2024

Reviewed interim condensed consolidated financial statements **for the six months ended 31 December 2023**

AVENG

Providing a better life

Salient features – financial performance

for the six months ended 31 December 2023

Revenue

A$1.5 billion

(R18.6 billion)

31 December 2022 | A$1.10 billion (R12.8 billion)*

Cash on hand

A$250 million

(R3.1 billion)

30 June 2023| A$190 million (R2.4 billion)

Operating earnings

A$15.5 million

(R192 million)

31 December 2022 | A$7.8 million (R91 million)*

Headline earnings

A$11.3 million

(R137 million)

31 December 2022 | A$6.5 million (R77 million)

Headline earnings per share

8.80A$c

(106 cents (Rands))

31 December 2022 | 5.17A$c (61 cents (Rands))

Work in hand

A$3.6 billion

(R44.5 billion)

30 June 2023 | A$4.2 billion (R52.2 billion)

* *Continuing operations. Excludes Trident Steel.*

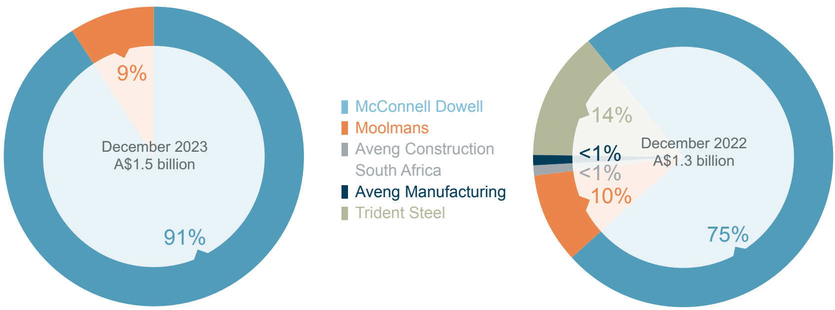
Salient features – segmental analysis

for the six months ended 31 December 2023

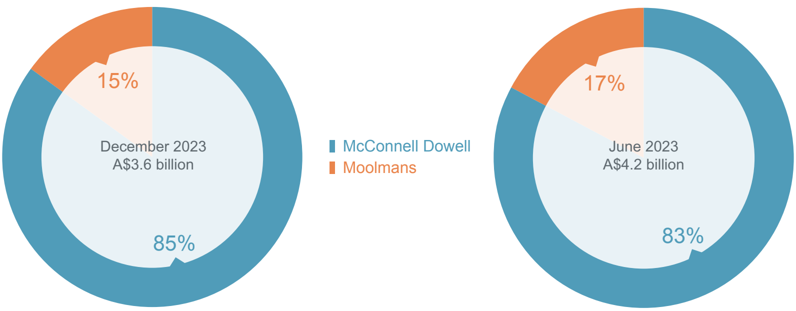
OPERATING EARNINGS / (LOSS) – SEGMENTAL ANALYSIS

	December 2023 A$m	December 2022 A$m	June 2023 A$m	**December 2023 Rm**	December 2022 Rm	June 2023 Rm
McConnell Dowell	**24.2**	15.0	(66.2)	**297**	175	(815)
Moolmans	**1.9**	1.7	(9.6)	**25**	20	(110)
Aveng Construction: South Africa	**(2.9)**	(2.1)	(4.9)	**(35)**	(24)	(59)
Other	**(7.7)**	(6.8)	(6.1)	**(95)**	(80)	(76)
Operating earnings / (loss) – continuing operations	**15.5**	7.8	(86.8)	**192**	91	(1 060)
Trident Steel	**–**	7.8	17.2	**–**	91	204
Aveng Manufacturing	**–**	(0.1)	–	**–**	(1)	–
Operating earnings – discontinued operations	**–**	7.7	17.2	**–**	90	204
Earnings attributable to equity-holders of the parent	**0.8**	4.1	(103.9)	**11**	48	(1 282)
Headline earnings / (loss)	**11.3**	6.5	(77.7)	**137**	77	(950)

Revenue per operating group



Work in hand per operating group



Salient features[1]

- **Revenue of A$1.5 billion (R18.6 billion); (December 2022: A$1.1 billion (R12.8 billion[2]))**
- **Operating earnings of A$15.5 million (R192 million); (December 2022: A$7.8 million (R91 million[2]))**
- **Headline earnings of A$11.3 million (R137 million); (December 2022: A$6.5 million (R77 million))**
- **Headline earnings per share of A$8.8 cents (106 cents (Rands)); (December 2022: A$5.2 cents (61 cents (Rands))**
- **Work in hand of A$3.6 billion (R44.5 billion); (June 2023: A$4.2 billion (R52.2 billion))**
- **Cash on hand of A$250 million (R3.1 billion); (June 2023: A$190 million (R2.4 billion))**
- **Strategic journey enters a new phase**
- **New organisational structure and leadership announced**

1. All figures have been restated due to a change in the reporting currency from ZAR to A$.
2. Prior period revenue and operating earnings from continuing operations exclude Trident Steel.

CHANGE IN REPORTING CURRENCY

Aveng has evolved into a business with two operating subsidiaries, McConnell Dowell and Moolmans, with 91% of its revenue sourced from outside South Africa. The Aveng Board bases its performance evaluation and many investment decisions on Australian Dollar financial information, being the predominant transactional currency of the Group. The Board believes that Australian Dollar financial reporting provides a more relevant presentation of the Group's financial position, funding and treasury functions, financial performance and its cash flows.

Based on the above, Aveng has elected to change its reporting currency from the South African Rand (ZAR) to the Australian Dollar (A$), with such change being implemented for the reviewed interim condensed financial statements at 31 December 2023.

It should be noted that the functional currencies of the Group's underlying businesses remain unchanged. Functional currencies refer to the currencies of the primary economic environments in which underlying businesses operate. Foreign exchange exposures will, therefore, be unaffected by the change, albeit the effects of such exposures will be presented in Australian Dollars.

To assist investors in understanding the change, the Group will provide summarised, restated Australian Dollar financial information for the interim period ended 31 December 2022 and restated financial information for the year ended 30 June 2023 in compliance with International Financial Reporting Standards (IFRS). For more information, please refer to *note 2.3 Changes to the Group accounting policies in the reviewed interim condensed consolidated financial statements*.

OVERVIEW

Aveng demonstrated its resilience and the core strength of its operating subsidiaries by returning to profitability and positive cash generation in the interim period ended 31 December 2023. The Group has delivered a double-digit improvement in revenue, operating earnings, earnings from continuing operations and headline earnings.

Deliver profitability, positive cash generation and operational performance

At 31 December 2023, Aveng grew its revenue from continuing operations, which excludes Trident Steel by 39% to A$1.5 billion (December 2022: A$1.1 billion), with a corresponding improvement of 99% in its operating earnings to A$15.5 million (December 2022: A$7.8 million) and a 74% increase in headline earnings to A$11.3 million (December 2022: A$6.5 million), compared to the prior comparative period. Earnings from continuing operations increased to A$0.8 million (December 2022: A$0.4 million).

The Group produced gross earnings of A$83.9 million (R1 billion), 17% higher than the comparative period. A gross margin of 5.5% was achieved, a decrease of 1.1% compared to the prior comparative period. The erosion of the gross margin was largely due to the impact of hyper-escalation on project costs in Australia. The impact has largely been ameliorated by way of various strategies adopted to address this potential risk. This includes ensuring that the portfolio of work in hand comprises a high proportion of alliance model projects in Australia that offer protection in terms of cost reimbursement. Management continues to focus on improving the margin on currently active projects.

The increase in operating earnings was driven by earnings in McConnell Dowell in H1 2024, with operating earnings of A$24.2 million (December 2022: A$15 million). Operating free cash inflow of A$83 million was received in the period. Moolmans generated operating earnings of A$1.9 million (R25 million) in H1 2024, albeit at a lower than budgeted operating margin.

McConnell Dowell operates 74% of its projects at or above bid margins, illustrating strong operational performance across most of its portfolio. The focus going forward is on improving this performance to mitigate the project risks on specific projects and maximise opportunity. Moolmans continues to focus on project execution through a focus on improving production levels across all its sites.

Strengthen balance sheet and settle term debt

In the current period, McConnell Dowell accelerated their repayments and repaid A$10 million of the term debt facility. The remaining balance of A$13 million is expected to be settled by June 2024. Earnings for the period have been retained to further bolster the balance sheet of McConnell Dowell.

The Group has entered into new banking facilities with The Standard Bank of South Africa Limited.

For the first time since June 2017, Aveng has no assets held for sale, following the disposal of its investment in Imvelo Concession Company Proprietary Limited.

Diversify Moolmans client, commodity and geographic focus

Moolmans remains determined to expand its current client, commodity and geographic footprint, which currently operates exclusively in South Africa, with the majority of its commodity exposure in manganese (82%) and iron ore (10%) extraction. Prospective projects within the SADC region have been identified together with further opportunities with existing clients at existing projects.

Continue to de-risk and wind down Group legacy matters

The Group continues to actively manage the remaining legacy matters with a dedicated team ensuring that these matters are de-risked and closed out.

Succession planning and capacity building

Aveng announced planned changes to the executive management on 22 November 2023. Succession planning for key leadership roles within the Company have been considered by the remuneration and nomination committee and the Board over the course of the last 18 months as the Company has transitioned through its restructuring to a smaller, focused and more sustainably profitable, engineering-led, infrastructure, building and mining contractor. In turn, Sean Flanagan, the Group Chief Executive Officer has elected to retire as CEO with effect from 1 March 2024, paving the way for Scott Cummins, the current Chief Executive Officer of McConnell Dowell to assume the role from this date. Sean will remain on the Board as a non-executive director.

A new executive leadership team has been formed, with all key functions represented at executive level. The team provides a strong matrix structure consolidating and simplifying the historical South African and Australian corporate layers, to leverage the collective across the entire Group.

Key leadership appointments were made within the businesses, with McConnell Dowell appointing Mario Russo as the new managing director of the Australian infrastructure business unit and Moolmans appointing Rod Dixon as managing director. In the Southeast Asian business unit, a localisation strategy has been successful in appointing key individuals from within the region to lead the business unit into the future.

Environmental, social, governance and safety

Our ESG practices are governed by policies, internal controls and are subject to both internal and external assurance. These are reported to and overseen by the Board and relevant sub-committees. We monitor our ESG practices to align them with best practice, recognising that this is a fast-changing landscape.

Aveng made further progress in implementing its values aligned ESG framework and performance indicators. We are integrating and improving the work we do in managing, measuring and reporting on our environmental and social impacts and successes. Baseline metrics continue to be measured against the targets for 2024 and the achievement of ESG key performance indicators (KPIs) is linked to the short-term incentives of management. The Group achieved its primary goal of zero fatalities and performed well in their other key safety, health and environment performance indicators. The Group recorded a lost-time injury frequency rate of 0.14 against a target of 0.13 and a total recordable injury frequency rate of 0.65 against a target of 0.64.

OPERATIONAL PERFORMANCE

Our commitment to ensuring the success of our two businesses, McConnell Dowell and Moolmans, remains unwavering and in line with the objective of ensuring a sustainable future as an international engineering-led contractor focused on infrastructure, resources, and contract mining in selected markets.

Under the new executive structure, Aveng will segment its existing businesses under three strong operating brands which will make up three distinct segments. The *Infrastructure* segment, which will include McConnell Dowell, operating in three geographical regions – Australia, New Zealand & Pacific Islands & Southeast Asia; the *Building* segment, which will include Built Environs and the *Mining* segment which will include Moolmans. The operational performance below has been prepared under the existing framework of McConnell Dowell and Moolmans, however commentary has been expanded in line with the proposed new segments.

McConnell Dowell

For the period ended 31 December 2023, McConnell Dowell achieved a 42% growth in revenue to A$1.4 billion (December 2022: A$974 million), mainly attributable to revenue growth in its Infrastructure business in Australia and New Zealand & Pacific Islands, and in its building arm, Built Environs. The business continues to focus on specialised projects in Australia, New Zealand & Pacific Islands, and Southeast Asia, offering engineering and infrastructure solutions in the transport, water & wastewater, ports & coastal, energy, resources and commercial building sectors.

Infrastructure

McConnell Dowell's Australian business unit achieved a 35% increase in revenue to A$958 million (December 2022: A$710 million), however, recorded lower comparable operating earnings of A$19 million (December 2022: A$41 million). The operating earnings are, however, in line with H2 2023 operating earnings of A$19 million. The effects of the COVID-19 pandemic, continued global conflicts and the ensuing period of hyper escalation of costs have eroded margins on key projects entered into during this period. These higher costs are mitigated through the alliance model on key projects, which ensures that costs are reimbursed. The management of the business unit continues to focus on restoring margin on these projects.

Work in hand fell to A$2 billion (June 2023: A$2.4 billion) as a result of a slowdown in infrastructure awards in the region, which is expected to continue into FY25, primarily due to the effects of cost escalations on our client's available budgets. New projects to the value of A$577 million were won in the period. The business unit continues to focus on quality projects which will enhance the consistency of operational margins.

The New Zealand & Pacific Islands business unit reported an increase of 40% in revenue to A$157 million and a 56% increase in operating earnings to A$13 million compared to the period ended 31 December 2022. This marks the second consecutive interim period in which the business unit has operated above its plan. The business unit successfully replenished its work in hand through new project awards and changes to existing projects, ensuring that work in hand remained relatively stable at A$420 million (June 2023: A$426 million).

The Southeast Asia business unit curtailed the substantial operating losses in the year ended 30 June 2023 (H1 2023: A$26 million loss; H2 2023: A$103 million loss), primarily from the BLNG contract, to record a modest operating loss of A$4 million for the period ended 31 December 2023. The BLNG project contract is now practically complete, with no further losses anticipated. The resumption of tendering activities, halted during the peak of COVID-19, has secured A$84 million of new work in the period ended 31 December 2023. The approach to tendering is highly selective, within our disciplines and for clients who recognise the value we contribute. We continue to focus on reducing risks and working to improve margins on projects awarded prior to COIVD-19.

Building

McConnell Dowell's commercial building business unit, Built Environs, increased its revenue by 188% to A$224 million as compared to A$78 million reported in the comparative prior period ended 31 December 2022. This revenue growth is in line with the business unit's growth agenda enabling the business unit to operate at scale across its three regions. Operating earnings of A$5 million, largely as a result of good project execution on key projects, is A$6 million higher than the comparative period ended 31 December 2022. Work in hand fell by

A$66 million from the reported highest historical value of A$564 million at 30 June 2023, however the business unit continues to pursue selective projects, with specific focus on the healthcare sector.

McConnell Dowell closed with a cash balance of A$246 million (June 2023: A$177 million) including the repayment of A$10 million of the term debt facility, a portion of which was early settled. The remaining balance of A$13 million is expected to be repaid by the end of June 2024.

McConnell Dowell recorded a 12-month rolling lost-time injury frequency rate (LTIFR) of 0.09 (December 2022: 0.05), against a target of 0.06 and total recordable injury frequency rate (TRIFR) of 0.77 (December 2022: 0.77) against a target of 1.00. No serious environmental incidents were recorded.

Moolmans

Mining

Moolmans is a tier-one contract mining business offering specialised services to the mining industry, specifically open-cast mining. Moolmans continues to focus on operational performance through investment in people, plant and systems. The investment in new equipment aligns with its strategy of selecting and entering into long-term and commercially viable contracts. This investment is balanced by the identification of non-critical assets for disposal. Extensive financial, plant and engineering skills remain invested in support of fleet renewal, while much effort has been put into improving relationships with key original equipment manufacturers (OEMs). Moolmans operates primarily in South Africa where continued challenges relating to road and rail infrastructure, ports, electricity and logistical challenges continue to impact our clients' operational plans. Moolmans has extensive experience in the SADC and West African regions and will utilise this experience in seeking to diversify its operations.

Moolmans reported revenue of R1.7 billion (A$136 million) for the period ended 31 December 2023 (December 2022: R1.4 billion (A$122 million)). The increase in revenue, and corresponding improvement in operating earnings, is primarily due to improved quarter-on-quarter volumes achieved at Tshipi, following the delivery of the final items of new equipment on site in September 2023. Renewed energy and operational performance at Moolmans ensured operating earnings improved slightly to R25 million (A$2 million) from R20 million (A$1.7 million) in the prior comparative period.

Moolmans continues to optimise its existing fleet to improve availabilities, save on component spend and dispose of redundant assets. There was continued investment in heavy mining equipment through the fleet renewal programme, with two new CAT 785 RDT's, one new Liebherr 9200 and one Liebherr 9400 face shovel added to the fleet. The business purchases equipment through a combination of asset-backed financing and leases. The active fleet management strategy uses short-term rentals to support specific capacity requirements on projects. Redundant assets to the value of R25 million (A$2 million) have been disposed of in the current period, while assets to the value of R95 million (A$7.8 million) have been impaired.

Moolmans recorded a 12-month rolling LTIFR of 0.26 (31 December 2022: 0.20), against a target of 0.19 and TRIFR of 0.26 (31 December 2022: 0.36), against a target of 0.47. No major environmental issues were recorded.

Project Management Office

The Project Management Office continues to complete the significant task of closing out non-core asset disposals and ensuring that the Group complies with all statutory, legal, technical, commercial, and human resources obligations. This primarily relates to *Aveng Construction: South Africa*. The business unit recorded an operating loss of R35 million (A$2.9 million) (December 2022: R24 million (A$2.1 million)) and cash outflow of R92 million (A$7.5 million) (December 2022: R29 million (A$2.5 million)). The South African performance guarantee exposure remained flat at R82 million (A$6.6 million) compared to 30 June 2023.

FINANCIAL REVIEW

Aveng reported improved headline earnings of A$11.3 million (R137 million) or A$8.8 cents per share (106 cents per share (Rands)) (December 2022: A$6.5 million (R77 million) or A$5.2 cents per share (61 cents per share (Rands)). Earnings for the period attributable to equity holders of the parent amounted to A$0.8 million (R11 million) or A$0.6 cents per share (8.4 cents per share (Rands)) (December 2022: A$4 million (R48 million) or A$3.2 cents per share (38 cents per share (Rands)). Reported earnings for the period are A$0.8 million (R11 million) (December 2022: A$4 million (R48 million) while normalised earnings decreased from A$3.7 million (R44 million) in the prior comparative period to A$1.2 million (R15 million).

Statement of comprehensive earnings

Continuing operations

Revenue grew by 39% to A$1.5 billion (R18.6 billion) (December 2022: A$1.1 billion (R12.8 billion)). The two businesses, McConnell Dowell and Moolmans, produced all the revenue in the current period and contributed 85% of the total Group revenue in the prior period when Trident Steel was still part of the Group.

Other earnings of A$3 million (R38 million) (December 2022: negative A$0.5 million (negative R6 million)) increased mainly due to unrealised foreign exchange gains earned on financial hedge derivatives, which provide protection against foreign exchange exposure on rental contracts denominated in Euro in the current period.

Operating earnings of A$15.5 million (R192 million) (December 2022: A$7.8 million (R91 million) were higher in both McConnell Dowell and Moolmans.

- McConnell Dowell – operating earnings of A$24 million (R297 million) (December 2022: A$15 million (R175 million))
- Moolmans – operating earnings of A$1.9 million (R25 million) (December 2022: A$1.7 million (R20 million))
- South Africa: Construction – operating loss of A$2.9 million (R35 million) (December 2022: operating loss of A$2.0 million (R24 million))
- Other, including the Group corporate head office – operating loss of A$7.8 million (R95 million) (December 2022: operating loss of A$6.9 million (R80 million)).

Capital expenses amounted to A$8.2 million (R99 million) (December 2022: capital expenses of A$0.1 million (R1 million)) and includes the net impact of impairments on property, plant and equipment at Moolmans and loss on sale of assets.

Net finance charges increased to A$6.8 million (R83 million) (December 2022: A$6.1 million (R71 million). Finance earnings of A$5.7 million (R69 million) increased by A$4 million (R49 million) in the period due to higher cash balances and deposit interest rates at McConnell Dowell. Finance expenses of A$12.5 million (R152 million) increased by A$4.6 million (R61 million) as a result of interest paid on the settlement of a claim related to a legacy matter, higher interest rates, working capital requirements in South Africa, transaction costs for facilities, coupled with the introduction of new asset-backed financing for new heavy mining equipment at Moolmans.

Basic earnings per share of A$0.6 cents (8.4 cents (Rands)) were calculated using a weighted average number of shares of 128.5 million shares. The prior period's basic earnings per share of A$3.2 cents (38 cents (Rands)) was calculated using a weighted average number of shares of 126.1 million shares. The movement of 2.4 million shares is due to the vesting of shares in terms of the equity-settled share-based payment plans.

Headline earnings improved to A$11.3 million (R137 million) from A$6.5 million (R77 million) at 31 December 2022 after accounting for the impairment of property, plant and equipment and the derecognition of components at Moolmans, gain on disposal of assets Held for Sale and gain on disposal of property, plant and equipment.

Headline earnings per share is A$8.80 cents (106 cents) (Rands)) calculated using the weighted average number of shares of 128.5 million shares. The prior period's headline earnings per share of A$5.2 cents (61 cents (Rands)) was calculated using a weighted average number of shares of 126.1 million shares.

Statement of financial position

Property, plant and equipment (PPE) increased by A$3.8 million (R33 million) to A$240.4 million (R3.0 billion) (June 2023: A$236.6 million (R2.9 billion)), mainly as a result of continued investment in Moolmans heavy mining equipment with **capital expenditure** of A$23.4 million (R285 million) and the capitalisation of strategic jack-up barges at McConnell Dowell. Non-critical, redundant assets at Moolmans, to the value of A$7.8 million (R95 million) were impaired.

The Group incurred replacement capital expenditure of A$21.0 million (R256 million) (December 2022: A$17.4 million (R200 million)) and expansionary capital expenditure of A$7.2 million (R87 million) (December 2022: A$0.1 million (R1 million)). The majority of the amount was spent as follows:

- A$20.1 million (R249 million) at McConnell Dowell, relating mainly to the capitalisation of the strategic jack-up barge with the balance on specific projects across the business units; and
- A$23.4 million (R285 million) at Moolmans, primarily in new capital expenditure of A$7.2 million (R87 million) for the Tshipi project, replacement capital expenditure of A$0.6 million (R7 million) and components on the existing fleet of A$15.6 million (R191 million).

Right-of-use (ROU) assets increased by A$10.4 million (R127 million) to A$49.3 million (R616 million) (June 2023: A$38.9 million (R489 million)). The increase is largely due to increased equipment rentals (A$16 million) (R200 million) at Moolmans and new vehicle replacements and two office lease renewals at McConnell Dowell. This is offset by depreciation of A$11.1 million (R136 million) for the period.

Contract assets for the Group decreased by A$18.2 million (R254 million) to A$404.2 million (R5.0 billion) (June 2023: A$422.4 million (R5.3 billion)) due to the settlement of contract claims and timing-related contract entitlements at McConnell Dowell.

Assets held for sale decreased to zero (June 2023: A$4.7 million (R59 million)) following the sale of the investment in Imvelo Concession Company Proprietary Limited in the current period.

External borrowings and other liabilities decreased by A$9.2 million (R119 million) to A$72.1 million (R901 million) from June 2023 primarily due to the term debt facility repayment of A$10 million at McConnell Dowell. New asset-based financing was entered into to support the continued investment in heavy mining equipment through the fleet renewal programme at Moolmans. Unutilised facilities amounted to A$13 million (R158 million).

Lease liabilities increased by A$7.2 million (R85 million) to A$99.2 million (R1.2 billion) as a result of new mining equipment lease contracts at Moolmans and new vehicle replacements and two office lease renewals at McConnell Dowell, partially offset by the lease repayments.

Contract liabilities increased by A$43.1 million (R527 million) to A$215.5 million (R2.7 billion) (June 2023: A$172.5 million (R2.2 billion)) due to progress billings at McConnell Dowell.

Trade and other payables increased by A$8.8 million (R86 million) to A$384.5 million (R4.8 billion) (June 2023: A$375.7 million (R4.7 billion)) mainly as a result of the timing of McConnell Dowell project cost accruals.

- **Operating free cash flow** amounted to an inflow of A$52.6 million (R641 million) (December 2022: outflow of A$1.7 million (R20 million)) and includes:
- McConnell Dowell – A$83.0 million inflow (R1.0 billion) (December 2022: A$33.1 million inflow (R440 million)), largely driven by early customer receipts and variation claims.
- Moolmans – A$24.9 million outflow (R301 million) (December 2022: A$11.7 million outflow (R136 million))
- Construction and Engineering: South Africa – A$7.5 million outflow (R92 million) (December 2022: A$2.5 million outflow (R29 million))
- Net finance expenses paid of A$6.6 million (R82.5 million)
- Taxation paid of A$0.5 million (R7.5 million).

Cash and bank balances (net of bank overdrafts) increased to A$250 million (R3.1 billion) (June 2023: A$190 million (R2.4 billion)). Cash in McConnell Dowell increased by A$68 million, primarily from early project receipts and variation claims, offset by the A$10 million (R125 million) term debt repayments. The South African liquidity pool cash balance decreased by A$8 million (R99 million) in the period. A$89 million (R111 million) is held in joint arrangements in McConnell Dowell.

NEW PHASE IN THE STRATEGIC JOURNEY

Aveng has shown resilience in returning to profitability and positive cash generation in H1 2024 and remains well positioned and equipped to continue with sustainable, profitable growth. The Group entered the second half of the 2024 financial year in a strong position, with combined work in hand amounting to A$3.6 million (R44.5 million). This supports 100% of the 2024 full-year revenue and more than 60% of 2025 revenue.

From 1 March 2024, our new structure will more closely align with our operational activities. While our management epicentre shifts to Australia, our governance and control remain in South Africa and we remain listed on the JSE. Our objective is to achieve a focused management and governance structure, allowing greater efficiency and effectiveness. Over time, this shift will enhance access to diverse capital markets. As we navigate this exciting future together, we remain dedicated to delivering consistent, reliable and profitable results to our stakeholders.

Aveng's outlook is based on the strong foundations established over the preceding years. Aveng has three strong and well-respected operating brands in infrastructure, building and mining. This value offering sets us apart. We are seen as a valued partner on projects that deliver higher margins and better returns. Getting this done requires:

- Solid fundamentals – the right projects in the right markets, with an appropriate risk profile and a sharpened focus on execution.
- Investment in systems and technologies – to drive productivity and client value.

- Investment in people – an attractive employee value proposition and world-class leadership training and development.
- Operational standards and governance – one company, one approach with best practice standards that are clear, applicable group-wide and consistently applied.
- A new operating structure – agile, efficient and effective that allows leverage of collective expertise across the entire Group.

KEY FOCUS AREAS

- As an absolute priority, increase the margin percentage of the Group.
- Operational performance – Steady, consistent, continuous improvement in profit, cash generation and safety.
- Enhance the role and impact of the project support / governance team.
- Continue to renew and optimise the Moolmans fleet.
- The pursuit of new work:
  - Maintain absolute discipline. Risk profile must be appropriate for Group capacity and capability.
  - Diversify Moolmans client, commodity and geography focus.
- Strengthen McConnell Dowell balance sheet and settle term debt.
- Further develop our Environmental, Social and Governance initiatives.
- Continued development of our people, build capacity and capability to support our medium to longer-term strategy.

NEW STRUCTURE

Our new executive team is in place and ready to go. The team is located in Australia and close to the majority of our business activities. The team provides a strong matrix structure consolidating and simplifying the historical South African and Australian corporate layers. This new structure is lean and agile with all key functions represented at an executive level to deliver near and longer-term expectations. This allows Aveng to fully leverage existing executive functional capability and capacity, ensuring operational support and governance is provided and consistently applied across the Group.

OUTLOOK

Infrastructure

McConnell Dowell is positioned well to continue its growth trajectory through a strong secured revenue position and remains focused on managing risks, converting opportunities, disciplined project execution and delivering profit. The current work in hand provides a robust revenue platform, with 100% of planned revenue for the second half of FY24 secured and 64% of 2025 planned revenue secured. 80% of work in hand is government work and 20% in private sector. Newer contracts are performing strongly and we note an easing in cost escalation pressure, providing the opportunity for overall margin improvement.

There are signs of a softening transport infrastructure market in Australia, balanced by reduced cost escalation pressures and the emergence of a general trend toward new energy related developments. The addressable market across McConnell Dowell's footprint provides a visible pipeline of A$13.6 billion facilitating strategic selection of tender opportunities in support of profitable growth. The business remains focused to convert current tenders of A$1.0 billion in preferred bidder status to award, with a further A$760 million in tenders awaiting award.

Building

Built Environs enters the second half of the financial year with solid work in hand. Markets in Australia and New Zealand remain strong, especially in the health, education and recreation sectors. Recent contract awards are expected to perform well on the back of slowing inflationary pressure. Built Environs is now operating at scale and having delivered a strong performance in H1 2024, we expect a similar performance in H2 2024. Built Environs has a visible pipeline of A$2.6 billion, a preferred bidder status of A$120 million and current tenders of A$247 million awaiting award.

Mining

Moolmans growth agenda continues to be underpinned by investment in heavy mining equipment, people and systems. The current work in hand provides a solid revenue platform, however key areas of focus are to improve operational performance and cash generation.

The diversification of Moolmans client, commodity and geography focus remains an important area of focus. While the South African mining environment remains challenging, there are several opportunities with existing clients on existing projects and prospects which have been identified with new clients in the SADC region.

A key factor to success is ensuring that Tshipi's production levels continue to improve, in line with the quarter-on-quarter improvement noted in H1 2024. Moolmans total visible pipeline amounts to R52 billion with R19 billion worth of tenders in submission and awaiting adjudication.

DISCLAIMER

The financial information on which any outlook statements are based has not been reviewed or reported on by the external auditor. These forward-looking statements are based on management's current belief and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the Group's operations, markets, products, services and prices.

Queen Elizabeth Hospital-BE

Interim condensed consolidated statement of financial position

for the six months ended 31 December 2023

	Note	31 December 2023 A$'000	Restated* 31 December 2022 A$'000	Restated* 30 June 2023 A$'000	Restated* 1 January 2022 A$'000
ASSETS					
Non-current assets					
Goodwill arising on consolidation		**7 929**	8 668	7 929	8 620
Property, plant and equipment		**240 351**	198 578	236 556	225 580
Right-of-use assets		**49 300**	24 616	38 946	60 942
Infrastructure investments		**11 376**	12 828	11 319	12 671
Deferred taxation		**85 195**	64 662	80 164	67 321
Lease receivables		**28 929**	5 894	31 913	3 103
Other non-current assets		**2 977**	433	1 573	1 120
		426 057	315 679	408 400	379 357
Current assets					
Inventories		**20 397**	19 676	20 875	98 352
Contract assets	9	**404 184**	360 492	422 407	262 300
Trade and other receivables		**33 107**	47 846	34 073	48 098
Taxation receivable		**–**	4 507	2 164	2 414
Lease receivables		**6 544**	867	6 459	345
Cash and bank balances		**250 024**	242 437	189 667	262 387
		714 256	675 825	675 645	673 896
Assets Held for Sale	10	**–**	186 445	4 683	20 688
TOTAL ASSETS		**1 140 313**	1 177 949	1 088 728	1 073 941
EQUITY AND LIABILITIES					
Equity					
Stated capital		**546 442**	544 665	544 665	542 114
Other reserves		**(954 990)**	(979 324)	(954 268)	(981 181)
Retained earnings		**661 389**	768 577	660 622	757 343
Equity attributable to equity-holders of parent		**252 841**	333 918	251 019	318 276
Non-controlling interest		**322**	398	317	398
TOTAL EQUITY		**253 163**	334 316	251 336	318 674
Liabilities					
Non-current liabilities					
Deferred taxation		**16 921**	10 141	17 390	11 033
External borrowings and other liabilities	11	**41 777**	87	40 161	30 686
Lease liabilities		**74 096**	34 931	68 106	69 734
Provisions		**5 938**	7 281	6 831	6 982
Employee-related payables		**40 832**	37 531	35 582	37 324
		179 564	89 971	168 070	155 759
Current liabilities					
Contract liabilities	9	**215 526**	140 591	172 475	117 660
External borrowings and other liabilities	11	**30 337**	30 684	41 108	39 479
Lease liabilities		**25 118**	16 469	23 886	24 049
Provisions		**31 304**	39 178	33 501	32 928
Employee-related payables		**17 419**	15 082	22 613	25 946
Trade and other payables		**384 482**	356 418	375 739	352 119
Taxation payable		**3 400**	–	–	–
		707 586	598 422	669 322	592 181
Liabilities Held for Sale	10	**–**	155 240	–	7 327
TOTAL LIABILITIES		**887 150**	843 633	837 392	755 267
TOTAL EQUITY AND LIABILITIES		**1 140 313**	1 177 949	1 088 728	1 073 941

* *Restated due to change in presentation currency from ZAR to A$. Refer to note 2.3 Basis of preparation and changes to the Group accounting policies for further detail. Refer to Annexure 1 on pages 44 to 46 for ZAR figures.*

Interim condensed consolidated statement of comprehensive earnings

for the six months ended 31 December 2023

	Note	Six months ended 31 December 2023 A$'000	Restated* Six months ended 31 December 2022 A$'000	Restated* Year ended 30 June 2023 A$'000
Continuing operations				
Revenue		**1 520 777**	1 096 803	2 405 427
Cost of sales		**(1 436 829)**	(1 024 872)	(2 366 588)
Gross earnings		**83 948**	71 931	38 839
Other earnings / (expenses)		**3 012**	(514)	9 006
Operating expenses		**(71 337)**	(63 529)	(134 457)
Loss from equity-accounted investments		**(112)**	(86)	(180)
Operating earnings / (loss)		**15 511**	7 802	(86 792)
Capital (expenses) / earnings		**(8 218)**	(86)	681
Finance earnings		**5 699**	1 712	6 638
Finance expenses		**(12 475)**	(7 850)	(16 973)
Earnings / (loss) before taxation		**517**	1 578	(96 446)
Taxation		**281**	(1 200)	4 681
Earnings / (loss) from continuing operations		**798**	378	(91 765)
Discontinued operations				
Earnings from discontinued operations, net of taxation		**(31)**	3 687	10 205
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition		**19**	–	(35 761)
Gain on disposal of assets Held for Sale and fair value adjustment		**–**	–	13 350
(Loss) / earnings from discontinued operations	5	**(12)**	3 687	(12 206)
Earnings / (loss) for the period		**786**	4 065	(103 971)
Other comprehensive earnings				
Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation)				
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition		**–**	–	35 320
Exchange differences on translating foreign operations		**705**	(801)	(11 250)
Other comprehensive earnings for the period, net of taxation		**705**	(801)	24 070
Total comprehensive earnings / (loss) for the period		**1 491**	3 264	(79 901)

* *Restated due to change in presentation currency from ZAR to A$. Refer to note 2.3 Basis of preparation and changes to the Group accounting policies for further detail. Refer to Annexure 1 on pages 44 to 46 for ZAR figures.*

	Note	**Six months ended 31 December 2023 A$'000**	Restated* Six months ended 31 December 2022 A$'000	Restated* Year ended 30 June 2023 A$'000
Earnings / (loss) for the period attributable to:				
Equity-holders of the parent		**767**	4 065	(103 890)
Non-controlling interest		**19**	–	(81)
		786	4 065	(103 971)
Other comprehensive earnings / (loss) for the period, net of taxation				
Equity-holders of the parent		**719**	(801)	11 691
Non-controlling interest		**(14)**	–	–
		705	(801)	11 691
Total comprehensive earnings / (loss) for the period attributable to:				
Equity-holders of the parent		**1 486**	3 264	(92 164)
Non-controlling interest		**5**	–	(81)
		1 491	3 264	(92 245)
Results per share (A$ cents)				
Basic earnings / (loss) per share				
Continuing operations		**0.6**	3.2	(72.7)
Discontinued operations		**–**	–	(9.7)
		0.6	3.2	(82.4)
Diluted earnings per share				
Continuing operations		**0.6**	3.1	(72.7)
Discontinued operations		**–**	–	(9.7)
		0.6	3.1	(82.4)
Number of shares (millions)				
In issue	8	**131.3**	129.5	131.3
Weighted average	8	**128.5**	126.1	126.1
Diluted weighted average	8	**131.3**	129.5	126.1

* *Restated due to change in presentation currency from ZAR to A$. Refer to note 2.3 Basis of preparation and changes to the Group accounting policies for further detail. Refer to Annexure 1 on pages 44 to 46 for ZAR figures.*

Interim condensed consolidated statement of changes in equity

for the six months ended 31 December 2023

	Stated capital A$'000	Foreign currency translation reserve A$'000
Six months ended 31 December 2022 (Restated)*		
Balance at 1 July 2022	542 114	(985 187)**
Earnings for the period	–	–
Other comprehensive loss for the period (net of taxation)	–	(801)
Total comprehensive earnings for the period	–	(801)
Equity-settled share-based payment charge	–	–
Equity-settled share-based payment – shares vested	2 551	–
Balance at 31 December 2022	544 665	(985 988)
Year ended 30 June 2023 (Restated)*		
Balance at 1 July 2022	542 114	(985 187)
Loss for the period	–	–
Other comprehensive loss for the period (net of taxation)	–	(11 749)
Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition	–	35 761
Total comprehensive loss for the period	–	24 012
Equity-settled share-based payment charge	–	–
Equity-settled share-based payment – shares vested	2 551	–
Balance at 30 June 2023	544 665	(961 175)
Six months ended 31 December 2023		
Balance at 1 July 2023	544 665	(961 175)
Earnings for the period	**–**	**–**
Other comprehensive earnings for the period (net of taxation)	**–**	**719**
Total comprehensive earnings for the period	**–**	**719**
Equity-settled share-based payment charge	**–**	**–**
Equity-settled share-based payment – shares vested	**1 777**	**–**
Balance at 31 December 2023	**546 442**	**(960 456)**

* *Restated due to change in presentation currency from ZAR to A$. Refer to note 2.3 Basis of preparation and changes to the Group accounting policies for further detail.*

** *The foreign currency translation reserve was reset to A$nil as at 1 July 2003. The opening balance as at 1 July 2022 represents the total foreign currency translation reserve movements from this date.*

*** *Following the change in the presentation currency from ZAR to A$, the previously disclosed accumulated losses of R2 billion at 1 July 2022 has translated into a retained earnings balance of A$764.5 million. This is as a result of the relevant exchange rate in the period in which the Group recorded earnings or losses, as is appropriate.*

Equity-settled share-based payment reserve A$'000	**Total other reserves A$'000**	Retained earnings A$'000	**Total attributable to equity-holders of the parent A$'000**	Non-controlling interest A$'000	**Total equity A$'000**
8 243	(976 944)	764 512***	329 682	398	330 080
–	–	4 065	4 065	–	4 065
–	(801)	–	(801)	–	(801)
–	(801)	4 065	3 264	–	3 264
972	972	–	972	–	972
(2 551)	(2 551)	–	–	–	–
6 664	(979 324)	768 577	333 918	398	334 316
8 243	(976 944)	764 512	329 682	398	330 080
–	–	(103 890)	(103 890)	(81)	(103 971)
–	(11 749)	–	(11 749)	–	(11 749)
–	35 761	–	35 761	–	35 761
–	24 012	(103 890)	(79 878)	(81)	(79 959)
1 215	1 215	–	1 215	–	1 215
(2 551)	(2 551)	–	–	–	–
6 907	(954 268)	660 622	251 019	317	251 336
6 907	**(954 268)**	660 622	**251 019**	317	**251 336**
–	**–**	**767**	**767**	**19**	**786**
–	**719**	**–**	**719**	**(14)**	**705**
–	**719**	**767**	**1 486**	**5**	**1 491**
336	**336**	**–**	**336**	**–**	**336**
(1 777)	**(1 777)**	**–**	**–**	**–**	**–**
5 466	**(954 990)**	**661 389**	**252 841**	**322**	**253 163**

Interim condensed consolidated statement of cash flows

for the six months ended 31 December 2023

	Note	31 December 2023 A$'000	Restated* 31 December 2022 A$'000	Restated* 30 June 2023 A$'000
Cash flow from operating activities				
Cash generated / (utilised) from operating activities	13	**122 400**	29 661	(31 473)
Finance expenses paid		**(12 740)**	(12 516)	(23 927)
Finance earnings received		**6 094**	1 958	6 715
Taxation paid		**(528)**	(665)	(3 906)
Cash inflow / (outflow) from operating activities		**115 226**	18 438	(52 591)
Cash flow from investing activities				
Acquisition of property, plant and equipment − expansion		**(7 263)**	(97)	(48 852)
Acquisition of property, plant and equipment − replacement		**(36 576)**	(29 440)	(62 948)
Proceeds on disposal of property, plant and equipment		**3 767**	4 181	6 911
Proceeds on disposal of Trident Steel		**–**	–	88 117
Proceeds on disposal of assets Held for Sale		**4 640**	4 924	6 340
Capital expenditure net of proceeds on disposal		**(35 432)**	(20 432)	(10 432)
Advance of short-term loan		**–**	–	(17 251)
Repayment of short-term loan		**–**	–	16 608
Advances in respect of other non-current assets		**–**	(55)	(496)
Receipt of capital portion of lease receivable		**3 166**	–	1 510
Dividends received		**818**	–	830
Cash movement in investing activities classified as Held for Sale		**–**	–	(872)
Cash outflow from investing activities		**(31 448)**	(20 487)	(10 103)
Cash flow from financing activities				
Financing activities with debt-holders				
Repayment of external borrowings		**(23 457)**	(10 781)	(50 935)
Proceeds from external borrowings		**14 387**	–	92 770
Proceeds from trade finance facility – Held for Sale		**–**	33 761	38 814
Repayment of trade finance facility – Held for Sale		**–**	–	(36 967)
Payment of capital portion of lease liabilities		**(14 665)**	(10 502)	(22 771)
Cash (outflow) / inflow from financing activities		**(23 735)**	12 478	20 911
Net increase / (decrease) in cash and bank balances before foreign exchange movements		**60 043**	10 429	(41 783)
Foreign exchange movements on cash and bank balances		**314**	(201)	(759)
Cash and bank balances at the beginning of the period		**189 667**	232 209	232 209
Total cash and bank balances at the end of the period		**250 024**	242 437	189 667

* *Restated due to change in presentation currency from ZAR to A$. Refer to note 2.3 Basis of preparation and changes to the Group accounting policies for further detail.*

1. CORPORATE INFORMATION

The reviewed interim condensed consolidated financial statements (interim results) of Aveng Limited (the Company) and its subsidiaries (the Group) for the six months ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 19 February 2024.

Nature of business

Aveng Limited is a limited liability company incorporated and domiciled in the Republic of South Africa whose shares are publicly traded. The Group operates in the construction, engineering, and contract mining environments and as a result the revenue is not seasonal in nature but is influenced by the nature and execution of contracts currently in progress.

Changes to executive management and appointment of director

On 22 November 2023 the Board announced planned changes to the executive management of Aveng. Sean Flanagan elected to retire as CEO effective from 1 March 2024. Scott Cummins, the current CEO of McConnell Dowell has already joined the Board as an executive director effective 22 November 2023, and will assume the role of Group CEO on 1 March 2024.

Sean Flanagan will remain on the Board as a non-independent non-executive director and serve as a member of the risk, tender risk and safety, health and environment committees.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES

2.1 Basis of preparation

The interim results have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

These interim results are presented in Australian Dollar (A$) and all values are rounded to the nearest thousand (A$'000) except when otherwise indicated. The interim results are prepared in accordance with *IAS 34 Interim Financial Statements* (IAS 34), the requirements of the Companies Act 71 of 2008 (as amended) of South Africa, the Listings Requirements of the Johannesburg Stock Exchange as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies adopted are consistent with those of the Group's audited financial statements as at 30 June 2023.

The interim results have been prepared under the supervision of the Group finance director and chief financial officer, Adrian Macartney CA(SA).

The interim results for the six-month period ended 31 December 2023, set out on pages 11 to 43, have been reviewed by the Company external auditors KPMG Incorporated, who expressed an unmodified review conclusion, in accordance with International Standard on Review Engagements *ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditors of the Entity (ISRE 2410)*. A copy of the auditor's review report is available for inspection at the Company's registered office.

New standards and interpretations

A number of standards and interpretations are effective from 1 July 2023, but they do not have a material effect on the Group's interim results.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES continued

2.2 Supplementary information

The Group's presentation currency is Australian Dollar (A$). The supplementary information provided in South African Rand (ZAR) is translated at the closing rate for the interim condensed consolidated statement of financial position and at the average rate for the interim condensed consolidated statement of comprehensive earnings.

Disclaimer

South African Rand translations included in these interim condensed financial statements constitutes *pro forma* financial information in terms of the JSE Guidance Letter: Presentation of *pro forma* financial information dated 04 March 2010. The *pro forma* financial information is the responsibility of the Board of directors and is presented for illustrative purposes only. The Directors believe the *pro forma* information can assist stakeholders in interpreting the financial performance of the Group in a universally measured currency. Because of its nature, the *pro forma* financial information may not fairly present Aveng's financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the *pro forma* financial information, has been prepared using accounting policies which comply with IFRS and are consistent with those applied in the published Group consolidated interim condensed consolidated financial statements for the period ended 31 December 2023. This information has not been reviewed by the auditors. Refer to *Annexure 1* on pages 44 to 46 for the supplementary information.

2.3 Changes to the Group accounting policies

Change in presentation currency

On 15 February 2024, Aveng announced that it had changed the presentation currency of its consolidated financial statements from the South African Rand (ZAR) to the Australian Dollar (A$) with effect from the financial year ended 30 June 2024.

In 2018, management embarked on an extensive strategic review to ensure the Group's sustainable future. The review included the identification of businesses and assets that no longer supported the overall long-term strategy. Management committed to exiting and disposing of the identified businesses and assets. During the 2023 year end, the final business being Trident Steel, was disposed of. The Group now consists of McConnell Dowell and Moolmans.

More than 90% of revenue measured on an economic-interest basis (which includes the Group's proportionate share of the revenue of associates and joint ventures) is sourced from outside of South Africa. Coupled with the evolution of the business, the Group's shareholder base now also comprises majority foreign investors to whom financial reporting in SA Rand is of limited relevance.

Internally, the Board also bases its performance evaluation and many investment decisions on A$ financial information. The Board therefore believes that A$ financial reporting provides more relevant presentation of the Group's financial position, financial performance, and its cash flows. A change in presentation currency represents a change in an accounting policy in terms of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* requiring the restatement of comparative information. The comparative information in the interim condensed consolidated financial statements has been restated.

In accordance with *IAS 21 The Effects of Changes in Foreign Exchange Rates*, the following methodology was followed in restating historical financial information from ZAR to A$:

- Non-A$ assets and liabilities were translated at the relevant closing exchange rate at the end of the reporting period. Non-A$ items of income and expenditure and cash flows were translated at actual transaction date exchange rates.

- Equity items were converted using the following rates:
  - Profit / (loss) for the year and share based payment reserve – historical average rate for the respective year;
  - Dividends, share issues – closest appropriate historical spot rate for which dividends were declared or shares issued;
  - Share buybacks and transfers between equity components – historical weighted average rate; and
  - Stated capital and other reserves – historic rates prevailing at the dates of underlying transactions.
- The foreign currency translation reserve was reset to A$nil as at 1 July 2003, the date on which the Group adopted IFRS, in line with *IFRS 1 First-time Adoption of International Financial Reporting Standards.*
- The effects of translating the Group's financial results and financial position into AU dollar were recognised in the foreign currency translation reserve.

Although actual transaction date exchange rates were used to translate previously reported ZAR earnings and cash flows into A$, the Group has provided the average exchange rates of its major functional currencies relative to A$ as an approximation for these rates for reference in the following table. The closing exchange rates of the Group's major trading currencies relative to A$, used when translating the statements of financial position presented in this release into A$, are also detailed in this table.

	31 December 2023		30 June 2023		31 December 2022	
	Average rate	**Closing rate**	Average rate	Closing rate	Average rate	Closing rate
1 Australian Dollar (A$) = South African Rand (ZAR)	**12.2035**	**12.4901**	12.3443	12.5513	11.6025	11.5370

The presentation currency for Aveng Limited Company will remain ZAR.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim results requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimation assumptions

In the process of applying the Group's accounting policies, the Group has made judgements relating to certain items recognised, which have the most significant effect on the amounts recognised, in the interim results. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below.

The Group based its assumptions and estimates on parameters available when the interim results were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant accounting judgements and estimates were consistent with those applied in the 30 June 2023 audited consolidated annual financial statements. The following accounting judgements and estimates require further disclosure:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

3.1 Impairment indicators

The Group performed an annual impairment test as at 30 June 2023. The Group assesses the recoverable amount of any goodwill arising on consolidation and indefinite useful life intangible assets annually or when indicators of potential impairment are identified in respect of the cash-generating unit (CGU) of the Group.

Impairment exists when the carrying amount of a CGU exceeds its recoverable amount. The key assumptions used to determine the fair value less costs of disposal calculation are based on available data (if applicable) from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on assumptions, included in a discounted cash flow model. The cash flows are derived from future budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, the expected future cash inflows and the growth rates used for extrapolation and terminal value purposes.

As at 31 December 2023, management identified an additional impairment to those already identified as at 30 June 2023.

Refer to *note 7: Impairment* for further detail.

4. GOING CONCERN AND LIQUIDITY

As detailed in *note 2: Basis of preparation and changes to the Group accounting policies* and *note 15: Events after the reporting period* to the interim condensed consolidated financial statements, in determining the appropriate basis of preparation of the interim condensed consolidated financial statements, the Board is required to consider whether the Group can continue in operational existence for the foreseeable future. The financial performance of the Group is dependent on the wider economic environment in which the Group operates.

In concluding this assessment, the Board has taken the following considerations into account:

Execution of plans

- Continued profitability in the operating performance of McConnell Dowell's Australian, New Zealand & Pacific Islands and Built Environs business and a close to breakeven position for the Southeast Asian business. Improved operational performance at Moolmans following prior year operating losses at Moolmans.
- Moolmans continues to invest in new heavy mining equipment, with expansion capital of A$23.7 million in the current period. The delivery of this equipment continues to improve production levels.
- Continued repayment of term debt in McConnell Dowell to the value of A$10 million in the current period. The remaining balance is expected to be repaid by 30 June 2024.
- Completion of the sale of the investment in Imvelo Concession Company Proprietary Limited, which brings the non-core asset disposal plan to completion.
- Sensitivity testing of key inputs included in the operating and liquidity forecasts to ascertain the effect of non-achievement of one or more key inputs (operational business performance), including any effect on the ongoing compliance with covenant requirements in place with the South African Banks, Australian banks and other financing arrangements within the Group.
- The continued monitoring of the South African short-term liquidity forecast management process.
- Updated Group forecast and business plans post period-end up to 30 June 2025, incorporating the benefits already realised and expected from actions taken and planned, as well as future expected benefits from improved liquidity to be achieved.

In the period ended 31 December 2023, the Group reported earnings after tax of A$0.8 million and an operating free cash inflow of A$53 million. The Group continues to focus on improving operational performance, reducing overhead and improving working capital efficiencies. To this end, a number of Group initiatives have been concluded, implemented or are in progress.

The Group has cash (net of bank overdraft facilities) of A$250 million (30 June 2023: A$190 million) at 31 December 2023 of which A$89 million (30 June 2023: A$79 million) is held in joint arrangements. Unutilised facilities amounted to A$13 million (30 June 2023: A$31 million).

Liquidity, solvency and ongoing funding

The Group continues to actively manage the liquidity and cash flow in two distinct liquidity pools, namely the Australian liquidity pool and the South African Group liquidity pool.

McConnell Dowell reported a strong cash balance with sufficient cash and liquidity to support the order book. McConnell Dowell settled A$10 million of the short-term debt facility in the period. The remaining balance of A$13 million will be settled by 30 June 2024. McConnell Dowell closed the period with a cash balance of A$246 million. McConnell Dowell has project guarantee facilities in place amounting to A$585 million (30 June 2023: A$688 million).

The South African Group liquidity pool remains tightly managed. Moolmans have continued to finance the purchase of capital expenditure through new asset-backed financing of A$14 million (R171 million) in the period ended 31 December 2023.

Management updated the forecast for the second half of 2024 and the full 2025 financial year, as well as preparing cash flow forecasts covering a minimum of 12 months from the date of these interim condensed consolidated financial statements. These forecasts have been prepared and reviewed by management to ensure that they have been accurately compiled using appropriate assumptions. The budgets, plans and forecasts have, together with the assumptions used, been interrogated, and approved by the Board.

The Group's current assets of A$714 million exceeded its current liabilities of A$708 million at 31 December 2023.

The forecasts indicate that the Group will have sufficient cash resources for the foreseeable future. All businesses are performing in line with updated forecasts and are therefore expected to generate sufficient cash to meet their obligations.

The directors have considered all of the above, including detailed consideration of the current position of all businesses, all business plans and forecasts, including all available information, and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the interim condensed consolidated financial statements, and that sufficient liquidity will be available to support the ongoing operations of the Group, and that the realisation of assets and the settlement of liabilities, including contingent liabilities and commitments, will occur in the ordinary course of business. *Refer to note 11: External borrowings and other liabilities and note 15: Events after the reporting period.*

5. DISCONTINUED OPERATIONS

The (loss) / earnings from discontinued operations are analysed as follows:

	31 December 2023 A$'000	31 December 2022 A$'000	30 June 2023 A$'000
Revenue	–	192 217	343 600
Cost of sales	–	(178 157)	(313 480)
Gross earnings	–	14 060	30 120
Other earnings	–	2 144	1 398
Operating expenses	–	(8 488)	(14 330)
Operating earnings	–	7 716	17 188
Gain on disposal of property, plant and equipment	–	429	455
Net finance expenses	–	(4 458)	(7 438)
Earnings before taxation	–	3 687	10 205
Taxation	–	–	–
Earnings for the period	–	3 687	10 205
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition	**19**	–	(35 761)
(Loss) / gain on disposal of assets Held for Sale and fair value adjustment	**(31)**	–	13 350
(Loss) / earnings from discontinued operations	**(12)**	3 687	(12 206)
Attributable to:			
Equity-holders of the parent	**(12)**	3 687	(12 206)
Items by nature			
Capital expenditure	–	3 412	4 415
Results per share (cents)			
Cash flow from discontinued operations			
Cash (outflow) / inflow from operating activities	–	(686)	(27 472)
Cash inflow from investing activities	–	–	(4 214)
Cash (outflow) / inflow from financing activities	–	–	(3 809)

6. SEGMENTAL REPORT

The reportable segments of the Group are components:

- that engage in business activities from which they earn revenues and incur expenses; and
- have operating results that are regularly reviewed by the Group's chief operating decision-makers to make decisions about resources to be allocated to the segments and in the assessment of their performance as required per *IFRS 8 Operating Segments.*

The following five reportable segments were presented which were largely organised and managed separately according to the nature of products and services provided:

- *Construction and Engineering: Australasia and Asia;*
- *Mining;*
- *Construction and Engineering: South Africa;*
- *Manufacturing and Processing;* and
- *Other.*

The reportable segments are presented per their classification in the disclosure of the segmental statement of comprehensive earnings and segmental assets and liabilities in this note.

Details on the reportable segments are as follows:

6.1.1 Construction and Engineering: Australasia and Asia;

This segment comprises McConnell Dowell and is divided into the following business units: Australia, New Zealand & Pacific Islands, Built Environs and Southeast Asia.

6.1.2 Mining

This segment comprises Moolmans.

6.1.3 Construction and Engineering: South Africa

This segment comprises Aveng Construction: South Africa.

6.1.4 Manufacturing and Processing

This segment comprised of Aveng Manufacturing and Trident Steel.

The Group no longer reports on this reportable segment following the disposals.

6.1.5 Other

This segment comprises corporate services and the balance of corporate held investments and properties.

6. SEGMENTAL REPORT continued

Six months ended December 2023	Construction and Engineering: Australasia and Asia A$'000	Mining A$'000
Continuing operations		
Revenue	1 384 050	135 866
Gross earnings / (loss)	79 457	6 647
Operating earnings / (loss)	24 214	1 947
Capital expenses*	–	(8 014)
Finance earnings	3 459	203
Finance expenses	(3 309)	(5 634)
Earnings / (loss) before taxation	24 364	(11 498)
Taxation	–	(3 597)
Earnings / (loss) for the period	24 364	(15 095)
Discontinued operations		
Loss for the period	–	–
Continuing and discontinued operations		
Other items		
Operating earnings	24 214	1 947
Depreciation	13 941	22 068
Amortisation	–	–
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	38 155	24 015
Normalised earnings / (loss) for the period	20 680	(9 048)
Total assets	820 004	282 907
Total liabilities	673 098	129 697
Capital expenditure	20 126	23 694

* *Included in capital expenses is A$8 million relating to the impairment of equipment in the mining segment. Refer to note 7: Impairments for further detail.*

	Construction and Engineering: South Africa A$'000	Other A$'000	Total A$'000
	793	68	1 520 777
	(2 188)	32	83 948
	(2 876)	(7 774)	15 511
	(161)	(43)	(8 218)
	15	2 022	5 699
	(866)	(2 666)	(12 475)
	(3 888)	(8 461)	517
	–	3 878	281
	(3 888)	(4 583)	798
	–	(12)	(12)
	(2 876)	(7 774)	15 511
	–	78	36 087
	–	–	–
	(2 876)	(7 696)	51 598
	(3 615)	(6 787)	1 230
	7 381	30 021	1 140 313
	9 980	74 375	887 150
	–	19	43 839

6. SEGMENTAL REPORT continued

Six months ended December 2022	Construction and Engineering: Australasia and Asia A$'000	Mining A$'000
Continuing operations		
Revenue	973 602	122 086
Gross earnings / (loss)	63 529	9 688
Operating earnings / (loss)	15 004	1 715
Capital expenses	–	(86)
Finance earnings	1 644	645
Finance expenses	(1 697)	(1 386)
Earnings / (loss) before taxation	14 951	888
Taxation	(2 400)	1 200
Earnings / (loss) for the period	12 551	2 088
Discontinued operations		
Earnings for the period	–	–
Continuing and discontinued operations		
Other items		
Operating earnings / (loss)	15 004	1 715
Depreciation	10 717	18 690
Amortisation	–	–
Earnings / (loss) before interest, taxation, depreciation and amortisation (EBITDA)	25 721	20 405
Normalised earnings / (loss) for the period	12 517	2 143
Total assets	723 325	244 084
Total liabilities	522 493	64 662
Capital expenditure	11 653	14 232

Construction and Engineering: South Africa A$'000	Manufacturing and Processing A$'000	Other A$'000	Total A$'000
1 115	–	–	1 096 803
(1 286)	–	–	71 931
(2 058)	–	(6 859)	7 802
86	–	(86)	(86)
–	–	(577)	1 712
(85)	–	(4 682)	(7 850)
(2 057)	–	(12 204)	1 578
–	–	–	(1 200)
(2 057)	–	(12 204)	378
–	3 687	–	3 687
(2 058)	7 716	(6 859)	15 518
–	3 772	231	33 410
–	47	–	47
(2 058)	11 535	(6 628)	48 976
(2 143)	3 258	(12 071)	3 704
4 421	188 177	17 942	1 177 949
14 388	155 413	86 677	843 633
–	3 429	223	29 537

6. SEGMENTAL REPORT continued

Year ended June 2023	Construction and Engineering: Australasia and Asia A$'000	Mining A$'000
Continuing operations		
Revenue	2 161 489	242 347
Gross earnings / (loss)	34 890	8 571
Operating loss	(66 234)	(9 577)
Capital earnings	–	(1 112)
Finance earnings	4 635	906
Finance expenses	(1 419)	(3 292)
Loss before taxation	(63 018)	(13 075)
Taxation	–	4 295
Loss for the period	(63 018)	(8 780)
Discontinued operations		
Loss for the period	–	–
Continuing and discontinued operations		
Other items		
Operating loss	(66 234)	(9 577)
Depreciation	25 303	35 394
Amortisation	–	–
Loss before interest, taxation, depreciation and amortisation (EBITDA)	(40 931)	25 817
Normalised loss for the period	(63 133)	(107 639)
Total assets	744 303	286 056
Total liabilities	618 088	131 554
Capital expenditure	18 976	88 245

Construction and Engineering: South Africa A$'000	Manufacturing and Processing A$'000	Other A$'000	Total A$'000
1 591	–		2 405 427
(3 409)	–	(1 213)	38 839
(4 894)	–	(6 087)	(86 792)
43	–	1 750	681
–	–	1 097	6 638
(172)	–	(12 090)	(16 973)
(5 023)	–	(15 330)	(96 446)
–	–	386	4 681
(5 023)	–	(14 944)	(91 765)
–	10 205	(22 411)	(12 206)
(4 894)	17 188	(6 087)	(69 604)
–	3 588	238	64 523
–	43	–	43
(4 894)	20 819	(5 849)	(5 038)
(81 187)	23 290	146 017	(82 652)
3 426	–	54 943	1 088 728
13 068	–	74 682	837 392
–	4 415	164	111 800

6. SEGMENTAL REPORT continued

The Group operates in the following principal geographical areas:

	South Africa A$'000	Australia A$'000
Six months ended 31 December 2023		
Revenue	**136 727**	**1 151 165**
Operating earnings	**(8 317)**	**14 418**
Capital expenditure	**23 713**	**14 674**
Segment assets	**298 852**	**596 231**
Six months ended 31 December 2022		
Revenue	313 788	781 214
Continuing operations	121 571	781 214
Discontinued operations	192 217	–
Operating earnings	7 545	31 979
Continuing operations	(171)	31 979
Discontinued operations	7 716	–
Capital expenditure	17 884	11 653
Continuing operations	17 884	11 653
Segment assets	439 088	486 928
Year ended 30 June 2023		
Revenue	585 258	1 780 875
Continuing operations	243 937	1 780 875
Discontinued operations	341 321	–
Operating loss	(3 145)	2 438
Continuing operations	(20 333)	2 438
Discontinued operations	17 188	–
Capital expenditure	92 824	9 235
Continuing operations	88 409	9 235
Discontinued operations	4 415	–
Segment assets	324 635	487 197

* *Includes the impact of the losses on the Batangas LNG project of A$104 million (R1.2 billion).*

	New Zealand & Pacific Islands A$'000	Southeast Asia A$'000	Other regions A$'000	Total A$'000
	156 874	**76 011**	**–**	**1 520 777**
	14 223	**(4 314)**	**(499)**	**15 511**
	5 172	**280**	**–**	**43 839**
	152 857	**92 188**	**185**	**1 140 313**
	111 798	80 591	1 629	1 289 020
	111 798	80 591	1 629	1 096 803
	–	–	–	192 217
	8 402	(25 549)	(6 859)	15 518
	8 402	(25 549)	(6 859)	7 802
	–	–	–	7 716
	–	–	–	29 537
	–	–	–	29 537
	105 520	130 896	15 517	1 177 949
	261 061	119 554	2 279	2 749 027
	261 061	119 554	–	2 405 427
	–		2 279	343 600
	16 890	(85 742)	(45)	(69 604)
	16 890	(85 742)*	(45)	(86 792)
	–	–	–	17 188
	8 736	1 005	–	111 800
	8 736	1 005	–	107 385
	–	–	–	4 415
	182 508	93 793	595	1 088 728

6. SEGMENTAL REPORT continued

Normalised performance measures

The term *normalised* refers to performance measures (earnings for the period and earnings per share) excluding the effects of specific non-recurring items relating to the capital restructure of the Group, *IFRS 5* adjustments, and adjustments in respect of non-core assets.

Normalised measures are used by management to assess the underlying sustainable performance of the Group and do not replace the measures determined in accordance with IFRS as an indicator of the Group performance, but rather should be used in conjunction with the mostly comparable IFRS measures.

Detailed reconciliations of IFRS to normalised results are provided below:

	Six months ended 31 December 2023 A$'000	Six months ended 31 December 2022 A$'000	Year ended 30 June 2023 A$'000
Earnings for the period	**786**	4 065	(103 971)
Continuing operations	**798**	378	(91 765)
Discontinued operations	**(12)**	3 687	(12 206)
Non-recurring items			
Impairment loss on equity-accounted investments	**–**	–	263
Impairment loss of loan with joint venture	**161**	–	–
Reversal of impairment of right-of-use asset	**–**	–	(1 981)
Loss / (gain) on disposal of Held for Sale	**74**	53	(13 331)
Loss / (gain) on disposal of property, plant and equipment	**228**	(414)	607
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition	**(19)**	–	35 761
Normalised earnings for the period[1]	**1 230**	3 704	(82 652)
Normalised earnings per share – basic (A$ cents)[2]	**1.0**	2.9	(65.5)
Normalised earnings per share – diluted (A$ cents)[3]	**0.9**	2.9	(65.5)

1 Normalised earnings for the period adjust the earnings for the period for the impact of non-recurring items such as impairment losses, reversal of impairment losses, gains or losses recognised on the sale of Held for Sale CGUs and exchange differences on translating foreign operations reclassified to earnings or loss on derecognition. The adjustments for non-recurring items are not expected to re-occur on a continuing basis.

2 Normalised earnings per share – basic is calculated by dividing the normalised earnings for the period by the weighted average number of shares. Refer to *note 8: Headline earnings* for the determination of the weighted average number of shares.

3 Normalised earnings per share – diluted is calculated by dividing the normalised earnings for the period by the diluted weighted average number of shares. Refer to *note 8: Headline earnings* for the determination of the weighted average number of shares.

7. IMPAIRMENT

The Group performed an annual impairment test as at 30 June 2023. The test involved the assessment of internal and external qualitative factors for each CGU that may constitute an indicator of impairment. The test may be extended to individual assets in instances of underutilisation, obsolescence, physical damage, or material decline in the economic performance of the assets.

As at 31 December 2023, management identified additional impairment indicators for PPE at Moolmans. As such, an impairment assessment was performed on PPE at Moolmans.

7.1 Assets in the scope of *IAS 36 Impairments*

An impairment assessment was performed on:

- Property, plant and equipment at Moolmans, which is part of the Mining reportable segment. As at 31 December 2023, the Group determined that an impairment of A$7.8 million (R95 million) was required (31 December 2022: nil) (30 June 2023: nil) relating to owned equipment and vehicles. The impairment arose from instances of underutilisation, obsolescence, physical damage, or material decline in the economic performance of specific items of owned equipment and vehicles. The fair value of these assets falls within Level 2 of the hierarchy identified in *IFRS 13* and was calculated using the prices of similar assets in similar condition within the market.

8. HEADLINE EARNINGS

	31 December 2023		31 December 2022		30 June 2023	
	Gross of taxation A$'000	Net of taxation A$'000	Gross of taxation A$'000	Net of taxation A$'000	Gross of taxation A$'000	Net of taxation A$'000
Determination of headline earnings						
Earnings / (loss) for the period attributable to equity-holders of parent	–	767	–	4 065	–	(103 890)
Impairment of loans with joint venture	161	161	–	–	–	–
Impairment of property, plant and equipment	7 786	5 684	–	–	–	–
Reversal of impairment loss of right-of-use assets	–	–	–	–	(1 981)	(1 981)
Impairment of equity-accounted investments	–	–	–	–	263	263
Impairment of property, plant and equipment						
Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition	(19)	(19)	–	–	35 761	35 761
Loss / (gain) on disposal of assets Held for Sale	74	74	53	53	(14 471)	(13 331)
Derecognition of components included in property, plant and equipment	6 118	4 466	3 847	2 809	7 506	5 480
Insurance proceeds on plant and equipment – Trident Steel	–	–	–	–	(648)	(648)
Loss / (gain) on disposal of property, plant and equipment	228	209	(414)	(414)	607	607
Headline earnings / (loss)		11 342		6 513		(77 739)
Diluted headline earnings / (loss)		11 342		6 513		(77 739)
HEPS from continuing and discontinued operations						
Headline earnings per share – basic (A$ cents)		8.8		5.2		(61.6)
Headline earnings per share – diluted (A$ cents)		8.6		5.0		(61.6)
Issued shares		131.3		129.5		131.3
Weighted average shares		128.5		126.1		126.1
Diluted shares		131.3		129.5		126.1
Reconciliation of diluted shares						
Weighted average number of shares		128.5		126.1		126.1
Add: Shares issuable in terms of the equity-settled share-based payment plan		2.8		3.4		–
Diluted weighted average number of shares		131.3		129.5		126.1

9. CONTRACT ASSETS / (LIABILITIES)

	31 December 2023 A$'000	31 December 2022 A$'000	30 June 2023 A$'000
Uncertified claims and variations (underclaims)[1]	**155 340**	175 436	155 757
Contract contingencies	**(17 600)**	(11 181)	(12 758)
Progress billings received (including overclaims and amounts received in advance)[2,5]	**(215 526)**	(140 591)	(172 475)
Uncertified claims and variations less progress billings received	**(77 786)**	23 664	(29 476)
Contract receivables[3]	**253 093**	189 131	269 385
Provision for expected credit losses	**(316)**	(435)	(191)
Retention receivables[4]	**13 667**	7 541	10 214
Net contract assets	**188 658**	219 901	249 932
Disclosed on the statement of financial position as follows:			
Uncertified claims and variations[1]	**155 340**	175 436	155 757
Contract contingencies	**(17 600)**	(11 181)	(12 758)
Contract receivables	**253 093**	189 131	269 385
Provision for expected credit losses	**(316)**	(435)	(191)
Retention receivables	**13 667**	7 541	10 214
Contract assets	**404 184**	360 492	422 407
Progress billings received (including overclaims and amounts received in advance)[2,5]	**(215 526)**	(140 591)	(172 475)
Contract liabilities	**(215 526)**	(140 591)	(172 475)
Net contract assets	**188 658**	219 901	249 932

1 *Includes revenue not yet certified – recognised over time / measurement and agreed variations, less provisions and deferred contract costs.*
2 *Progress billings are amounts billed for work performed above revenue recognised.*
3 *Amounts invoiced still due from customers.*
4 *Retentions are amounts invoiced but not paid for until the conditions specified in the contract are fulfilled or until defects have been rectified.*
5 *Advances are amounts received from the customer before the related work is performed.*
These conditions are anticipated to be fulfilled within the following 12 months.

10. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The outcome of a strategic review led to the Board's decision to exclude the following segments from the Group's long-term strategy:

- *Construction and Engineering: South Africa;* and
- *Manufacturing and Processing.*

These non-core segments were initially recognised and presented as separately identifiable disposal groups and were disclosed as discontinued operations in the Group's statement of comprehensive earnings. Refer to *note 5: Discontinued Operations*.

SALES FINALISED IN THE CURRENT PERIOD

Construction and Engineering: South Africa and the rest of Africa

Infrastructure assets and equity accounted investments

The disposal of investment in Imvelo was completed in the current period for A$4.4 million (R55 million). The disposal does not require separate disclosure in terms of the JSE Listings Requirements.

11. EXTERNAL BORROWINGS AND OTHER LIABILITIES

	31 December 2023 A$'000	31 December 2022 A$'000	30 June 2023 A$'000
Borrowings held at amortised cost comprise:			
Credit and term facilities	**13 747**	30 574	25 017
Asset-backed financing arrangements	**58 367**	197	56 252
Total borrowings held at amortised cost	**72 114**	30 771	81 269
Payment profile			
– within one year	**30 337**	30 684	41 108
– between two and five years	**41 777**	87	40 161
	72 114	30 771	81 269
Interest rate structure			
Fixed and variable (interest rates)			
Fixed – long term	**–**	87	–
Fixed – short term	**725**	–	2 071
Variable – long term	**41 777**	–	40 161
Variable – short term	**29 612**	30 684	39 037
	72 114	30 771	81 269
External borrowings included in Held for Sale			
Trade finance facility	**–**	33 804	–
	–	33 804	–
Payment profile			
– within one year	**–**	33 804	–
	–	33 804	–

11. EXTERNAL BORROWINGS AND OTHER LIABILITIES continued

Description	Terms	Rate of interest
Credit and term facilities		
Short-term debt facility (A$)	Repayable June 2024	Variable interest rate at BBSY + 4%
Short-term financing (A$)	Monthly instalment March 2024	Fixed interest rate of 7.7%
Restructured term facility (ZAR)	Settled April 2023	3M JIBAR + 7.17%
Asset-backed financing arrangements		
Hire purchase facility agreement (USD)	Monthly instalments ending February 2027	South African Prime + 1.75%
Facilities denominated in USD	Up to 24 months	South African Prime + 1.75%
Hire purchase agreement (ZAR)	Monthly instalments ending May 2027	South African Prime
Facilities denominated in A$	Monthly instalments ending in February 2025	Fixed range of 2.99% to 6.41%
Total interest-bearing borrowings		

Unutilised borrowing facilities

At 31 December 2023, the Group had available A$13 million (includes bank overdraft facilities of A$12 million (R150 million)) (30 June 2023: A$31 million (R388 million) (includes bank overdrafts of A$16 million (R205 million)); and 31 December 2022: A$23 million (R265 million) (includes bank overdraft facilities of A$18 million (R205 million)) of unutilised borrowing facilities.

Asset-backed financing arrangements

Construction and Engineering: Australasia and Asia

The business entered into asset-backed finance arrangements to fund the acquisition of various items of plant and machinery.

The total asset-backed finance facilities amounted to A$0.1 million. The amount outstanding on these facilities as at year end was A$0.1 million. These asset-backed arrangements were secured by plant and equipment with a net carrying amount of A$0.1 million.

Mining

The business entered into asset-backed finance arrangements to fund the acquisition of various items of plant and machinery.

The total asset-backed finance facilities amounted to A$59 million (R736 million). The amount outstanding on these facilities as at year end was A$58 million (R728 million). These asset-backed arrangements were secured by plant and equipment with a net carrying amount of A$70 million (R878 million).

	31 December 2023 A$'000	31 December 2022 A$'000	30 June 2023 A$'000
	13 081	–	23 105
	666	–	1 912
	–	30 574	–
	42 233	–	45 177
	6 619	–	–
	9 456	–	10 916
	59	197	159
	72 114	30 771	81 269

12. CONTINGENT LIABILITIES

Contingent liabilities at the reporting date, not otherwise provided for in interim results, arise from performance bonds and guarantees issued in:

	31 December 2023	31 December 2022	30 June 2023
South Africa and rest of Africa			
Guarantees and bonds (ZARm)	**82**	137	82
Parent company guarantees (ZARm)	**142**	82	116
	224	219	198
Australasia and Asia			
Guarantees and bonds (A$'m)	**423**	446	436
Parent company guarantees (A$'m)	**2**	2	2
	425	448	438

Claims and legal disputes in the ordinary course of business

The Group is, from time to time, involved in various legal disputes arising in the ordinary course of business. Depending on the merits, legal disputes can translate into future claims and legal proceedings which will be vigorously defended by the Group. Exposures may arise from the normal course of business including contractual penalties associated with ongoing projects.

Where required, adequate provision is made for all liabilities which are expected to materialise. However, if the outcome of claims or legal disputes are on balance considered to be possible but not probable, they are not disclosed as a provision.

Based on internal and / or external assessments and / or advice from legal advisers (where appropriate, including counsel), the Board believes that there is significant uncertainty as to whether a future exposure or liability will arise in respect of normal course of business claims and disputes. These are on balance considered to be remote.

The Board believes that Aveng has realistic defences against normal course of business claims and legal disputes, and any adverse decisions in relation to contingent liabilities in this regard will not have a material adverse effect on the financial position of the Group.

Update on specific claims and legal disputes

There have been no material changes to the specific claims and legal disputes since 30 June 2023 other than the following:

On 15 December 2023, a deed of settlement was signed by both parties in relation to the claims brought by a plant leasing company and its liquidator against McConnell Dowelll. The deed of settlement, and payment by the liquidators to McConnell Dowell, releases both parties from all related claims.

13. CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES

	Notes	**31 December 2023 A$'000**	31 December 2022 A$'000	30 June 2023 A$'000
Earnings / (loss) before taxation from continuing operations		**517**	1 578	(96 446)
Loss before taxation from discontinued operations		**(12)**	3 687	(12 206)
Earnings / (loss) before taxation		**505**	5 265	(108 652)
Finance earnings		**(5 699)**	(1 958)	(6 715)
Finance expenses		**12 475**	12 516	23 927
Dividend earnings		**(818)**	–	(830)
Share of loss from equity-accounted investment		**112**	86	180
Cash retained from operations		**6 575**	15 909	(92 090)
Non-cash and other movements	13.1	**7 539**	5 892	26 329
Cash retained from operations after non-cash movements		**14 114**	21 801	(65 761)
Depreciation		**36 087**	33 410	64 523
Amortisation		**–**	47	43
Cash generated from operations		**50 201**	55 258	(1 195)
Movements in working capital	13.2	**72 199**	(25 597)	(30 278)
		122 400	29 661	(31 473)

13.1 Non-cash and other movements

	31 December 2023 A$'000	31 December 2022 A$'000	30 June 2023 A$'000
Equity-settled share-based payment expense	**2 678**	1 004	1 242
Impairment loss on property, plant and equipment	**7 786**	–	–
Impairment loss on loan with joint venture	**161**		–
Impairment loss on equity-accounted investments	**–**	–	263
Loss on disposal of assets Held for Sale	**74**	53	14 480
Loss / (gain) on disposal of property, plant and equipment	**228**	(1 277)	607
Reversal of impairment loss on right-of-use asset	**–**	–	(1 981)
Movement in provisions	**(3 090)**	(1 900)	(8 040)
Derecognition of components included in property, plant and equipment	**6 118**	3 847	7 506
Movements in foreign currency translation	**(6 557)**	4 561	(11 392)
Unrealised foreign exchange gains on borrowings and other liabilities	**160**	(396)	(12 117)
Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition	**(19)**	–	35 761
	7 539	5 892	26 329

13. CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES continued

13.2 Movements in working capital

	31 December 2023 A$'000	31 December 2022 A$'000	30 June 2023 A$'000
Decrease / (increase) in inventories	**478**	(33 860)	(35 059)
Decrease / (increase) in contract assets	**18 223**	(38 753)	(100 668)
Decrease / (increase) in trade and other receivables	**571**	(2 702)	11 071
Decrease in lease receivables	**–**	515	–
Increase / (decrease) in contract liabilities	**43 051**	(10 163)	21 721
Increase in trade and other payables	**9 820**	68 825	89 070
Increase / (decrease) in employee-related payables	**56**	(7 409)	(1 739)
Decrease in working capital Held for Sale	**–**	(2 050)	(14 674)
	72 199	(25 597)	(30 278)

14. FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures the following financial instruments at fair value:

- Infrastructure investments.

The infrastructure investments comprise the following investments:

- Dimopoint Proprietary Limited (Dimopoint).

The methodology, valuation parameters and assumptions for infrastructure investments have remained unchanged since 30 June 2023.

The following inputs were used at 31 December 2023:

- Market comparable yields applicable to the underlying investment property portfolio; and
- A terminal growth rate of 12% was applied.

For more detail, refer to the Aveng Group audited consolidated annual financial statements 2023 available on the Group's website.

14. FAIR VALUE OF ASSETS AND LIABILITIES continued

Fair value hierarchy

The table below shows the Group's fair value hierarchy and carrying amounts of assets.

	Carrying amounts A$'000	Fair value A$'000	Valuation reference to observable prices Level 1 A$'000	Valuation based on observable inputs Level 2 A$'000	Valuation based on unobservable inputs Level 3 A$'000
31 December 2023					
Assets recognised at fair value					
Infrastructure investments*	**11 376**	**11 376**	–	–	11 376
31 December 2022					
Assets recognised at fair value					
Assets					
Infrastructure investments	**12 828**	**12 828**	–	–	12 828
Infrastructure investments (Held for Sale)	**5 461**	**5 461**	–	–	5 461
30 June 2023					
Assets recognised at fair value					
Assets					
Infrastructure investments	**11 319**	**11 319**	–	–	11 319
Infrastructure investments (Held for Sale)	**4 683**	**4 683**	–	4 683	–

* *Movements relate to the unrealised foreign exchange of converting the infrastructure investments from ZAR to A$.*

15. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant matter or circumstance arising after the reporting date up to the date of this report.

Annexure 1 – supplementary interim condensed consolidated statement of financial position

for the six months ended 31 December 2023

	31 December 2023 (Unaudited) Rm*	31 December 2022 (Reviewed) Rm*	30 June 2023 (Audited) Rm*
ASSETS			
Non-current assets			
Goodwill arising on consolidation	**100**	100	100
Property, plant and equipment	**3 001**	2 291	2 968
Right-of-use assets	**616**	284	489
Infrastructure investments	**142**	148	142
Deferred taxation	**1 064**	746	1 006
Lease receivables	**361**	68	400
Other non-current assets	**37**	5	20
	5 321	3 642	5 125
Current assets			
Inventories	**255**	227	262
Contract assets	**5 048**	4 159	5 302
Trade and other receivables	**413**	552	427
Taxation receivable	**–**	52	27
Lease receivables	**82**	10	81
Cash and bank balances	**3 123**	2 797	2 381
	8 921	7 797	8 480
Assets Held for Sale	**–**	2 151	59
TOTAL ASSETS	**14 242**	13 590	13 664
EQUITY AND LIABILITIES			
Equity			
Stated capital	**4 796**	4 776	4 776
Other reserves	**1 655**	1 049	1 678
Accumulated losses	**(3 295)**	(1 975)	(3 305)
Equity attributable to equity-holders of parent	**3 156**	3 850	3 149
Non-controlling interest	**6**	7	6
TOTAL EQUITY	**3 162**	3 857	3 155

* *The statement of financial position has been translated from Australian Dollar to Rand at a closing rate of A$1 / ZAR12.49 (December 2022: A$1 / ZAR11.54; June 2023: A$1 / ZAR12.55).*

	31 December 2023 (Unaudited) Rm*	31 December 2022 (Reviewed) Rm*	30 June 2023 (Audited) Rm*
Liabilities			
Non-current liabilities			
Deferred taxation	**211**	117	218
External borrowings and other liabilities	**522**	1	504
Lease liabilities	**925**	403	854
Provisions	**74**	84	86
Employee-related payables	**510**	433	446
	2 242	1 038	2 108
Current liabilities			
Contract liabilities	**2 692**	1 622	2 165
External borrowings and other liabilities	**379**	354	516
Lease liabilities	**314**	190	300
Provisions	**391**	452	420
Employee-related payables	**218**	174	284
Trade and other payables	**4 802**	4 112	4 716
Taxation payable	**42**	–	–
	8 838	6 904	8 401
Liabilities Held for Sale	**–**	1 791	–
TOTAL LIABILITIES	**11 080**	9 733	10 509
TOTAL EQUITY AND LIABILITIES	**14 242**	13 590	13 664

* *The statement of financial position has been translated from Australian Dollar to Rand at a closing rate of A$1 / ZAR12.49 (December 2022: A$1 / ZAR11.54; June 2023: A$1 / ZAR12.55).*

Annexure 1 – supplementary interim condensed consolidated statement of comprehensive earnings

for the six months ended 31 December 2023

	Six months ended 31 December 2023 (Unaudited) Rm*	Six months ended 31 December 2022 (Reviewed) Rm*	Year ended 30 June 2023 (Audited) Rm*
Continuing operations			
Revenue	**18 553**	12 793	28 865
Cost of sales	**(17 528)**	(11 954)	(28 422)
Gross earnings	**1 025**	839	443
Other earnings	**38**	(6)	109
Operating expenses	**(870)**	(741)	(1 610)
Loss from equity-accounted investments	**(1)**	(1)	(2)
Operating earnings / (loss)	**192**	91	(1 060)
Capital (expenses) / earnings	**(99)**	(1)	9
Finance earnings	**69**	20	77
Finance expenses	**(152)**	(91)	(200)
Earnings / (loss) before taxation	**10**	19	(1 174)
Taxation	**2**	(14)	57
Earnings / (loss) from continuing operations	**12**	5	(1 117)
Discontinued operations			
Earnings from discontinued operations, net of taxation	**–**	43	120
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition	**–**	–	(436)
(Loss) / gain on disposal of assets Held for Sale and fair value adjustment	**(1)**	–	150
(Loss) / earnings from discontinued operations	**(1)**	43	(166)
Earnings / (loss) for the period	**11**	48	(1 283)

* *The statement of comprehensive income has been translated from Australian Dollar to Rand to at an average of A$1 / ZAR12.20 (December 2022: A$1 / ZAR11.60; June 2023: A$1 / ZAR12.34).*

Corporate information

Directors
PA Hourquebie[*#] (Chair),
SJ Flanagan (Group CEO),
AH Macartney (Group FD),
S Cummins,
B Modise (Lead independent director)[*#]
BC Meyer[*#], D Noko[*#]
N Bowen[*#]

**Non-executive #Independent*

Company secretary
Edinah Mandizha

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Share ISIN: ZAE 000302618

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