid	**(1,595)**	(3,403)
Dividends declared and unpaid	**(5,799)**	-
Fair value uplift on investment in joint venture	**2,140**	-
Fair value of 50% ownership previously held (note 31)	**(9,361)**	-
Exchange differences	**(1,101)**	(420)
At 30 June	**285**	10,482

The remaining interests in joint ventures as at 30 June 2021 represents the carrying investment balance in PT Macmahon Labour Services, a joint venture with PT AMNT.

Joint ventures

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

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 2021 $'000	Consolidated 2020 $'000
Transactions recognised in profit or loss		
Costs incurred by the Group on behalf of and recharged to the joint venture	**1,173**	2,715
Costs incurred by the joint venture on behalf of and recharged to the Group	**(220)**	(1,517)
Management fee charged to joint venture	**1,061**	1,078
Receivable from/(payable to) joint venture		
Receivable from/(payable to) joint venture	**11**	347

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 2021 $'000	Consolidated 2020 $'000
Transaction recognised in profit or loss		
Revenue recognised from shareholder	**315,320**	446,012
Non-cash materials and consumables utilised from shareholder	**(96,199)**	(198,876)
Receivables/(payables) from significant shareholders		
Trade receivables and contract assets	**44,081**	44,544

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	
	2021 $'000	**2020 $'000**
Short-term employee benefits	**3,660,932**	3,542,536
Long-term employee benefits	**178,362**	28,893
Post-employment benefits	**203,947**	133,040
Termination benefits	**128,750**	-
Share-based payments	**339,643**	1,516,383
	4,511,634	5,220,852

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)
- 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 2018			EEP Performance Rights 2019	EEP Performance Rights 2020
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 1
Performance rights effective on	1 Jul 17	1 Jul 17	1 Jan 18	1 Jul 18	1 Jul 19
Grant date	18 Aug 17	29 Nov 17	2 Mar 18	5 Oct 18	6 Aug 19
Vesting date	1 Jul 20	1 Jul 20	1 Jul 20	1 Jul 21	1 Jul 22
Service period	3 years	3 years	2.5 years	3 years	3 years
Tranche and number of performance rights	13,669,315	482,075	1,070,093	8,660,803	10,197,059
Remaining number of rights at 30 June 2021	-	-	-	4,357,245	6,266,514
Fair value on grant date	$0.085	$0.130	$0.125	$0.138	$0.051
Vesting performance condition					
Less than 17% CAGR in TSR	0%	0%	0%	0%	0%
17% CAGR in TSR	50%	50%	50%	50%	50%
25% or more CAGR in TSR	100%	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%	Pro-rata between 50% and 100%

	LTIP performance rights 2019			
	Tranche 1	Tranche 2	Tranche 3[1]	Tranche 3[1]
Performance rights effective on	1 Jul 18	1 Jul 18	1 Jul 18	1 Jul 18
Grant date	1 Jul 18	1 Jul 18	1 Jul 18	1 Jul 18
Vesting date	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23
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 2021	-	13,738,035	10,505,556	10,505,555
Fair value on grant date	$0.094	$0.090	$0.090	$0.090
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.

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

	EEP Performance Rights 2021	LTIP Performance Rights 2021
Performance rights effective on	1 Jul 20	1 Jul 20
Grant date	1 Sep 20	1 Sep 20
Vesting date	1 Jul 23	1 Jul 23
Service period	3 years	3 years
Number of performance rights	9,558,547	4,220,275
Remaining number of rights at 30 June 2021	7,822,537	4,220,275
Fair value on grant date	$0.142	$0.142
Vesting performance condition		
Less than 15% CAGR in TSR	0%	0%
15% CAGR in TSR	50%	50%
25% or more CAGR in TSR	100%	100%
Between 15% and 25% CAGR in TSR	Pro-rata between 50% and 100%	Pro-rata between 50% and 100%

MEASUREMENT OF GRANT DATE FAIR VALUES

The following inputs were used in the measurement of the fair values at grant date of the 2021 EEP and LTIP performance rights using the Monte Carlo simulation:

	EEP & LTIP Performance Rights 2021
Fair value at grant date	**$0.142**
Share price at grant date	**$0.260**
Exercise price	**Nil**
Volatility factor	**45.00%**
Service period	**2.83 years**
Expected dividends	**2.90%**
Risk-free interest rate (based on government bonds)	**0.27%**

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 2020			NED Share Rights 2021	
	Tranche 1	Tranche 2	Tranche 2	Tranche 1	Tranche 2
Share rights effective on	1 Jul 19	1 Jul 19	1 Jan 20	**1 Jul 20**	**1 Jul 20**
Grant date	2 Aug 19	2 Aug 19	16 Dec 19	**24 Jun 20**	**24 Jun 20**
Vesting date	21 Feb 20	25 Aug 20	25 Aug 20	**21 Feb 21**	**25 Aug 21**
Service period	8 months	14 months	8 months	**8 months**	**14 months**
Tranche and number of share rights	564,264	564,265	143,591	**647,563**	**647,560**
Remaining number of share rights at 30 June 2021	-	-	-	**-**	**647,560**
Share price at grant date	$0.180	$0.180	$0.262	**$0.245**	**$0.245**
Discount for lack of marketability	30%	30%	30%	**30%**	**30%**
Implied fair value of restricted shares	$0.126	$0.126	$0.183	**$0.172**	**$0.172**
Exercise price	$0.198	$0.198	$0.286	**$0.261**	**$0.261**
Risk-free interest rate	0.94%	0.94%	0.77%	**0.25%**	**0.25%**
Volatility factor	45%	45%	45%	**45%**	**45%**
Dividend yield	0.00%	4.00%	4.00%	**1.45%**	**2.90%**
Implied discount to share price at grant date	99%	97%	98%	**98%**	**96%**
Fair value at grant date	$0.002	$0.005	$0.004	**$0.005**	**$0.010**

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		NED share rights	
	2021	2020	2021	2020
Balance at start of year	**89,063,957**	87,517,607	**707,856**	492,929
Granted during the year	**13,778,822**	10,197,059	**1,295,123**	1,272,120
Vested during the year	**(4,948,330)**	(5,971,921)	**(1,355,419)**	(1,057,193)
Forfeited during the year	**(40,478,732)**	(2,678,788)	**-**	-
Balance at end of year	**57,415,717**	89,063,957	**647,560**	707,856

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

	Consolidated	
	2021 $'000	2020 $'000
LTIP performance rights	**434**	1,899
EEP performance rights	**483**	687
NED share rights	**9**	5
	926	2,591

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	
	2021 $	2020 $
Group auditors		
Audit and review services - KPMG		
Audit or review of the financial statements - Australia	**365,000**	370,200
Audit or review of the financial statements - Network firms	**38,679**	27,989
	403,679	398,189
Other services - KPMG		
Taxation services - Australia	**54,061**	43,556
Taxation services - Network firms	**16,772**	20,003
Other assurance services - Australia	**15,168**	28,500
Other assurance services - Network firms	**-**	14,686
Other advisory services - Australia	**80,910**	-
	166,911	106,745
	570,590	504,934
Subsidiary auditors		
Audit and review services		
Audit of the financial statements - PwC Indonesia	**119,774**	108,220
	690,364	613,154

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

GBF Mining and Industrial Services Pty Ltd became party to the Deed during the year ended 30 June 2021.

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	
	2021 $'000	**2020 $'000**
Revenue	**1,000,838**	727,516
Other income	**17,735**	26,794
Materials and consumables used	**(236,818)**	(88,296)
Employee benefits expense	**(485,468)**	(415,333)
Subcontractor costs	**(40,840)**	(35,577)
Depreciation and amortisation expense	**(106,844)**	(97,585)
Equipment and other operating lease expenses	**(39,542)**	(39,107)
Net finance costs	**(13,593)**	(12,482)
Other expenses	**(50,995)**	(22,889)
Profit before income tax expense	**44,473**	43,041
Income tax benefit	**(6,074)**	7,406
Profit after income tax expense	**38,399**	50,447
Total comprehensive income for the year	**38,399**	50,447

STATEMENT OF FINANCIAL POSITION

	Consolidated	
	2021 $'000	**2020 $'000**
ASSETS		
Current assets		
Cash and cash equivalents	**133,272**	120,272
Trade and other receivables	**178,775**	86,777
Inventories	**64,366**	49,566
Income tax receivable	**192**	-
Assets classified as held of sale	**207**	829
Total current assets	**376,812**	257,444
Non-current assets		
Trade and other receivables	**23,304**	60,511
Other financial assets	**27,813**	52,413
Property, plant and equipment	**483,662**	336,606
Intangible assets and goodwill	**25,497**	21,330
Deferred tax asset	**11,267**	8,347
Total non-current assets	**571,543**	479,207
Total assets	**948,355**	736,651
LIABILITIES		
Current liabilities		
Trade and other payables	**186,807**	117,253
Borrowings	**91,099**	45,984
Income tax payable	**-**	142
Employee benefits	**46,446**	42,575
Provisions	**14,524**	12,177
Total current liabilities	**338,876**	218,131
Non-current liabilities		
Trade and other payables	**-**	1,500
Borrowings	**199,746**	150,027
Employee benefits	**1,730**	1,609
Total non-current liabilities	**201,476**	153,136
Total liabilities	**540,352**	371,267
NET ASSETS	**408,003**	365,384
EQUITY		
Issued capital	**563,118**	563,118
Reserves	**(9,008)**	(10,753)
Net accumulated losses	**(146,107)**	(186,981)
TOTAL EQUITY	**408,003**	365,384

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

	2021 $'000	2020 $'000
Profit after income taxes of the Parent	**30,679**	13,665
Total comprehensive income of the Parent	**30,679**	13,665

STATEMENT OF FINANCIAL POSITION

	2021 $'000	2020 $'000
Current assets	**143,504**	176,280
Total assets	**358,191**	337,390
Current liabilities	**(42,052)**	(83,018)
Total liabilities	**(89,227)**	(86,518)
Equity		
Issued capital	**563,118**	563,118
Share-based payments reserve	**3,902**	5,406
Reserve for own shares	**(12,910)**	(16,159)
Accumulated losses	**(310,031)**	(310,031)
Retained profits	**24,885**	8,538
Total equity	**268,964**	250,872

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 Business combinations

In June 2021, the Group acquired the remaining 50% of the voting shares of PT Macmahon Mining Services (PT MMS), a joint venture in which the Group had joint control and held 50% ownership interest. The Group acquired PT MMS to expand opportunities within its operation in Indonesia.

The financial statements include the results of PT MMS for the one month period from the acquisition date.

Consideration transferred

Purchase consideration is as follows:

	2021 $'000
Cash paid for remaining 50% ownership	3,889
Fair value of 50% ownership previously held	9,361
Total consideration for 100% ownership	13,250

Identifiable net assets

The assets and liabilities recognised as a result of the acquisition are as follows:

	2021 $'000
Assets	
Cash and cash equivalents	3,847
Trade and other receivables	8,754
Inventories	807
Income tax receivable	869
Property, plant and equipment	18,237
Customer contracts	12,555
	45,069
Liabilities	
Trade and other payables	(8,274)
Provisions	(7,488)
Deferred tax liability	(511)
Borrowings	(11,225)
	(27,498)
Identifiable net assets acquired	17,571

Borrowings

The Group measures acquired lease liabilities using the present value of the remaining lease payments from the date of acquisition. The ROU assets were measured at an amount equal to the lease liabilities, and adjusted to reflect favourable or unfavourable terms of the lease relative to market terms.

Provisional accounting

The initial accounting of the acquisition of PT MMS has only been provisionally determined at the end of the reporting period. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the time, then the accounting for the acquisition will be revised.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable assets acquired and liabilities assumed. Any gain on acquisition is recognised in profit or loss immediately. Goodwill is recognised when the fair value of purchase consideration exceeds the fair value of identifiable net assets.

Acquisition of GBF

At 30 June 2020, in accordance with AASB 3 *Business Combinations* the Group applied provisional accounting for the acquisition of GF Holdings (WA) Pty Ltd and its subsidiaries. This acquisition was finalised in the current year with no significant changes to the fair value of identifiable net assets acquired.

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 2020. 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 2021 or early adopted
A number of new standards, amendments of standards and interpretations are effective for annual periods beginning from 1 July 2021 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.

International Financial Reporting Standards Interpretations Committee final agenda decisions not yet adopted
In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or Customisation Costs in a Cloud Computing Arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision will result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Profit or Loss and Other Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2021:

- The Group has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable, as the Group has commenced, but is yet to complete, its assessment of the impact of the IFRIC agenda decision. The Group expects to adopt this IFRIC agenda decision in its half-year financial statements ending on 31 December 2021.
- At 30 June 2021, the carrying value of intangible assets relating to all software (including cloud computing arrangements) was $16.313 million, which were capitalised on the Statement of Financial Position and will be subject to a detailed assessment. Of this amount, $4.545 million (net of amortisation) was capitalised during the year ended 30 June 2021.

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 16 - measurement of ECL allowance for trade receivables: key assumptions in determining the loss rate

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 2021 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:

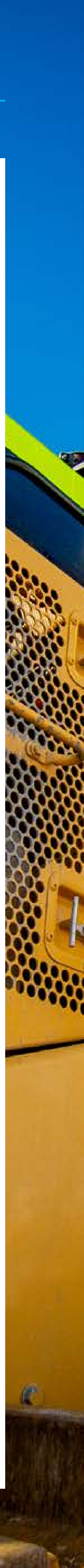
- The attached financial statements and notes, and the remuneration report on pages 56 to 71 in the Directors' report are in accordance with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- The attached 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 2021, 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
Independent Non-Executive Chair
25 August 2021
Perth




MACMAHON

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 2021 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 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

This matter was 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 ($1,351.5 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 to underlying invoices, and payments received for these invoices; • 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 underlying progress claims, contract terms, subsequent invoicing after customer approval and post year end payments received for these invoices (where available); • 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

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
- 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.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Macmahon Holdings Limited for the year ended 30 June 2021, 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 56 to 71 of the Directors' report for the year ended 30 June 2021.

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

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R Gambitta
Partner

Perth

25 August 2021

Macmahon continues to diversify its business in FY21, with contract extensions in Western Australia at Deflector, Wagtail and Nicolsons mines and new contracts at Gwalia and Bellevue.

Summary of Consolidated Reports

Profit and loss ($m)	2021	2020	2019	2018	2017
Revenue from continuing operations	**1,351.5**	1,380.4	1,103.0	710.3	359.6
Underlying EBITDA	**249.9**	238.7	181.4	119.2	31.8
Depreciation and amortisation (excluding customer contracts)	**(154.7)**	(147.1)	(106.2)	(77.7)	(33.5)
Underlying EBIT	**95.2**	91.6	75.1	41.5	(1.7)
Other exclusions from underlying items[1]	**1.3**	(4.3)	(10.6)	(0.3)	(3.4)
Reported EBIT	**96.5**	87.3	64.5	41.2	(5.1)
Net interest	**(14.6)**	(14.8)	(10.7)	(2.4)	(0.1)
Profit/(loss) before income taxes	**81.9**	72.5	53.8	38.8	(5.2)
Income tax expense	**(4.7)**	(7.5)	(7.7)	(7.5)	(0.3)
Profit/(loss) after taxes from continuing operations	**77.2**	64.9	46.1	31.3	(5.5)
Minority interests	**-**	-	-	-	-
Profit/(loss) after taxes attributed to Macmahon	**77.2**	64.9	46.1	31.3	(5.5)
Other exclusions from underlying items (net of tax)[1]	**(1.3)**	4.3	10.6	0.3	3.4
Underlying net profit/(loss) after taxes attributed to Macmahon	**75.9**	69.2	56.7	31.6	(2.1)
Balance sheet ($m)					
Plant and equipment	**582.7**	457.0	399.6	380.1	122.7
Total assets	**1,153.5**	923.0	824.9	723.3	295.0
Net assets	**545.9**	497.8	447.6	409.8	185.0
Equity attributable to the Group	**545.9**	497.8	447.6	409.8	185.0
Net debt/(net cash)	**130.3**	60.9	52.7	(3.4)	(54.1)
Cash flow ($m)					
Underlying EBITDA	**249.9**	238.7	181.4	119.2	31.8
Net interest paid	**(15.9)**	(14.8)	(10.7)	(2.4)	(0.1)
Income tax (paid)/refund	**(10.4)**	(8.5)	(15.2)	6.3	-
Decrease/(increase) in working capital, provisions and other non-cash items	**15.9**	(21.7)	(63.0)	(17.3)	(1.5)
Net operating cash flows, including joint venture	**239.5**	193.7	92.5	105.8	30.2
Investing and financing cash flows (net)	**(196.4)**	(165.7)	(89.8)	(59.1)	(23.1)
Effect of exchange rates on cash	**(2.8)**	0.6	0.9	-	(0.9)
Cash at beginning of financial year	**141.8**	113.2	109.6	62.9	56.7
Closing cash and cash equivalents	**182.1**	141.8	113.2	109.6	62.9

1 Other exclusions consist of:
2021 includes earn-out in relation to previous acquisition, acquisition costs, share-based payment expenses, fair value uplift on investment in joint venture, gain on acquisition of subsidiary, and amortisation on customer contracts recognised on acquisitions.
2020 includes acquisition costs, share-based payment expenses and amortisation on customer contracts recognised on acquisitions.
2019 includes litigation settlements and related legal fees, acquisition costs and share-based payments expense.
2018 includes share-based payments expense.
2017 includes the takeover defence costs.

Due to rounding, numbers presented may not add.

	2021	2020	2019	2018	2017
People and safety					
Number of employees	**6,082**	5,229	4,072	3,913	1,659
LTIFR	**0.1**	0.1	0.4	0.5	0.4
TRIFR	**6.4**	3.8	4.0	6.3	5.7
Order book					
Work in hand ($bn)[3]	**5.0**	4.5	4.5	5.4	5.0
New contracts and extension ($b)[2]	**2.3**	1.4	0.2	1.2	3.9
Revenue growth (%)	**(2.1)**	25.1	55.3	97.5	15.2
Reported NPAT/Revenue (%)	**5.7**	4.7	4.2	4.4	(1.5)
Underlying NPAT/Revenue (%)[5]	**5.6**	5.0	5.1	4.4	(0.6)
EBIT interest cover (x)	**6.6**	5.9	6.0	17.0	(33.8)
Reported basic EPS from continuing operations (cents)	**3.68**	3.10	2.19	1.53	(0.47)
Underlying basic EPS from continuing operations (cents)	**3.61**	3.30	2.69	1.55	(0.18)
Balance sheet ratios					
Gearing ratio	**19.3**	10.9	10.5	(0.8)	(41.3)
Reported return on average capital employed (ROACE) (%)	**13.7**	14.1	11.9	12.0	(2.5)
Underlying ROACE (%)[5]	**13.5**	14.8	13.9	12.1	(0.8)
Reported return on equity (ROE) (%)	**14.8**	13.7	10.7	10.5	(2.8)
Underlying ROE (%)[5]	**14.5**	14.6	13.2	10.6	(1.1)
Reported return on assets (ROA) (%)	**7.4**	7.4	6.0	6.1	(1.9)
Underlying ROA (%)[5]	**7.3**	7.9	7.3	6.2	(0.7)
Net tangible assets (NTA) per share ($)	**0.24**	0.22	0.20	0.19	0.15
Cash flow ratios ($'m)					
Net operating cash flow per share (cents)	**11.1**	9.0	4.3	4.9	2.5
Shareholders					
Shares on issue (m) at 30 June	**2,155.0**	2,155.0	2,155.0	2,155.0	1,200.9
Share price at 30 June (cents)	**19.0**	25.5	18.5	21.5	16.5
Dividends declared (cents)[4]	**0.65**	0.60	0.50	-	-
Percentage franked (%)	**20.0**	30.0	30.0	-	-
Market capitalisation ($'m)	**409.4**	549.5	398.7	463.3	198.2
Enterprise value (EV)	**539.8**	610.4	451.4	459.9	144.1
Price/NTA (x)	**0.8**	1.2	0.9	1.1	1.1

2 For 2017, new contracts and extensions includes the Batu Hijau contract.
3 For 2017, the order-book includes the Batu Hijau contract.
4 Subsequent to 30 June 2021, the Board approved the payment of a final dividend of 0.35 cents per share. For the year ended 30 June 2021, the payment of an interim dividend of 0.30 cents per share was also approved by the Board.
5 Underlying items are adjusted for exclusions as per footnote 1 on page 132.

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 2021

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 2021.

a) The twenty largest Shareholders held 84.61% of the ordinary shares.

b) There were 7,025 ordinary Shareholders as follows:

1–1,000	647
1,001–5,000	2,062
5,001–10,000	1,031
10,001–100,000	2,694
100,001 and over	591
TOTAL	**7,025**

SUBSTANTIAL SHAREHOLDERS

As at 19 August 2021, 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	140,456,595

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 2021
Release of FY21 Half-Year Results – February 2022
Release of FY21 Full-Year Results – August 2022

Twenty largest Shareholders as at 19 August 2021

Rank	Name	Units	Percent
1	Amman Mineral Contractors (Singapore) Pte Ltd	954,064,924	44.27
2	J P Morgan Nominees Australia Pty Limited	230,614,055	10.70
3	Citicorp Nominees Pty Limited	171,414,398	7.95
4	HSBC Custody Nominees <Australia> Limited	118,982,726	5.52
5	National Nominees Limited	114,345,895	5.31
6	CPU Share Plans Pty Ltd <MAH LTR Unallocated A/C>	54,839,003	2.54
7	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	34,436,692	1.60
8	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	27,699,254	1.29
9	Zero Nominees Pty Ltd	25,200,000	1.17
10	BNP Paribas Noms Pty Ltd <DRP>	24,343,855	1.13
11	Mr Christopher Ian Wallin + Ms Fiona Kay Mcloughlin + Mrs Sylvia Fay Bhatia <Chris Wallin Super Fund A/C>	11,400,494	0.53
12	BNP Paribas Noms Pty Ltd <DRP>	8,527,328	0.40
13	Mr Amarjit Singh + Mrs Jaswant Kaur	7,700,000	0.36
14	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	7,014,228	0.33
15	Bond Street Custodians Limited <Salter - D79836 A/C>	7,000,000	0.32
16	Neweconomy Com Au Nominees Pty Limited <900 Account>	6,527,588	0.30
17	Mr Paulus Gerardus Brouwer + Mr Remy Paulus Brouwer <Windy Spur S/F Account>	5,600,000	0.26
18	Hishenk Pty Ltd	4,875,000	0.23
19	Maitri Pty Ltd <Coci Super Fund A/C>	4,730,043	0.22
20	BPM Capital Limited	4,000,000	0.19
	Totals: Top 20 Holders Of Ordinary Shares (Total)	**1,823,315,483**	**84.61**
	Total Remaining Holders Balance	**331,670,335**	**15.39**

Corporate Directory and Glossary

DIRECTORS

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

COMPANY SECRETARY

G Gettingby

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 less current liabilities
ROE	Return on equity – Underlying NPAT/average net assets
ROA	Return on assets – Underlying NPAT/average assets

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

Macmahon Holdings Limited
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