MAAS

ANNUAL REPORT 2023

CONTENTS

ABOUT MAAS

Our objective is to deliver returns to our shareholders by driving long-term sustainable growth through strategic investment.

Maas is an ASX-listed Australian industrial service and real estate business with diversified exposures across the property, civil, infrastructure and mining sectors. As an organisation, we aspire to be genuine market leaders across our five key operating segments – Construction Materials, Civil Construction & Hire, Manufacturing & Equipment Sales, and Residential & Commercial Real Estate.

~1800 TEAM MEMBERS

~550 ASSETS FOR HIRE

41 QUARRIES[1]

~8000 RESIDENTIAL LOTS[2]

17 CONCRETE PLANTS

3 MANUFACTURING FACILITIES

~$872M COMMERCIAL PROPERTY GDV[3]

Correct as at July 2023

1 *Includes both operational and non-operational quarry assets*
2 *Includes Land Lease Communities, total lot yield indicative only and subject to development approvals*
3 *As at August 2023 GDV is an estimate of the value of the completed development at current prices. It is not adjusted for any increase or decrease in values over the period or discounted back to the completion / valuation date. Includes exchanged land contract*

Pictured: Maas headquarters, Dubbo NSW

VALUES DRIVEN

Our business is built on a solid foundation of values championed at every level of our organisation.

We are proud of who we are and believe our commitment to these core values differentiates us from our competitors.

TEAMWORK

focused on safety and solutions

OWNERSHIP

empowered to get it right & be accountable for the results

CANDOUR

transparent conversations to get it right

LEADERSHIP

the courage to strive for excellence

TRUST

only earnt through action

COMMITMENT

deliver on commitments to customers

20+ YEARS OF GROWTH

Over the past 20 years, Maas has grown from a small equipment hire company based in Dubbo to a large, diverse ASX-listed corporation with global operations.

Our history and success as a company and the culture we have fostered have laid the foundations of the business we are today and the business that we aspire to be in the future.

2002-2007

Wes Maas purchases first bobcat and tipper truck, and establishes Maas Contracting

—

Team and plant grows in response to rapid business growth

—

Maas expands into small scale civil construction

—

Maas wins major earthworks packages in Central and Northern NSW

2008-2010

Maas quickly expands, servicing Tier 1 clients on several major projects such as Bonneville Bypass, Pacific and Hume Highway upgrades and the Wellington to Wollar Power Project

—

Maas is successful on several coal mine expansion projects including Caval Ridge Coal Mines and various gas projects

2011-2014

Maas develops a leasehold quarry and establishes Regional Group Australia

—

Maas restructures into Sales, Plant Hire and Civil Works divisions

—

Maas acquires stake in underground hardrock services company, EMS Group

—

Maas purchases first residential subdivision in Dubbo and establishes Maas Properties

2015-2018

Maas Properties expands into Mudgee

—

Maas Properties expands to include commercial development

—

Maas purchases and develops South Keswick Quarry in Dubbo

**Time period based on calendar years*

2019-2020

Maas establishes itself in Orange with the purchase of Hamcon Civil and a residential subdivision

—

Maas purchases Macquarie Geotech

—

Maas acquires Forbes and West Wyalong quarries

—

Maas merges JLE and EMS

—

MAAS Group Holdings (MGH) lists on the Australian Stock Exchange

2021

Expansion into Central QLD with acquisition of Amcor Quarry and Concrete and Amcor Excavations

—

Purchase of Willow Tree Gravel

—

Expansion of Commercial Properties division through acquisition of Spacey Self Storage, Maas Construction, Maas Plumbing, Badgery's Creek development site and David Payne Constructions

—

Maas Homes division expands with purchase of Brett Harvey Constructions

—

Additional residential land acquired in Bathurst, Lithgow and Griffith

—

Expansion into concrete batching with acquisition of Inverell Aggregates and Concrete and Redimix Concrete, Tamworth

—

Civil expansion with acquisition of A1 Earthworx

2022

Acquisition of additional quarry and concrete assets throughout QLD

—

Purchase of residential subdivision Ellida Estate, Rockhampton increasing lot pipeline to ~8,000 lots

—

MGH banking facilities increased

—

Expansion of Civil Electrical capability through acquisition of Garde Services

—

Further expansion into Central QLD with purchase of Schwarz Excavations

—

Expansion into Victoria through acquisition of Dandy Premix

—

MAAS Group Holdings (MGH) included in the S&P/ ASX 300 Index

2023

Maas enters the asphalt market by acquiring the controlling stake in Austek Roads

—

103 Prince Street, Orange's first medium-density housing development granted development approval

—

Ongoing growth and expansion across all operating segments

KEY

Maas Headquarters

Maas Office/Hub

Construction Material
Quarries

Construction Material
Concrete plants

Real Estate
Residential Developments

Real Estate
Commercial Developments

Civil Construction & Hire
Assets and resources

Manufacturing & Equipment Sales
Manufacturing, product support and parts sales and distribution centres

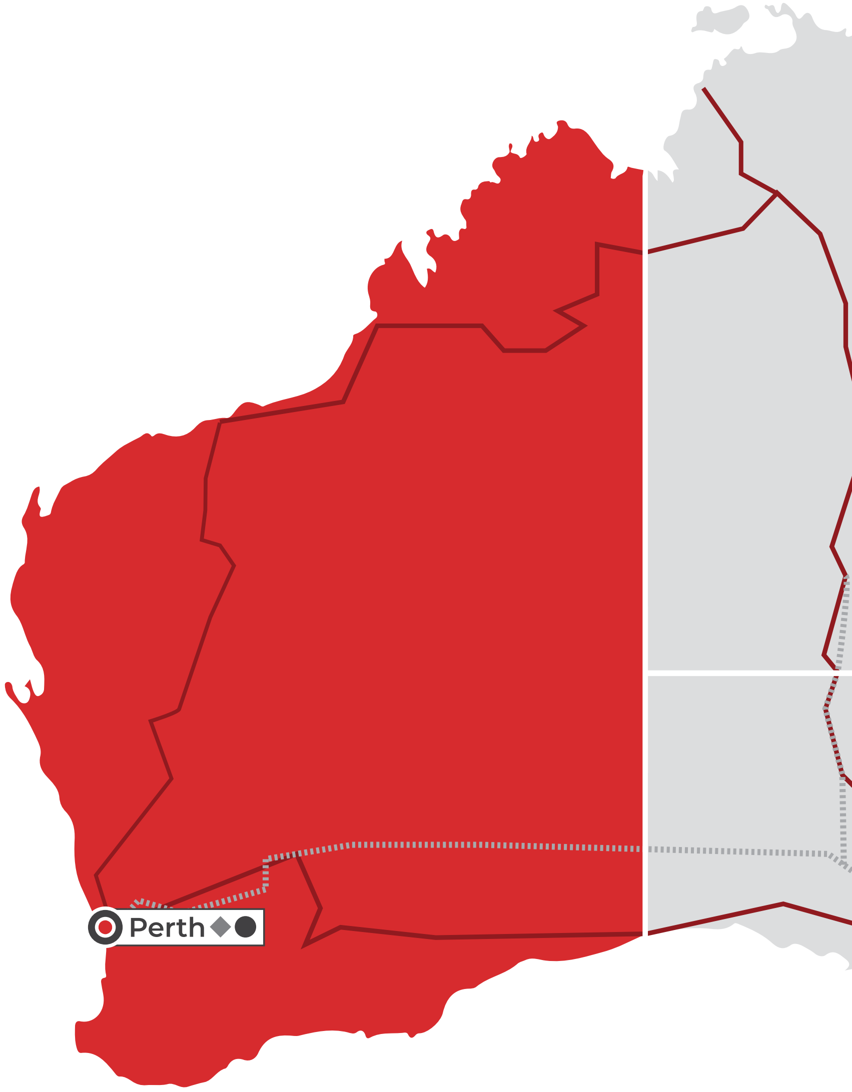
Inland Rail

Newell Highway

National Highway

Major Railway

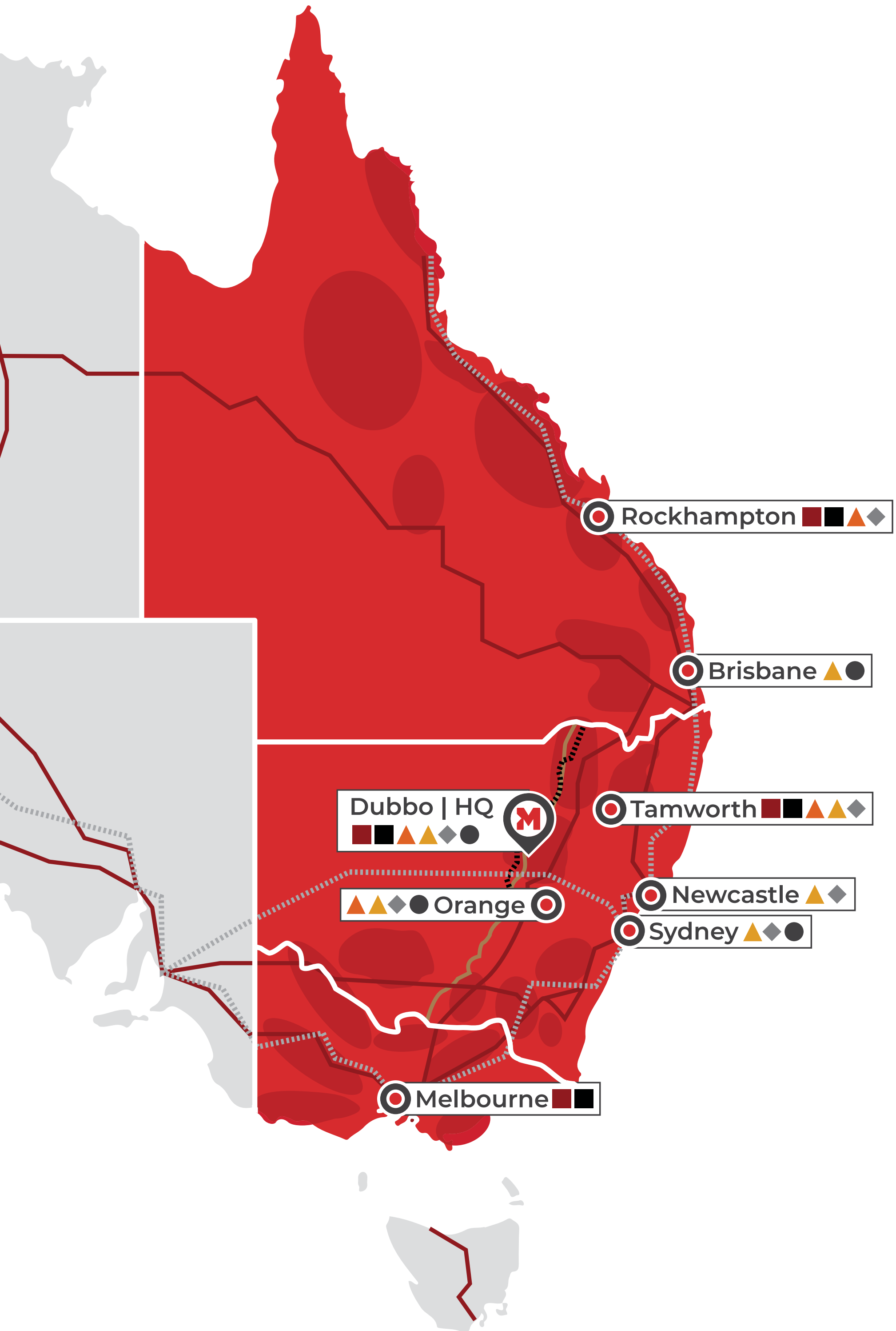
Renewable Energy Zones



Maas continues to strategically grow its asset portfolio along the east coast of Australia. This growth supports our current regional and international operations.

Our geographical growth strategy enables us to leverage infrastructure expenditure, regional population growth trends, and property demand and supply surplus. Through our Maas Hubs, we efficiently deploy resources and materials to support investment in these projects and locations.

STRATEGICALLY LOCATED



Pictured: Dandy quarry, Grantville VIC

Maas is firmly positioned to deliver attractive returns through the cycle

STRATEGIC FOCUS

STRATEGICALLY POSITIONED FOR LONG-TERM GROWTH

Our investment framework is underpinned by a disciplined focus on return on capital employed (ROCE). This is enabled through our strategic fundamentals:

1

Established and growing tangible asset base of $1.25bn in regions benefitting from multi-year tailwinds

2

Aligned founder-led team focused to be a low cost provider in each end-market

3

Proven track record of organic growth and accretive M&A complemented by prudent capital allocation

WHAT MAKES MAAS DIFFERENT?

Sharp focus on return on capital has underpinned over 20 years of growth.

Founder-led culture ensures strong alignment and a solid foundation of success.

Our business is strategically positioned to benefit from structural market tailwinds.

Our integrated model provides a competitive advantage in markets where competition is typically sub-scale and fragmented.

Maas has a strong capital position providing flexibility.

Our management team is highly committed, passionate and experienced to support growth.

FINANCIAL HIGHLIGHTS

PROFORMA REVENUE

$801.0M

↑ 49%

Solid pipeline for FY24 and beyond

PROFORMA EBITDA

$163.1M

↑ 30%

High end of guidance range[4]

CASHFLOW CONVERSION[5]

88%

↑ 32%

Driven by disciplined working capital management

TANGIBLE ASSETS[6]

$1.25bn

↑ 54%

Residential land bank recognised at historical cost ($15k/lot)

LEVERAGE RATIO[7]

2.5x

Middle of target leverage range, well within covenants (3.5x), strong asset backing

SAFETY - LTIFR[8]

3.7

↓ 45.5%[9]

4 Tightened Guidance Range of EBITDA $150m-$165m, provided on 8 June 2023
5 % of Proforma EBITDA before fair value gains, land inventory investment and tax
6 100% of statutory tangible assets less 25% of Austek tangible assets
7 FY23 Australian borrowing group Net debt divided by FY23 Australian borrowing group EBITDA (includes add back of pre-acquistion earnings)
8 Lost Time Injury Frequency Rate
9 Based on a Single-Day LTIFR. Previously reported as Five-Day LTIFR.

PROFORMA EBIT

$120.0M

↑ 27%

Including strong 2H growth from existing businesses

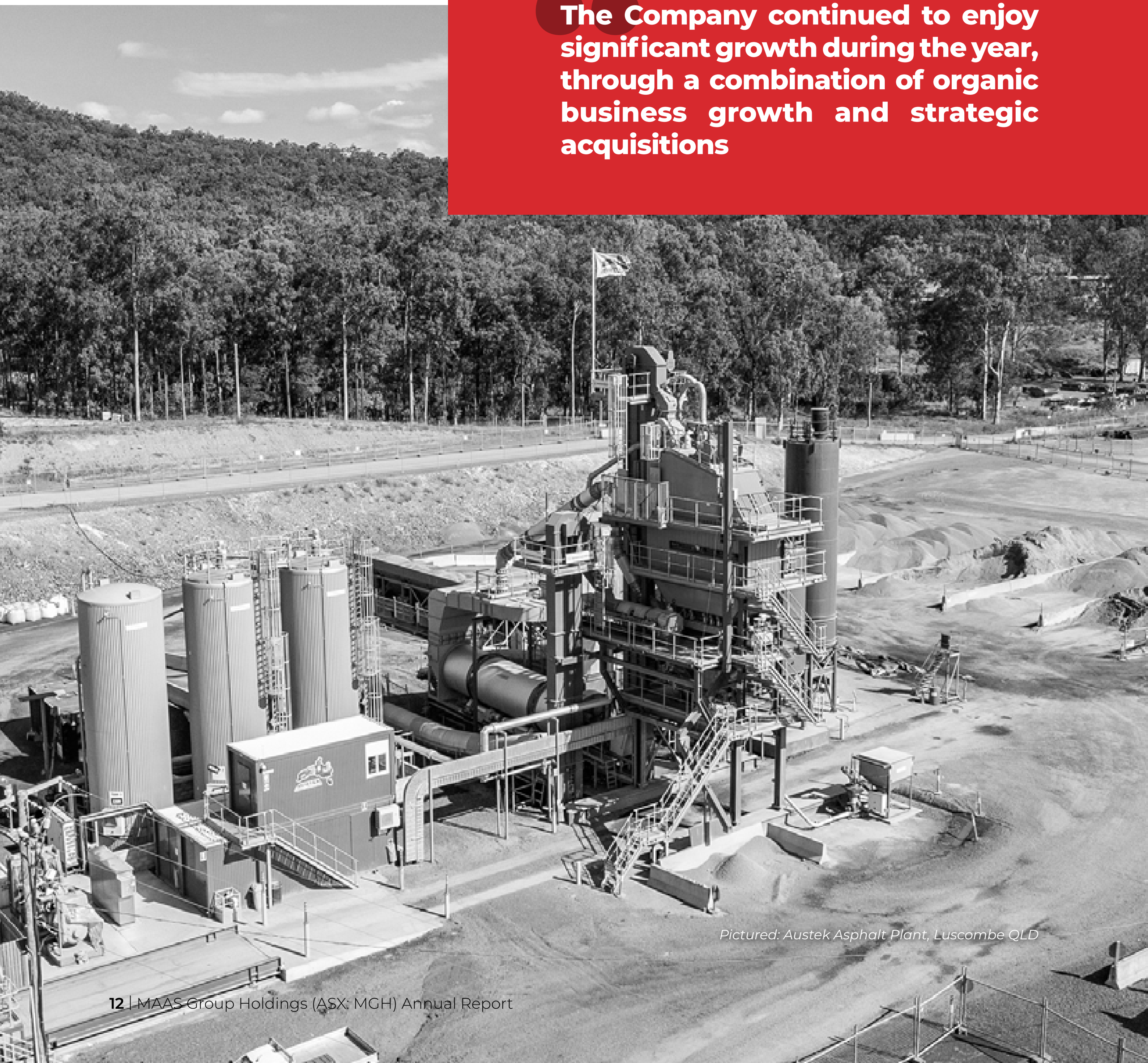
STATUTORY NPAT

$65.5M

↑ 6%

CHAIRMAN'S LETTER

The Company continued to enjoy significant growth during the year, through a combination of organic business growth and strategic acquisitions



Pictured: Austek Asphalt Plant, Luscombe QLD

Dear fellow Shareholders,

I'm delighted to provide MAAS Group Holdings Annual Report for FY23 and reflect on another successful year for our Company.

The Company delivered a record proforma EBTIDA result for FY23 of $163.1m representing an increase of 30% from FY22 and an increase in net profit after tax of 6% to $65.5m. The robust financial results are particularly pleasing given the challenging macroeconomic conditions, and significant weather-related disruptions which impacted operations.

Our ability to deliver in this environment demonstrates the resilience of our business, the quality of our assets, and our high-performing culture, with all business segments contributing to the successful result.

The Company continued to enjoy significant growth during the year, through a combination of organic business growth and strategic acquisitions, particularly in the Construction Materials and Civil Construction and Hire segments.

The integration of Dandy Premix, Austek, and Schwarz Excavations into the Group has enabled the Company to expand its operating footprint and offering, enhance its vertical integration capability, and provide a strong platform for long-term growth.

The Company's strong pipeline of work and the significant investments made in the Construction Materials and Property segments, have the Company well placed to again deliver earnings growth for FY24 and beyond. This, together with our capital recycling program and capital management initiatives, supports our strategy to set the business up for long-term success and deliver value creation to shareholders.

Wes Maas, our entrepreneurial founder, continues to lead the Group admirably. Wes is supported by an experienced, stable, and passionate management team. The team are committed to maintaining the Company's distinctive and high-performance culture and have an unwavering focus on creating value for shareholders. This will remain a key driver for the Company across every part of its operations as it continues to grow.

As a Company, we are guided by doing what is right, and using our values as a touchstone. We recognise that adopting sustainable practices is essential for our long-term success. The Company has maintained a safe working environment and remains focused on continual safety improvement encapsulated by our Group-wide safety message, 'Think Safe, Act Safe, Look After Your Mate'.

I want to thank my fellow Directors for their support, effort, and commitment this year. I also take this opportunity to acknowledge the retirement of Stewart Butel. Stewart has made an outstanding contribution to the Maas Group board over the past three years. Stewart retires with our sincere thanks and best wishes.

I would also like to congratulate and thank Wes and the executive team for their hard work and dedication in delivering a successful financial result and providing a strong platform for continued growth. The efforts of all Company staff, who are our greatest asset and have been integral to our successful year, are also acknowledged and appreciated.

Finally, thank you to our shareholders, many of whom have been on the journey with Maas since the IPO. While there has been enormous progress since 2002, being founded by Wes in Dubbo with a single bobcat, I am conscious there is still more to be done. I look forward to continuing to build a great Australian business with you. Thank you for your continued support.

Stephen Bizzell
Chairman - MAAS Group Holdings Limited

Pictured: Dandy Premix, Dandenong VIC

CEO REPORT

Maas' culture is defined by commitment and care for the outcomes of our business at every level of the organisation and our reputation for doing what we say we will do. This is again demonstrated in our FY23 performance. Despite the challenges faced by many businesses in the past year, Maas has achieved yet another year of growth. Our net profit after tax reached $65.5M, marking a 6% increase compared to the previous year. This progress stems from a combination of our strong pipeline of work and strategic acquisitions in key segments, including Civil Construction and Hire and Construction Materials.

These results are a testament to the exceptional team we have built and the unwavering dedication of everyone across our organisation. We remain committed to delivering value to both our customers and our communities, and I am extremely proud of the efforts and resilience the Group has exhibited this year.

FINANCIAL RESULTS AND CAPITAL INVESTMENT

In FY23, the business achieved proforma EBITDA of $163.1M. This result represents a growth of 30% on the prior financial year and is at the top end of the tightened guidance range provided by Maas of $150M-$165M in June 2023.

Growth has been achieved across four of our five key operating segments despite some challenging market conditions.

As a Group, we continued to grow through strategic investment in our construction

> **The distinctive and high performing culture at Maas is deeply ingrained within our organisation and aligns closely with our core values**

materials segment with the acquisition of Dandy Premix and Austek Asphalt. These two acquisitions represent significant opportunities for the Group to expand our geographical footprint and product offering in Victoria and Queensland. Both acquisitions represent greater opportunity for long-term growth as well as leverage from our other areas of the business.

We also further expanded our hub operations in Central Queensland through the acquisition of Schwarz Excavations. As experienced contractors to the rail sector and with significant synergies to our construction materials segment, Schwarz is a highly complementary business supporting our long-term growth objectives in the Central Queensland market.

HARNESSING A HIGH-PERFORMING CULTURE TO ACHIEVE GROWTH

The distinctive and high-performing culture at Maas is deeply ingrained within our organisation and aligns closely with our core values. As our business has continued to expand, we have made it a priority to preserve the strong culture and guiding principles upon which our company was founded.

Safety remains paramount to our success, and I am proud that our culture of commitment and care extends to our safety-first mindset. At Maas, we are committed to our people and their safety. Our Health, Safety and Environment Strategy focuses on our people and risks, supported by our systems. Through genuine consultation and effective communication, we are dedicated to achieving our safety objectives and ensuring everyone goes home safely at the end of each day.

Our people are our greatest asset. We continue to invest in nurturing our existing talent through training and development to ensure a highly engaged workforce committed to upholding our values. We also remain committed to attracting new talent to ensure the sustained growth of our business.

We remain actively involved and deeply rooted in the communities where we operate, supporting charitable organisations, local sports clubs, and community initiatives. The communities that support us are of great importance, and we are committed to maintaining our active engagement with them.

At Maas, we are a team, and we need the support of each other to be able to achieve our goals. I would like to thank everyone for their commitment to the business, passion and focus in supporting us to grow. In particular, I would like to acknowledge our executive leadership team for carving the path of success this year.

I thank the Board of Directors for their invaluable guidance and support over the past year as we have driven the company forward.

Lastly, I extend my thanks to our shareholders for their trust and confidence in our company throughout the course of the past year. I assure you of my continued dedication to fostering the company's growth and fulfilling our commitments. I am excited by the future, as Maas remains forward-thinking and continuously challenges the status quo to achieve our goals and deliver results for our shareholders, employees, customers, and communities.

Wes Maas
Chief Executive Officer (CEO)
& Managing Director

Pictured: Macquarie Geotech at Inland Rail site, Narromine NSW

SUSTAINABILITY

Maas is respectful of its social licence to operate and is committed to a sustainable future. We recognise 'doing good' is important not just for what we do today, but so we can continue to grow and succeed in the future. Adopting responsible practices in safety, our people and communities, environment and climate, and governance is essential for our long-term success.

HEALTH & SAFETY

Our commitment to our people's safety and well-being is paramount to our success as an organisation. We want to see our people return home safely at the end of each day.

We have developed a Health and Safety Strategy that is being executed alongside our Work, Health & Safety (WHS) management systems, policies and procedures to ensure the best possible safety outcomes.

The key pillars of our Health and Safety Strategy are supported by genuine consultation that empowers our people to take ownership of their work environment and contribute solutions to uphold Maas' health and safety standards. In addition, we ensure ongoing communication facilitates engaged and accountable leadership, creating trust across our workforce.

OUR HEALTH & SAFETY PILLARS

PEOPLE

Creating a safety culture that empowers people to take ownership and look out for each other is critical. Our safety slogan, “Think Safe, Act Safe, Look After Your Mate”, is designed to focus our people on safe behaviours and mindset. Through the slogan and regular safety initiatives, we unify our team and ensure safety is at the forefront of everything we do.

RISK MANAGEMENT

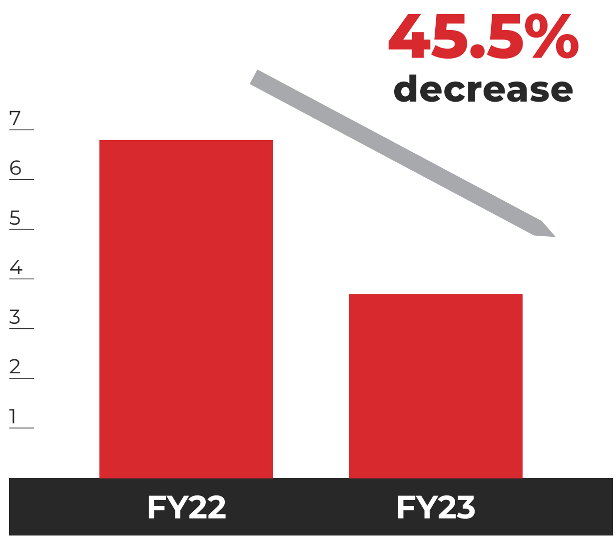
By implementing Critical Risk Standards, we are taking a risk-based approach to establishing controls and defences that mitigate unsafe practices and behaviours in the workplace. The Critical Risk Standards are identified through our policies and procedures and are managed by our engaged leadership team each day through toolbox talks, take five’s and ongoing safety improvement initiatives.

SYSTEMS

Our WHS management systems are designed to protect workers from harm and ensure legislative compliance and the highest safety standards through protocols designed and implemented in accordance with the specific needs of our business. Through ongoing evaluations and continuous improvement, our WHS management systems will continue to evolve into one that supports the business we are today and the business we will be in the future.

LOST TIME INJURY FREQUENCY RATE

Our single-day LTIFR trend continued to decrease from 6.8 in FY22 to 3.7 in FY23[10]. This is a decrease of 45.5% and demonstrates the success of our safety strategy and the culture of safety that has been embedded across the organisation.



Single-Day LTIFR

10 LTIFR figures based on single day lost from a work-related injury or illness. Previously reported as a Five-Day LTIFR.

OUR PEOPLE

Our people are our greatest asset. At Maas, we invest in their training and development to ensure that we have a skilled and engaged workforce committed to upholding our values of commitment to customers, leadership, teamwork, trust, candour and ownership.

In the past 12 months, our workforce has continued to grow. Now, with approximately 1,800 teammates across Australia and Vietnam, we remain committed to implementing programs and initiatives that enable our team to thrive professionally and personally.

CULTURE, REWARD & RECOGNITION

At Maas, we are proud of our culture of commitment and care. We expect everyone in the business to show commitment and care for themselves and those around them. In return, we demonstrate the same through programs and initiatives that reward and recognise the behaviours and expectations of our culture.

Through regular culture initiatives, including staff events, fundraisers and social activities, we aim to create a sense of teamwork and belonging across all areas of the organisation. We have also introduced a monthly Values Awards program that rewards those demonstrating our organisational values. This is in addition to our formal Short-Term Incentive program, which rewards staff through annual bonuses for achieving their role and performance KPIs.

Maas has also implemented an equity-based Long Term Incentive Program (LTIP) to incentivise participants to act as owners, aligning their interests with shareholders over the long term.

PROFESSIONAL DEVELOPMENT & TRAINING

At Maas, we remain committed to 'growing our own' through external training and development opportunities and internal mentorship or on-the-job learning programs.

In FY23, we employed 66 trade apprenticeship positions across the Group, including sponsoring 27 trainees in accredited programs.

LEADERSHIP

A key focus for Maas in FY23 has been the rollout of an externally facilitated leadership program. This program has been curated to support managers and people leaders to align around an 'organisation first' mindset. The Maas Executive Leadership team has designed the program and rolled it out to more than 130 managers across the business. Through this program, Maas aims to ensure that our culture is further enabled and supported by the appropriate leadership skills and abilities that will enable us to achieve our growth objectives.

Pictured: Redimix Machine Operator, Kim, Tamworth NSW

DIVERSITY & INCLUSION

15%	Female Participation
31%	Female participation as Senior Executives
3.9%	Indigenous Participation[11]

We support improved diversity and inclusion outcomes at Maas with a genuine, fit-for-company approach. While we acknowledge that there is room for improvement, we have made progress in FY23, and our workforce is representative of the industries in which we operate.

Our Senior Executive team is represented by 31% female leadership. In FY23, we have actively worked to improve our diversity outcomes and participation across the Group, including promoting several senior females into leadership roles across the organisation. We remain committed to further improving representation across the Group, promoting a critical diversity of thought across the organisation.

We remain committed to supporting Indigenous participation across the Group. Through partnerships with organisations, including the Clontarf Foundation, we support young indigenous people in apprenticeship and employment opportunities. We have also signed a Memorandum of Understanding (MOU) with the NSW Government to support indigenous people being released from prison in Central West NSW into training and employment opportunities. Through this program, we will not only create immediate employment opportunities within the Group, but also support our communities in reducing the rate of reoffence by creating purpose and financial independence for indigenous people in our community.

In Rockhampton, we work with Indigenous WorkStars to place Indigenous and Torres Strait Islander people into meaningful employment opportunities across our Civil projects. In the last six months, we have employed seven people through this program with plans to further extend our engagement over the coming year.

11 Indigenous participation figures based on employees who have voluntarily identified themselves as Aboriginal or Torres Strait Islander upon employment

Pictured: Maas Residential Properties team at the Macquarie Titan Mud Run 2023, Dubbo NSW

OUR COMMUNITIES

Fundamental to our business are the communities in which we operate, and we are committed to helping to make them better, more sustainable and thriving places for those that live there today and in the future.

> **Our local communities are integral to our success, and we are committed to supporting them in the most meaningful way possible**
>
> Wes Maas, Maas Group CEO

In our day-to-day operations, we do this by developing authentic communities that enhance the lifestyle of those living there and those that visit. We plan places that encourage active living and promote the natural environment. We also invest in community and shared facilities that allow people to meet and come together.

Outside of our day-to-day operations, we are proud to support initiatives representing who we are as an organisation, our team and local communities' values. Our focus in FY23 has been on supporting children's and mental health charities, local community and sporting groups, and initiatives that support economic and social outcomes at a grassroots level.

- **Dolly's Dream:** As our national charity of choice for FY23, Maas raised over $16,000 to support young people and their families in addressing the impact of bullying, anxiety, depression and youth suicide through education and awareness-raising initiatives. Looking forward to FY24, we seek further opportunities to partner with Dolly's Dream to grow our contribution to this cause.
- **Dubbo Regional Theatre & Convention Centre (DRTCC):** Maas Group is a proud Centre Stage sponsor of the DRTCC, a critical pillar of the arts and culture community in the Dubbo region. Through our sponsorship, DRTCC has funded and supported major cultural shows and events for the community, including bringing the Sydney and Melbourne Comedy Festival to the region and prominent performing and musical artists.
- **The Clontarf Foundation:** We are proud to have a long-term partnership with the Clontarf Foundation – supporting education, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men across regional Australia.
- **Dubbo Macquarie Titan Mud Run:** Maas has been the major sponsor of the Dubbo Macquarie Titan Mud Run for over 10 years. This significant community event in Dubbo draws large groups of locals, promoting physical and mental health and well-being while raising funds to build community sports infrastructure and facilities.
- **Community sport and clubs:** Maas Group have a strong connection to our communities through local sporting initiatives and clubs, including:
  - Dubbo CYMS and St. Johns Junior Rugby League
  - Rockhampton Capras training and development program
  - Wellington Wedgetails
  - Inverell Minor League
  - Dunedoo Football Club.

"Our sustainable asphalt product, Carbonphalt, is produced using carbon char extracted from recycled vehicle tyres

Pictured: Austek Asphalt plant, Luscombe QLD

ENVIRONMENT & CLIMATE

Maas remains dedicated to its journey of minimising environmental and climate-related impacts.

The Company aims to reduce adverse environmental impacts as part of its Environmental Management Framework. This includes, where feasible, using alternative fuels, diverting waste from landfill to beneficial uses, improving the energy efficiency of operations, increasing water use efficiency, the responsible sourcing of products, and progressive rehabilitation and responsible use of buffer land. The Company:

- Considers environmental management as part of its decision-making processes;
- Assigns accountability for environmental performance to individuals within the business;
- Engages with all stakeholders (clients, communities, competitors and regulators) to better understand key issues and foster a culture of continual environmental improvement; and
- Uses appropriate controls to, in order of priority, avoid, reduce, and mitigate environmental impacts and promote sustainable use of resources.

The business has several initiatives underway across the Group to reduce adverse environmental impacts and transition to low-carbon products. In FY23, new initiatives included:

- **Hybrid Hydrogen fuel replacement trial:** Working in partnership with Australian company HYDI, Maas commenced a hybrid hydrogen fuel system trial in a selected fleet. The use of hydrogen as a fuel has environmental benefits related to reduced fuel usage and reduces carbon monoxide and particulate matter emissions. The trial has already realised fuel savings to the Company of approximately $0.13 per kilometre, with further analysis of emissions data to be completed as the trial rollout continues across other heavy vehicle applications.
- **Sustainable Asphalt:** Our sustainable asphalt product, Carbonphalt, uses carbon char extracted from recycled vehicle tyres. It offers improved performance as an asphalt product, and for each tonne produced, 10 vehicle tyres are removed from waste landfills and repurposed into roads. As the manufacturing process recycles 100% of each tyre, this removes a significant contributor from landfill, with an estimated 56 million tyres[12] awaiting disposal at sites in Australia. The Austek asphalt plant also uses recycled tyre derived fuel (Zeroad) as its primary fuel source (as opposed to diesel). Austek is the first plant in Australia to implement this innovation. The use of the recycled tyre fuel and Recovered Carbon Black reduces the embodied carbon by up to 24% compared to a standard asphalt plant.
- **Recycling in concrete production:** Maas continues to implement ways to reduce the environmental impact of concrete production. Returned concrete is either used to manufacture products that have uses across our construction and quarrying businesses, crushed and sold as a recycled aggregate for use in road or other civil construction, or reprocessed through the plant. This avoids placing waste concrete in landfill. By-products from the burning of coal for electricity production, referred to as fly ash, are used to supplement cement as the cementitious agent in concrete production, reducing the reliance on production and supply of cement. This reduces the net emissions of greenhouse gas associated with concrete production. Where possible, manufactured sand is used in preference to natural sand. This maximises the use of already extracted rock and reduces the reliance on the excavation of natural sand. Further, water management of each concrete plant is maximised to capture and reuse any water not retained within the batched concrete or concrete products. This reduces the total volume of 'raw' water required for each tonne of concrete manufactured.

We intend to extend our current initiatives to innovate and drive sustainable development for long-term value for our stakeholders.

The Group recognises and supports the growing interest of our stakeholders concerning the potential risks and opportunities posed to our business and the broader sector due to climate change and the global transition towards a lower carbon economy. In 2024 we expect to demonstrate targets and a pathway towards improving our energy efficiency and reducing our own carbon footprint as well as support the national decarbonisation agenda. The pursuit of such future targets in all business segments will translate into meaningful shareholder value.

The Board is currently developing a roadmap to meet future sustainability reporting requirements in accordance with the International Sustainability Standards Board first two IFRS Sustainability Standards.

12 Based on data from 2021

GOVERNANCE

Sustainability presents both challenges and opportunities for Maas. The Board and Executive are committed to actively managing our risks and opportunities, essential for long-term sustainable performance.

In the second half of 2023, the Health, Safety, and Environment Committee will be renamed to the Health, Safety, Environment and Sustainability (HSES) Committee to reflect our maturing commitment to sustainability. In addition to its current role, the HSES Committee will advise and assist the Board in relation to corporate social responsibility and sustainability.

The Executive recognises that sustainability is a fundamental component of our operations and is focused on implementing continuous improvement in sustainability.

Maas has adopted the ASX Corporate Governance Principles and Recommendations (4th edition) ("ASX Recommendations") to the extent appropriate for the size, nature and maturity of the Group's operations. Maas has prepared a statement that sets out the corporate governance practices that were in operation during the year and have identified any of the ASX Recommendations which have not been followed and, where appropriate, provides reasons for not following the ASX Recommendations. The Group's Corporate Governance Statement and policies are available on our website at:

https://investors.maasgroup.com.au/investor-centre/?page=corporate-governance

Pictured: Peter Hewson and Damien Porter

Pictured: Redimix batch plant, Dubbo NSW

OPERATING SEGMENTS

CONSTRUCTION MATERIALS

CIVIL CONSTRUCTION & HIRE

MANUFACTURING &
EQUIPMENT SALES

RESIDENTIAL REAL ESTATE

COMMERCIAL REAL ESTATE

CONSTRUCTION MATERIALS

Quarries | Concrete | Asphalt | Geo-Tech | Logistics

We are a leading supplier of quarry materials, aggregates, pre-mix concrete, crushing and screening services, asphalt and transport and logistics to the civil infrastructure, building and construction, and mining sectors across the east coast of Australia. We also offer geotechnical services, including geological engineering, drilling and testing through our Macquarie Geotech business.

Australia's east coast is home to some of the most critical infrastructure projects in the country. Our quarries, concrete and asphalt plants are strategically located along the east coast – stretching from Central QLD to Victoria and provide us with an expansive product reach aligned to markets set to take advantage of the significant regional infrastructure pipeline.

To expand our capabilities and increase our market share, we constantly seek to acquire strategically located quarries in new and existing markets where operational scale can be achieved. In FY23, this included the acquisition of Dandy Premix, a large concrete producer with five plants in suburban Melbourne and two self-supplying quarries in the Yarra Valley and Grantville. This strategic acquisition opens the Group to new opportunities in the fragmented Victorian market, particularly in the rail and construction sectors.

FY23 also saw the Group acquire the controlling share in Austek – a significant asphalt services business servicing the Brisbane and Gold Coast markets and regional areas of Queensland and Northern NSW.

Pictured: Blackwater Quarry, Blackwater QLD

FY23
HIGHLIGHTS

EBITDA contribution

81.8% Growth
in Proforma EBITDA

Strategic acquisitions, including Dandy Premix and Austek, expanding our geographical service offering in line with major infrastructure investment

CIVIL CONSTRUCTION & HIRE

Equipment Hire | Civil Construction | Electrical Transmission & Distribution

Maas' Civil Construction and Hire segment is the most mature operating segment, providing construction and above-ground plant hire and electrical services to major infrastructure projects across Australia.

Major infrastructure investment across regional and metro markets has driven our acquisition strategy. In FY23, we finalised the acquisition of Schwarz Excavations, an experienced and well-regarded civil and rail contractor in Central Queensland. This acquisition will enable Maas to achieve greater pull-through when working alongside our construction materials segment on major projects in this high-growth market.

Our integrated capability as a large civil and electrical contractor means we can supply services across the project lifecycle.

Through our electrical transmission and distribution businesses, JLE Electrical and Garde, our Civil Construction and Hire segment is positioned to service the pipeline of renewable energy projects delivered across regional Australia over the coming years through the Renewable Energy Zones (REZ).

Pictured: Schwarz Excavation, Gracemere QLD

FY23 HIGHLIGHTS

EBITDA contribution

38.3% Growth
in Proforma EBITDA

Strategic acquisition of Schwarz Excavations, expanding our Civil capability in Central Queensland

MANUFACTURING & EQUIPMENT SALES

Manufacturing | Equipment Sales

Maas has established itself as a leading machinery and spare parts manufacturer in underground hard rock mining and civil tunnelling, and electrical industries.

By leveraging global markets, we have tapped into the growing international demand for specialised equipment to support global infrastructure advancements and investment. In FY23, this strategy has allowed us to expand our customer base and increase our revenue while securing our position with existing manufacturing contracts, including Toll Manufacturing.

In FY23, we worked closely with global distributors in key target markets to support our Jacon and Comet equipment sales. We also continue to supply parts and services to a growing active fleet, ensuring ongoing revenue streams are maintained.

Our VMS manufacturing facility in Vietnam increased capacity in FY23 following challenging global supply chains experienced during the COVID-19 pandemic. Looking forward, we are confident that we will continue to see growth in this segment driven by global demand for equipment and specialist manufacturing solutions.

JACON EQUIPMENT VMS COMET EQUIPMENT

Pictured: VMS factory, Ho Chi Minh City, Vietnam

FY23 HIGHLIGHTS

EBITDA contribution

129.0% Growth
in Proforma EBITDA

Built out a sales distribution network strategically located in key international markets to support infrastructure investment

RESIDENTIAL REAL ESTATE

Residential Developments | Home Building | Build-to-Rent | Land Lease Communities

Our solid and long-term fundamentals, product mix and the geographic diversity of our assets mean that we are aligned with markets positioned to experience sustained long-term growth. By developing residential real estate assets aligned to under-supplied and high-growth markets, we ensure a pipeline that delivers a sustained long-term return.

Our residential portfolio and products are diverse, with assets across Australia, including in Dubbo, Orange, Mudgee, Tamworth, Bathurst, Griffith, Lithgow, and Rockhampton, yielding a current pipeline in excess of 8,000 lots. As well as traditional greenfield residential subdivisions, we continue to develop our product offering to include built homes, build-to-rent and land lease communities, and our current home-building offering. This has allowed us to provide greater flexibility and affordability to a more compressed market in FY23.

A challenging macroeconomic environment of high inflation and rising interest rates created significant headwinds for the Residential Real Estate segment in FY23. This has resulted in both decreased sales volumes and enquiry rates during FY23.

Our ability to utilise the services of Maas' other operating segments, including planning, civil construction, machinery hire, electrical transmission and distribution, construction materials, and building supplies, enables us to develop property assets efficiently, with greater delivery control. This control will allow us to continue to realise future growth.

Pictured: Southlakes Estate, Dubbo NSW

FY23 HIGHLIGHTS

EBITDA contribution

56.4% Decline in Proforma EBITDA

Increased housing starts and completions and introduction of built-form housing and growth of Build-to-Rent portfolio in line with market demand

COMMERCIAL REAL ESTATE

Commercial Real Estate | Commercial Construction | Leasing | Building Materials

In FY23, our Commercial Real Estate operating segment experienced significant growth with a gross development value (GDV) of approximately $872m and 37 development projects either underway or in the delivery pipeline.

Our portfolio of assets across the commercial, industrial, self-storage, childcare, retail and hotel and serviced apartment sectors has been strategically identified to return long-term growth to the Group. Over the coming year, we will focus on delivering our existing pipeline and asset recycling whilst evaluating potential opportunistic acquisitions in the industrial, self-storage and childcare sectors.

Our commercial construction division maintains a strong pipeline of work. We also have the option to leverage these internal capabilities to capture additional value through the commercial development and construction value chain, unlocking additional revenue opportunities for the Group.

Our occupancy rates across the portfolio remain strong, reinforcing our commitment to delivering top-tier real estate solutions for businesses of all sizes. Additionally, our Spacey Self Storage assets remain a key part of our portfolio, and our current utilisation rates are consistently at 95% or higher.


Pictured: Newcastle Fruit Market, Sandgate NSW

FY23 HIGHLIGHTS

EBITDA contribution

68.5% Growth
in Proforma EBITDA

Development portfolio continued to expand with the acquisitions of sites in the industrial, self-storage, childcare and serviced apartment asset classes

STEPHEN BIZZELL

B. Com. MAICD

Non-Executive Chairman

(appointed 21 October 2020)

Stephen was appointed to the Board in 2020 as part of the IPO of Maas. He brings over 25 years of experience in the mining, energy, and financial services sectors. Stephen is chairman of Bizzell Capital Partners Pty Ltd and is also a Director of Strike Energy Ltd (ASX: STX); Renascor Resources Ltd (ASX: RNU); Armour Energy Ltd (ASX: AJQ); and Savannah Goldfields Ltd (ASX: SVG). Stephen is a former Director of Queensland Treasury Corporation, is currently a Board Trustee of Brisbane Grammar School and is a member of the Queensland Advisory Board for Starlight Children's Foundation. Stephen has extensive governance experience having served as a director or chairman of 14 ASX listed companies and was previously an executive director of Arrow Energy for 12 years until its takeover in 2010, a co-founder and director of Bow Energy until its takeover in 2012 and a co-founder and director of Stanmore Resources until 2020. He holds a Bachelor of Commerce from the University of Queensland.

Other current directorships

Armour Energy Ltd (since 9 March 2012)
Savannah Goldfields Ltd (since 28 June 1996)
Renascor Resources Ltd (since 1 September 2010)
Strike Energy Ltd (since 31 December 2018)

Former directorships (last 3 years)

None

Special responsibilities

Chairman of the Company
Member of the Audit and Risk Committee
Member of the Remuneration andNomination Committee
Member of the Health, Safety and Environment Committee

Interests in shares

748,721

WES MAAS

Chief Executive Officer (CEO) & Managing Director

(appointed 18 April 2019)

Wes Maas was just 22 when he founded Maas and has been critical in growing it from one Bobcat and a tipper truck to a successful ASX-listed organisation. Today, with over 20 years of experience in the business, Wes and the leadership team are responsible for achieving strategic growth and delivering returns to Maas' shareholders. Wes has been instrumental in setting the vision leading Maas into the independent construction materials, equipment, services and property provider it is today. He has set and ingrained the business's values, creating a culture and organisation with a strong identity in all its operating segments.

Other current directorships

None

Former directorships (last 3 years)

None

Special responsibilities

Managing Director and Chief Executive Officer

Interests in shares

173,381,789

BOARD OF DIRECTORS

MICHAEL MEDWAY
BBus (Accountancy), CA, MAICD

Non-Executive Director
(appointed 21 October 2020)

Michael has worked in the professional accounting industry for over 30 years. He has been a Chartered Accountant for over 25 years, and his background has seen him work across various firms in Sydney and Regional NSW. As the principal of Lincoln Partners Dubbo and later a director of Lincoln Partners Pty Ltd, Michael has acted as the external accountant for Wes Maas and his companies since 2002 and Maas Group upon its formation. Michael retired from Lincoln Partners Pty Ltd in June 2020 and was subsequently appointed to the Board as part of the IPO process. Michael holds a Bachelor of Business (Accountancy) from The University of Technology, Sydney and recently became a graduate of the Australian Institute of Company Directors.

Other current directorships
None

Former directorships (last 3 years)
None

Special responsibilities
Chairman of the Remuneration and Nomination Committee
Chairman of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee
Member of the Health, Safety and Environment Committee

Interests in shares
538,651

DAVID KEIR
BASc (Built Environment), GradDip Urban & Regional Planning, GradDip Project Management

Non-Executive Director
(appointed 5 October 2021)

David was appointed to Maas Board of Directors in September 2021. David is a highly experienced executive with over 35 years of experience in the property industry. He is currently the Chief Commercial Officer for the Port of Brisbane, overseeing all the Port', including the extensive property portfolio and trade activities. David has prior experience as CEO of a number of national property companies. David holds a Bachelor of Applied Science, Built Environment from the Queensland University of Technology, Graduate Diplomas in Project Management and Urban and Regional Planning. He has completed the Executive Management Program at Wharton Business School, University of Pennsylvania.

Other current directorships
None

Former directorships (last 3 years)
None

Special responsibilities
Chairman of the Audit and Risk Committee
Chairman of the Remuneration and Nomination Committee
Member of the Related Party Committee
Member of the Audit and Risk Committe

Interests in shares
12,500

TANYA GALE
BCom, GAICD

Executive Director
(appointed 13 October 2022)

Tanya joined Maas in July 2019 with over 20 years of experience in the property and construction sector and a track record in the preparation and execution of IPOs, acquisitions and post-transaction integration. Tanya has strong FP&A, financial management and accounting skills developed from a broad base of experience in large corporations, mid-size subsidiaries and start-ups. Tanya supports the growth across the real estate and construction segments. Tanya was appointed to the Board in October 2022.

Other current directorships
None

Former directorships (last 3 years)
None

Special responsibilities
Director Corporate Development

Interests in shares
158,182

FORMER DIRECTORS

STEWART BUTEL

B. Science (Geology), Grad Dip in Business Studies, Advanced Certificate of Coal Mining, GAICD

Non-Executive Director

(resigned 31 July 2023)

Stewart has more than 45 years of experience in management and board roles in the resource industry in New South Wales, Queensland and Western Australia. Stewart joined Wesfarmers Limited in 2000 and was managing director of Wesfarmers Resources between 2006 and 2016. Stewart is a past director of a number of ASX listed and unlisted companies. He is past President of the Queensland Resources Council, served on the board of the Minerals Council of Australia and other resource industry bodies.

Other current directorships
None

Former directorships (last 3 years)
None

Special responsibilities
Chairman of the Health, Safety & Environment Committee
Chairman of the Related Party Committee

Interests in shares
63,034*

NEAL O'CONNOR

B. Laws and Dip. Legal Practice, GAICD

Non-Executive Director

(resigned 1 August 2022)

Neal has over 30 years experience in law as well as extensive experience in the resource industry. Neal is currently a non-executive director of Mitchell Services Ltd (ASX:MSV) and acts as a consultant to Carter Newell Lawyers. Neal is a former director of Stanmore Coal Ltd (ASX:SMR) and was previously General Counsel, Company Secretary and an Executive Committee Member of Xstrata Holdings Pty Ltd and Xstrata Queensland Limited. Neal is a Solicitor of the Supreme Court of Queensland, Solicitor of the High Court of Australia, Solicitor of the High Court of England and Wales, and a member of the Australian Institute of Company Directors.

Other current directorships
Mitchell Services Limited (since 21 October 2015)

Former directorships (last 3 years)
None

Special responsibilities
Chairman of the Remuneration & Nomination Committee
Member of the Audit and Risk Committee
Member of the Remuneration & Nomination Committee
Member of the Related Party Committee

Interests in shares
25,437*

**Information current at date of resignation as a Director*

'Other current directorships' *quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.*

'Former directorships (last 3 years)' *quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.*

EXECUTIVE TEAM

CRAIG BELLAMY

Chief Financial Officer (CFO)

Craig joined Maas in 2019 as Chief Financial Officer and Company Secretary. He is responsible for all financial aspects of the Group, including accounting, treasury, budgeting and tax. Craig has over 30 years of experience and previously held executive roles, including Chief Executive Officer and Chief Financial Officer for ASX Listed Entities Devine Limited and Unity Pacific Group Limited (formerly Trinity Group Limited). Craig holds a Bachelor of Business (Accountancy) and is a Chartered Accountant.

ANDREW LETFALLAH

Chief Operations Officer (COO)

Andy is responsible for delivering profitable growth and operational excellence across the Maas Group through a corporate service governance model, with over 20 years of experience in various leadership roles in sales, operations and finance within large, listed organisations. Andy brings a strong background in business integration and growth enablement. Andy is a Six Sigma Black Belt and holds a Bachelor of Commerce Degree in Marketing, Management and Human Resources and a Master of Business Administration (MBA) with a major in Technology.

CANDICE O'NEILL

Company Secretary and General Counsel

Candice is an experienced senior executive, having held Company Secretary and senior legal counsel positions across the mining, technology and professional services sectors. She has a Bachelor of Business and Bachelor of Laws (LLB) from the University of Newcastle and a Master of Business Administration (MBA) from the University of Queensland. She is admitted as a Solicitor of the Supreme Court of Queensland.

TIM SMART

Head of Investor Relations & Corporate Strategy

Tim joined Maas in 2023 to lead the Group's Corporate Strategy and Investor Relations. He is responsible for developing the overarching Corporate Strategy and co-ordinating the Group's interactions and messaging with the investment community. Tim has over 25 years of public markets experience and previously held executive roles, including Managing Director and Head of Product within UBS APAC Equity Research as well as Executive Director and Deputy Head of Asian Research at Macquarie Bank. Tim holds a Bachelor of Commerce (Accountancy) and is a Chartered Accountant.

CHRISTINE ASHCROFT

Group Health and Safety Manager

Christine leads the Group health and safety function across Maas, including monitoring and executing health and safety strategies to ensure safety compliance and excellence.

Prior to joining Maas, Christine held senior safety positions in major mining organisations and the water industry, including at Newcrest Mining Limited – Cadia Valley Operations and Alkane Resources Limited. Christine holds a Postgraduate Diploma in Health Science (OHS), Lead Auditor Integrated Management Systems Exemplar Global - AU TL QM EM OH, MAICD.

DAMIEN PORTER

Director, Business Development

With more than 20 years of experience in hiring, operations and sales, Damien brings a comprehensive knowledge of the equipment and machinery industry. Damien spent many years working for a major equipment hire company. Damien has been with Maas since 2005 and oversees upwards of 100 employees and machinery at any given time.

JOSH LARGE

Director, Civil Construction and Hire

Josh has over 20 years experience in the civil and electrical industry, as the founder JLE Group. Josh's experience includes design, engineering, and project delivery in the civil, electrical infrastructure and construction sectors, from bulk earthworks to transmission and distribution across major projects. As Director of the Civil, Construction and Hire business, Josh is focused on building high-performing teams throughout the Group with a balance on project delivery requirements, client relationships and commercial outcomes to ensure the business remains the partner of choice for our clients.

MEGAN BYRNE

Manager Corporate Finance

Megan joined Maas in February 2022 and is responsible for the Corporate Finance activities of the Group, including business acquisitions and other corporate development activities. Megan has over 15 years of experience in Construction Materials and has previously held various strategy and finance roles at Holcim Australia & New Zealand. Megan holds a Bachelor of Commerce and is a Chartered Accountant.

MAAS Group Holdings Limited ABN 84 632 994 542

FINANCIAL REPORT

30 JUNE 2023

CORPORATE DIRECTORY
30 JUNE 2023

Directors	Stephen G Bizzell Wesley J Maas Michael J Medway David B Keir Tanya E Gale	- Non-Executive Chairman - Managing Director and Chief Executive Officer - Non-Executive Director - Non-Executive Director - Executive Director
Company Secretaries	Candice O'Neill Craig Bellamy	
Registered Office and Principal Place of Business	20L Sheraton Road Dubbo NSW 2830	
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000	
Solicitors	Duffy Elliott 148 Brisbane Street Dubbo NSW 2830	
	Maddocks Angel Place Level 27, 123 Pitt Street Sydney NSW 2000	
Bankers	Commonwealth Bank of Australia Limited Level 9, 201 Sussex Street Sydney NSW 2000	
	Westpac Banking Corporation Level 3, 275 Kent Street Sydney NSW 2000	
Stock Exchange Listing	MAAS Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: MGH)	
Website	www.maasgroup.com.au	

CORPORATE DIRECTORY

MAAS GROUP HOLDINGS LIMITED
DIRECTOR'S REPORT
30 JUNE 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of MAAS Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity' or 'MGH') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The following persons were directors of MAAS Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stephen G Bizzell - Chairman
Wesley J Maas - Managing Director and Chief Executive Officer
Michael J Medway
David B Keir
Tanya E Gale (appointed 13 October 2022)
Neal M O'Connor (resigned 1 August 2022)
Stewart Butel (resigned 31 July 2023)

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the consolidated entity consisted of:
- Construction Materials
- Civil, Construction and Hire
- Residential Real Estate
- Commercial Real Estate
- Manufacturing

The Construction Materials activities of the consolidated entity for the year consisted of the operation of fixed and mobile plant quarries, crushing services, concrete, transport services, asphalt services and geotechnical services within Australia.

The Civil, Construction and Hire activities of the consolidated entity for the year consisted of civil, construction and hire of above-ground, underground and specialised electrical equipment, electrical infrastructure services and machinery sales within Australia.

The Residential Real Estate activities of the consolidated entity for the year consisted of residential development and residential construction in New South Wales and Queensland.

The Commercial Real Estate activities of the consolidated entity for the year consisted of commercial development, commercial construction and building materials supplies in New South Wales, Queensland and Australian Capital Territory.

The Manufacturing activities of the consolidated entity for the year consisted of the manufacture of equipment and the sale of equipment and spare parts. The consolidated entity conducted its operations from Australia, Vietnam and Indonesia with sales to multiple global jurisdictions.

DIVIDENDS

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 $'000	2022 $'000
Final dividend for the year ended 30 June 2022 of 3.5 cents (2021: 3 cents) per ordinary share	10,831	8,649
Interim dividend for the year ended 30 June 2023 of 3 cents (2022: 2 cents) per ordinary share	9,788	5,887
	20,619	**14,536**

A final dividend of 3 cents per ordinary share for the year ended 30 June 2023 was declared on 17 August 2023 taking the total dividends declared in relation to FY23 to 6 cents (FY22: 5.5 cents). All dividends paid in the period and declared subsequent to year end were fully franked.

OPERATING AND FINANCIAL REVIEW

Earnings Summary

The Group delivered a record Proforma EBITDA result for the year end 30 June 2023 of $163.134m, representing an increase of 30.4% from FY22 ($125.130m). Accompanying this result was an increase in consolidated Proforma Revenue of 48.6% to $801.000m (FY22 $539.095m) and an increase in Statutory NPAT by 6.3% to $65.455m (FY22 $61.562m).

Growth was achieved across four of the five operating segments, with Construction Materials, Civil Construction & Hire, Commerical Real Estate and Manufacturing all reporting strong returns. Residential Real Estate contributed to the result however the segment was impacted by the sharp interest rates rises throughout the year and consequent challenging market conditions. Strategic acquisitions in the Construction Material and Civil Construction & Hire segments also contributed to the growth in FY23.

The Group's result reinforces the track record of delivering continued organic growth mixed with accretive acquisitions. Disciplined capital allocation with a focus on return on capital has allowed for all five operating segments to contribute to this record result in FY23.

The Group delivered this result amidst challenging macroeconomic conditions, in particular, persistent high inflation and ongoing interest rate increases which existed throughout FY23, as well as significant weather-related disruptions which impacted operations in the first half of FY23.

An overview of operating segment performance is summarised below.

Construction Materials

Proforma revenue in the Construction Materials segment increased by 88.25% to $229.664m (FY22 $122.000m) with proforma EBITDA increasing by 81.8% to $52.028m (FY22 $28.600m). This growth was underpinned by increases in average selling price, quarry sales volumes and concrete volumes from existing operations and acquisitions. The entry to Victoria through the Dandy Premix acquisition has resulted in the segment achieving an established presence in the Victorian Construction Materials market which achieved strong concrete sales and delivery since acquisition driven by heightened demand on major state government projects. The segment result was delivered despite the impact of significant wet weather across the segment's operating regions in the first half of FY23 and increasing fuel and energy costs throughout the whole of FY23.

The significant wet weather events during the first half of FY23 impacted revenues through the delay of projects and decreased production efficiency resulting in higher costs. Favourable operating conditions returned during the second half of FY23, driving an increase in demand and production efficiency. The segment continues to manage inflationary risks through regular customer pricing reviews and continued focus on leveraging procurement power across the Group. While wet weather remains a material risk, the segment witnessed more favourable weather and improved operating conditions in the second half of FY23.

Civil, Construction & Hire

Proforma revenue in the Civil, Construction & Hire segment increased by 46.86% to $370.536m (FY22 $252.300m) with proforma EBITDA increasing by 38.3% to $68.717m (FY22 $49.700m). The increase was driven by a combination of organic growth of existing operations and acquisitions with Garde contributing for the full period and Schwarz Excavations for eleven months in the year ended 30 June 2023. Integration synergies continue to be realised through consolidation of leadership, assets, equipment pools, systems and shared services for project management, engineering and administration support.

The Civil, Construction & Hire segment year-on-year result was driven by enhanced project delivery across major infrastructure projects. The growth of the segment continued to benefit from the integrated industrial services offering to major infrastructure projects across the east coast of Australia. While the segment results were impacted adversely during the first half of FY23 due to wet weather, strong project delivery and efficiency returned in the second half of FY23.

Residential Real Estate

Proforma revenue in the Residential Real Estate segment decreased by 13.4% to $89.667m (FY22 $103.562m) with proforma EBITDA decreasing 56.4% to $12.832m (FY22 $29.447m). The decrease was driven by reduced sales volumes with 181 settlements (including 55 build to rent) in the period (FY22: 270 lots including 30 build to rent). Subdued buyer sentiment arose due to a combination of consecutive interest rate rises and cost of living pressures which negatively impacted sales volumes. Despite the adverse sentiment, the segment noted increased home delivery with 172 build starts and 174 build completions (FY22: 155 Starts; 110 Completions). The land delivery and home building programs are scalable and controlled, allowing flexibility to react to market demand. Valuation adjustments were noted related to the continued delivery of the Build-to-Rent program of $4.168m (FY22: $4.328m).

Increased uncertainty continued in residential real estate during the period, arising from numerous successive increases in interest rates by the Reserve Bank of Australia (RBA) and the inflationary impacts on build costs. The combination of the higher interest rates and the frequency of increases has dampened market conditions in the segment, causing an increased time to covert sales from inquiry to settlement. The uncertainty in this segment is expected to continue throughout FY24. The inflationary pressure on housing construction costs continues to be a risk to the industry. The acquisition by the Group of a building supplies business in FY22 has assisted in mitigating this risk through improved supply chains and procurement practices.

Commercial Real Estate

Proforma revenue in the Commercial Real Estate segment increased by 61.8% to $138.216m (FY22 $85.4291m) with proforma EBITDA increasing by 68.5% to $41.677m (FY22 $24.731m). The result was underpinned by the growth of commercial construction businesses and the increased project delivery from commercial construction contracts. Cost inflation on projects was mitigated through procurement activities from the building supplies business unit, supporting comparably stable project margins. Valuation increases from the commercial development portfolio resulted in the recognition of $26.243m (FY22: $14.515m) revaluation as the projects reached key milestones.

The portfolio of assets continued to expand during the period with the Group now holding industrial sites, self-storage facilities, childcare development locations as well as other commercial development properties. At varying stages of development, the portfolio represents a gross development value of $871.800m as at 30 June 2023 with significant ability to self-perform projects through construction capability and the building supplies business unit.

Increased uncertainty continued in broader real estate markets during the year ended 30 June 2023, arising from numerous successive increases in interest rates by the RBA and the inflationary impacts on build costs. The combination of a higher interest rate environment dampened market conditions in areas of the Commercial Real Estate industry, although some asset classes, such as industrial property, remain resilient from these headwinds with strong demand remaining.

While the Group anticipates the uncertainty of broader real estate markets to impact this segment in FY24, given the broadness of the asset classes within the portfolio, it is unlikely to materially impact the segment. The inflationary pressure on construction costs continues to be a risk to the industry however shorter lifecycle of projects within the segment assist in job cost management. The acquisition by the Group of a building supplies business in FY22 has assisted in mitigating this risk through improved supply chains and procurement practices.

Manufacturing

Proforma revenue in the Manufacturing segment increased by 54.6% to $30.570m (FY22 $19.800m) with proforma EBITDA increasing by 129.0% to $4.102m (FY22 $1.800m). Improved operating conditions as the external supply market normalises post COVID and realisation of operational efficiencies in both production and sales has resulted in the improved performance of this division. Significant investment in Jacon brand recognition contributed to increased distribution pathways for machine sales.

Trading conditions are expected to remain stable in FY24 with planned distribution channel expansion into the United States and Europe.

Mergers and Acquisition

The Group continued to pursue strategic acquisitions through the hub and spoke model which expands operations while realising synergies and offer accretive growth during the year to 30 June 2023 with a total investment of $178.821m across four acquisitions:

(1) Schwarz Excavations Pty Ltd (Schwarz) was acquired in July 2022 and is reported in the Civil, Construction & Hire segment. Based in Central Queensland, the acquisition further enhances the Group's contracting capabilities in the region, offering synergies with existing operations and assets.

(2) Clermont Quarries (Clermont) was acquired in September 2022 and is reported in the Construction Materials segment. This acquisition in Central Queensland contained four hard rock quarries complimenting the existing operations and capability in the region.

(3) Dandy Premix Quarries Pty Ltd (Dandy) was acquired in December 2022 and is reported in the Construction Materials segment. Based in South East Melbourne, Dandy is an integrated construction materials business operating five concrete plants, a sand quarry and a hard rock quarry. This acquisition represents the entry into the Victorian metro market for the Group.

(4) A 75% interest in Austek Asphalt was acquired in May 2023 and is reported in the Construction Materials segment. Based in South East Queensland, the Asphalt operator is a downstream user of quarry productions and represents an expansion of current capabilities for the Group.

Further details on the acquisitions are set out in note 37 to the financial statements.

Cash Flow and Working Capital

Statutory operating cash inflows before payments for land inventory increased 45.8% to $113.659m (FY22 $77.908m) as a result of higher earnings and greater working capital management. The Group continues to take a proactive approach in managing credit default risk, including monitoring customers trading activity, particularly within the construction industry. Operating cashflows were reduced by the further investment inland inventory of $111.095m which exhibits a multiyear lag between englobo and project acquisition and settlement as developed lots.

Significant investing cash outflows occurred during the period as the Group transacted on opportunities that aligned with operational strategy or incurred capital expenditure that passed return on capital benchmarks. This included the acquisition of four businesses as mentioned above and material commercial property acquisitions of the Quest Hotel in Dubbo, NSW ($15.610m) and the Sandgate development site in Newcastle, NSW ($24.724m). These commercial property acquisitions continue to build the Group's diversified asset portfolio with additions to commercial and future industrial redevelopment. The cash payments for property plant and equipment during the period totalled $82.158m and was split between $46.000m for Growth and $36.158mfor Maintenance. The Group is committed to continuing to measure assets against performance benchmarks and undertaking capital recycling where required.

The Group issued 29,389,177 new ordinary shares during the year ended 30 June 2023. This resulted in the value of share capital increasing by 27.33% to $550.778m (FY22 $432.530m). The share capital increase is represented by $118.408m from capital raises (net of transaction costs), a DRP of $1.507m and $2.499m as part consideration for businesses acquired during the period offset by $4.166m of shares withdrawn from the market via buyback. Refer to note 24 for further information.

Group Debt and Dividends

Net debt excluding AASB 16 property leases increased by 72.8% to $442.875m over the year to 30 June 2023 (FY22 $256.240m) largely driven by the investing cash outflows discussed above. The Group received continued support from its banking partners during the period with increases in banking facility limits to $600.000m (FY22 $500.000m). This increase included an $85.000m increase to the term loan and a $15.000m increase to the equipment finance facility. In addition to this facility, the Group also retains the consent to source separate commercial property funding of up to $200.000m in aggregate from financiers for commercial property projects with $8.000m drawn at 30 June 2023. All banking covenants were adhered with during the period.

The Board Policy of a dividend payout ratio of 20%-40% of Cash NPAT has continued during the year ended 30 June 2023, underpinned by strengthened earnings. The Board has declared a 3c fully franked dividend on the 17th August 2023 in relation to the year end 30 June 2023. Combined with the 3c fully franked interim dividend paid, there was a 9.0% growth in dividends during FY23.

Principal Risks

The Group acknowledges a range of risks that exist across the operations. It is committed to building a strong risk management culture to ensure the Group continues to deliver on its vision and strategy. This includes the development and incorporation of risk management procedures into strategic plans and budgets, and regular reporting on the status of key risks to relevant committees and the Board.

(1) Economic Conditions – The RBA has continued to increase interest rates over the last twelve months and there is a risk of further interest rate rises. The Group, particularly in the Residential and Commercial Real Estate segments, operate in an environment where customer demand may be impacted by negative economic sentiment, and this may delay the demand of the Group's sales or impact selling prices and carrying values. The Group also relies on external suppliers for the delivery of its services and has been and may continue to be impacted by supply chain interruptions and cost inflation.

(2) Infrastructure Programs and Government Policy – The Group benefits from offering large infrastructure projects an integrated service solution, with such projects usually dependent on government fiscal policy decisions. Changes in government infrastructure fiscal policy direction can impact the Group results positively through via stimulus, and adversely through spending restriction.

(3) Wet Weather – The Group activities have and can be impacted by extreme weather events, including prolonged periods of rain. These weather events can impact both productivity and access to work sites, resulting in delayed revenue and increased costs.

(4) Workforce Management and Skilled Labour – The Group is dependent on its ability to attract and retain employees in order to operate and grow the business. The market for labour is highly competitive and there is no guarantee that the Group will be able to identify, recruit and retain the employees required to operate the business at current levels and / or to enable the growth of the business in accordance with its plans.

(5) Health & Safety – The Group operates in environments where inherent safety risk can arise in the normal course of business. The Group operates across a diverse network of site locations and physical equipment which includes the operation of large light and heavy vehicle fleet where there is a potential ongoing risk of accidents which could cause injury or death notwithstanding the safety systems of the Group.

(6) Capital Management – The Group's continued ability to effectively implement its strategy over time may depend in part on its ability to raise additional funds, manage its capital position effectively and/or refinance its existing debt. Capital mismanagement or access to additional working capital if required, may impact Maas Group's growth aspirations.

(7) Competition and loss of revenue – The industries in which the Group operates are highly competitive and are expected to remain so. Any increase in competition could result in loss of market share, reduced operating margins, and price reductions. Although the Company has a sound track record in securing new contracts and competing effectively, there can be no assurance that any or all of its businesses will continue to perform in the future.

(8) Acquisitions – The Group has and will continue to pursue strategic acquisitions to deliver on its strategic plan. To finance any future acquisitions, the Group may procure additional debt and/or seek to raise equity capital, which may further dilute the holdings of shareholders. There can be no assurance that the Group will be able to identify suitable candidates for successful acquisitions at acceptable prices, or successfully execute acquisitions and integration of targets once identified.

(9) Environmental, Social and Governance (ESG) Considerations – The Group acknowledges the growing demands of our stakeholders in ESG, and the potential risks and opportunities posed to our business, and the broader sector, as a result of our environmental footprint, climate change and the anticipated global transition towards a lower carbon economy. The Group is committed to defining benchmarks for ESG performance and subsequent metrics to measure performance. The Group acknowledges there is a risk of ESG inaction which could result in potential non-compliance fines and mismanaged community expectations. The board is currently developing a roadmap to meet future sustainability reporting requirements in accordance with the International Sustainability Standards Board's first two IFRS Sustainability Standards.

Reconciliation of Statutory Revenue (audited) to Proforma Revenue (unaudited), profit before income tax (audited) to EBITDA, Adjusted EBITDA (unaudited) Proforma EBITDA (unaudited), EBIT, Adjusted EBIT (unaudited), Proforma EBIT (unaudited). Reconciliation of Statutory Net Profit After Tax (NPAT) attributable to owners of MAAS Group Holdings Limited (audited) to Proforma NPAT (unaudited) and Statutory Basic Earnings Per Share (audited) to Proforma Earnings Per Share (unaudited).

	Consolidated	
	2023 $'000	2022 $'000
Statutory Revenue	805,324	517,121
Revenue Normalisations	(4,324)	21,974
Proforma Revenue	**801,000**	**539,095**
Profit before income tax expense	94,343	87,571
Finance costs	21,849	7,178
Interest revenue	(521)	(45)
EBIT	**115,671**	**94,704**
Amortisation	7,515	4,892
Depreciation	35,745	25,677
EBITDA	**158,931**	**125,273**
Transaction costs relating to business combinations	3,317	3,122
Other non-recurring expenses	1,377	409
Adjusted EBIT	**120,365**	**98,235**
Adjusted EBITDA	**163,625**	**128,804**
Adjusted EBITDA	163,625	128,804
Non-Controlling Interest EBITDA	(748)	-
Pre-acquisition EBITDA	-	2,103
Share-based payment expense	955	769
Fair value movement on contingent consideration	(698)	(6,546)
Proforma EBITDA	**163,134**	**125,130**
Adjusted EBIT	120,365	98,235
Non-Controlling Interest EBITDA	(748)	-
Pre-acquisition EBITDA	-	2,103
Share-based payment expense	955	769
Fair value movement on contingent consideration	(698)	(6,546)
Depreciation & Amortisation Normalisations	92	(361)
Proforma EBIT	**119,966**	**94,200**
Statutory NPAT Attributable to Owners of MAAS Group Holdings Limited	65,455	61,562
NPAT Normalisations	3,462	(363)
Proforma NPAT	68,917	61,199
Statutory Basic EPS (Cents)	20.66	21.42
Basic EPS Normalisations (Cents)	1.08	(0.04)
Proforma Basic EPS (Cents)	21.74	21.29

Proforma Revenue, Proforma NPAT, Proforma EPS, Proforma EBITDA, Proforma EBIT, EBITDA, Adjusted EBITDA, Adjusted EBIT are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to Revenue, NPAT, EPS, EBIT and EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the consolidated entity's performance.

Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings because of isolated or non-recurring events.

Proforma EBITDA is adjusted for the pre-acquisition EBITDA of business combinations where the company is entitled to pre-completion profits and non-operational items during the year including share-based payments and fair value movement of contingent consideration.

Proforma Revenue is normalised for pre-acquisition revenue of business combinations where the company is entitled to pre-completion revenue as well as the reversal of non-controlling interest revenue. Proforma EBIT is normalised for one off depreciation adjustments as well as the reversal of non-controlling interest depreciation and amortisation.

Proforma NPAT (Net Profit After Tax) is normalised for the NPAT impact of Proforma EBIT above in addition to Proforma interest. Proforma EPS (Earnings Per Share) is calculated using Proforma NPAT divided by the weighted average number of ordinary shares.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the consolidated entity during the financial year ended outside of those discussed above, in the Chairman's Letter, Chief Executive Officer's Report and Operating and Financial Review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Dividend

The Directors declared a fully franked final dividend of 3 cents per share on 17 August 2023, which reflects a full year dividend of 6 cents per share, an increase of 9.0% from the prior year.

Long Term Incentive Program (LTIP)

On the 17th August 2023 the Directors approved an Award in relation to FY22 under the LTIP program previously approved by shareholders.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group enters FY24 with operations and strategies consistent with that of FY23. There is a focus on continued execution of business excellence and consolidation of processes of newly acquired businesses. This includes potential capital recycling programs which will be delivered in line with internal return on capital benchmarks.

Other than items discussed above, in the Chairman's Letter, Chief Executive Officer's Report and Operating and Financial Review, no other information on likely developments in operations of the Group and the expected results of operations have been included in this report because the directors believe it would be likely to result in the unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group is subject to various environmental regulations under Commonwealth and State laws. To the Directors knowledge, the Group has conducted its operations in accordance with this legislation and has not been subject to any penalty by the relevant authority.

The nature of the Group's operations requires ongoing discussion with relevant authorities responsible for monitoring and regulating the environmental impact of the Group's activities.

SPECIAL RESPONSIBILITIES OF DIRECTORS

The following changes occurred during the year in the sub-committees:

(1) Audit and Risk Committee:
David Keir was Chair of the Audit and Risk Committee up until 28 November 2022 at which point, he held a position as a Committee Member for the remainder of the period. Michael Medway commenced as Chair of the Audit and Risk Committee on 28 November 2022, having held a position as Committee Member up until this date. Neal O'Connor, who resigned as a director on 1 August 2022, was a member the Audit and Risk Committee up until his resignation as a director. Stephen Bizzell was appointed to the vacancy as a committee member on 1 August 2022.

(2) Remuneration and Nomination Committee:
Neal O'Connor, who resigned as a director on 1 August 2022, was a member and Chair of the Remuneration and Nomination Committee up until his resignation. Michael Medway was appointed Chair of the Remuneration and Nomination Committee on 1 August 2022 and Stephen Bizzell was appointed to the vacancy as a Committee Member at the same date. Michael Medway vacated the Chair on 28 November 2022 with David Keir appointed as Chair as at the same date. Michel Medway held a position as Committee Member for the remainder of the period.

(3) Health, Safety and Environment Committee:
Stewart Butel was Chair of the Health, Safety and Environment Committee up until his resignation as a director on 31 July 2023. Michael Medway was a Committee Member for the period up until 31 July 2023 at which point he was appointed as Chair of the Health, Safety and Environment Committee. Stephen Bizzell was a Committee Member for the period. Tanya Gale was appointed to the vacancy as a Committee Member on 31 July 2023.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Stephen G Bizzell	20	20	4	4	2	2
Wesley J Maas[A]	20	20	-	-	-	-
Stewart A Butel[B]	19	20	-	-	-	-
Neal M O'Connor*	2	2	-	-	-	-
Michael J Medway	20	20	4	4	2	2
David B Keir[C]	20	20	4	4	2	2
Tanya Gale[D]**	14	14	-	-	-	-

	Health, Safety & Environment Committee		Related Party Committee	
	Attended	Held	Attended	Held
Stephen G Bizzell	2	2	-	-
Wesley J Maas[A]	-	-	-	-
Stewart A Butel	2	2	1	1
Neal M O'Connor*	-	-	-	-
Michael J Medway	2	2	-	-
David B Keir[C]	-	-	1	1
Tanya Gale[D]**	-	-	-	-

A Attended Audit & Risk Committee, Remuneration and Nomination Committee and Health, Safety and Environment Committee meetings but not as a member of the relevant committee (by invitation)
B Attended Audit & Risk Committee meetings but not as a member of the relevant committee (by invitation)
C Attended Health, Safety and Environment Committee meetings but not as a member of the relevant committee (by invitation)
D Attended Audit & Risk Committee, Remuneration and Nomination Committee and Health, Safety and Environment Committee meetings but not as a member of the relevant committee (by invitation)
Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.
* Resigned 1 August 2022
** Appointed 13 October 2022

REMUNERATION REPORT - AUDITED

LETTER FROM THE REMUNERATION & NOMINATION COMMITTEE CHAIR

Dear Shareholders,

On behalf of the Board, I am pleased to present our 2023 Remuneration Report. At Maas Group we are committed to creating long term value for all our stakeholders and the Board continues to work together with the CEO, Wes Maas, to ensure our remuneration and incentive arrangements align the interests of both our employees and shareholders.

FY23 Performance and Remuneration Outcomes

The Group has continued to deliver on its long-term strategy and has reported a strong result again in FY23. Sales Revenue increased by 55.7% to $805.324m (FY22:$517.121m), pro forma EBIT increased by 27.3% to $119.966m (FY22 $94.200m) and statutory net profit after tax increased by 6.3% to $65.455m (FY22 $61.562m).

The Board declared a fully franked dividend of 3 cents per share, resulting in a full year fully franked dividend of 6 cents for FY23 (FY22 5.5 cents).

Despite the difficult market conditions, impacted by record wet weather events, rising interest rates with a backdrop of high inflation, and the continued disruption of international supply chains, the Board is extremely pleased with the Group's performance in FY23 and we would like to thank Wes, the leadership team, and all our employees for their commitment and achievements during the year.

Changes to the Remuneration Framework During FY23

Changes were made to the Short-Term Incentive (STI) program in FY23 which included the incorporation of a STI for the CEO, Wes Maas, into his remuneration package. The STI for the CEO includes a range of financial and non-financial goals. Further details on the financial outcomes of the STI's for the Executives is included in section 5.

Long Term Incentive Plan (LTIP)

Recognising the need to attract and retain high calibre employees, our shareholders approved the Group's Long Term Incentive Plan (LTIP) in November 2021. The LTIP was established to enable the award of equity incentives to eligible employees and contractors, linking the reward of key staff with the achievement of strategic goals and the long-term performance of the Group.

Eligible participants will receive an Award based on the financial performance of the Group for the preceding year, measured against targets set by the Board. Earnings before Interest and Tax (EBIT) is considered the appropriate measure to determine the value of the Award. The participant will receive the Award value in Performances Rights with performance hurdles linked to Earnings Per Share growth (EPS CAGR) and Return on Equity for the four financial years following the Award year. The vesting of the performance rights will be linked to achieving the performance hurdles and continued employment by the participant at the vesting date.

The participants include executive KMP (Executive), other executives and senior managers who have been identified as key drivers of Maas Group's performance and long term success. The grant date for the annual Awards will be aligned with the Annual General Meeting of Shareholders.

The Board has approved the initial annual award program (Award) under the LTIP on 17 August 2023 as follows:

- Award of 550,950 performance rights relating to the FY22 financial year. The number of rights to be granted have been determined using the face value of the award ($2,203,800) divided by the share price using the volume weighted average price (VWAP) during the 20-day period immediately after the issue of the FY22 results ($4.00). The performance rights will vest in August 2026 with EPS CAGR and average Return on Equity hurdles for the four year period ending 30 June 2026. Further information can be found in section 6.

The performance rights for Executive Directors included in the information above will be subject to shareholder approval at the Annual General Meeting.

The table below summarises the Executive LTI remuneration outcome for the FY22 Award. The Award for the Executive Directors' is to be approved at the upcoming Annual General Meeting. No accounting expense has been incurred by the Group in FY23 in relation to this Award as the performance rights were not approved at 30 June 2023. This table is unaudited.

Name	FY22 LTI Award** $'000
Wesley Maas*	180
Craig Bellamy	126
Tanya Gale*	81
Candice O'Neill	n/a

** Value of FY22 Award if awarded at 30 June 2022. The accounting value of the incentive will depend on the fair value of the performance right at Grant Date and may be higher or lower than the value shown.

The Remuneration and Nomination Committee will continue to review the effectiveness of all our incentive arrangements to ensure they align with shareholder and other stakeholder expectations and drive long term performance outcomes.

I invite you to review our full remuneration report set out in sections 1 – 7 below and welcome any feedback.

Yours faithfully

David Keir
Chair, Remuneration and Nomination Committee

MAAS GROUP HOLDINGS LIMITED
DIRECTOR'S REPORT
30 JUNE 2023

TABLE OF CONTENTS

The Directors present the Remuneration Report for the financial year ended 30 June 2023. This report forms part of the Directors' Report and has been prepared and audited in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and includes the Board of Directors.

1. KEY MANAGEMENT PERSONNEL (KMP)

The table below sets out the individuals considered to be KMP during FY2023

KMP

Directors	Position	Term as KMP
Stephen Bizzell	Non-Executive Chair	Full Financial Year
Wesley Maas	Managing Director and Chief Executive Officer	Full Financial Year
Stewart Butel	Non-Executive Director	Full Financial Year (Resigned 31 July 2023)
Michael Medway	Non-Executive Director	Full Financial Year
David Keir	Non-Executive Director	Full Financial Year
Tanya Gale	Executive Director, Corporate Development	Appointed 13 October 2022
Neal O'Connor	Non-Executive Director	Resigned 1 August 2022
Executives		
Craig G Bellamy	Chief Financial Officer and Company Secretary	Full Financial Year
Candice O'Neill	Company Secretary and General Counsel	Appointed 17 October 2022

2. REMUNERATION FRAMEWORK

The broad objective of Maas Group's remuneration framework is to ensure reward for performance which is competitive and appropriate for the results delivered. The framework aligns remuneration outcomes with the achievement of strategic objectives and the creation of long-term value for shareholders and other stakeholders.

Our Vision: To deliver market leading property, construction, and infrastructure solutions by:
- Delivering on customer solutions
- Empowering our team
- Harnessing our culture
- Being the lowest cost producer

Our Values:
- **Trust** – only earned through action
- **Teamwork** – focussed on safety and solutions
- **Commitment** – delivering on commitments to customers
- **Leadership** – the courage to strive for excellence
- **Candour** – transparent conversation to get it right
- **Ownership** – empowered to get it done and be accountable for the results

Guiding principles for the Groups remuneration
- **Performance expectations** – accountability through clear financial and non-financial goals
- **Shareholder alignment** – culture of care and commitment with employees incentivised to act as owners and the interest of shareholders and staff are aligned over the long term
- **Focus on long term equity incentive** – at risk, equity-based incentives for senior staff prioritising long term performance

2.1. REMUNERATION GOVERNANCE

The Board of Directors is responsible for approving the Group's remuneration framework, monitoring and managing the performance of the CEO, Executives and management, and approving and managing succession plans.

The Remuneration and Nomination Committee assists and advises the Board of Directors in fulfilling its responsibilities to shareholders and other stakeholders by ensuring that the Group has remuneration policies that:

- attract, retain and motivate high quality Directors, Executives and management who will generate value for shareholders;
- are fair and reasonable, having regard to the performance of the Group and the individual;
- are market competitive based on role, location and industry;
- are aligned to the Board's vision, values and overall business objectives;
- motivate the CEO, Executives and management team to pursue long term growth and success of the Group; and
- demonstrate a clear relationship between the achievement of the Group's strategic objectives and performance of the CEO, Executives and management.

The Remuneration and Nomination Committee may seek professional advice from employees of the Group and from appropriate external advisors at the Group's cost.

2.2. NON-EXECUTIVE DIRECTOR REMUNERATION

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role.

Non-Executive Directors fees and payments are reviewed annually by the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-Executive directors do not receive share options or other performance-based incentives.

The maximum aggregate amount which has been approved by the shareholders for payments to the Directors is $750,000 per annum, determined at the Annual General Meeting held on 21 October 2020.

The table below sets out the fees for Non-Executive Directors which are inclusive of superannuation. The committee fees reflect the additional time commitment required for the committees on which the Non-Executive Board member serves.

Base Fees		Annual Fees ($'000)
Chairman Non-Executive Director		$100
Independent Non-Executive Director		$65
Additional Committee Fees	**Chair ($'000)**	**Member ($'000)**
Audit & Risk Committee	$5	$5
Remuneration & Nomination Committee	$5	$5
Health, Safety & Environment Committee	$5	$5
Related Party Committee	$5	$5

The remuneration of Non-Executive Directors for the year ended 30 June 2023 is detailed in section 7.2 of this report.

2.3. EXECUTIVE REMUNERATION

The Group's remuneration policies aim to reward Executives based on their position, level of responsibility and individual performance. The remuneration structure includes both fixed and variable components as set out in the following table:

Component	Purpose	Approach
Fixed Remuneration	Attract and retain high quality, talented Executives by providing a market competitive and fair remuneration.	Consists of base cash salary, superannuation, leave entitlements and other non-cash benefits. Market benchmarking and annual review based on individual performance.
At risk short-term incentive (STI)	Incentivise Executives to achieve annual financial and non-financial KPI's linked to the Groups strategic plan and annual business objectives and priorities.	Award in cash based on an assessment of performance over the preceding year by reference to Group performance against annual financial targets and individual performance KPI's. The STI target is a fixed % of base salary and award can range from 0% to 100% of target.
At risk long-term incentive (LTI)	Align Executive and other key management accountability and remuneration with the long-term interests of shareholders and other stakeholders by rewarding sustained Group performance over the long term.	Award of Performance Rights based on the annual EBIT performance of the preceding year. The Performance Rights vest after four years, subject to achieving objective financial performance hurdles and continuity of service by the participant. The LTI can be delivered in ordinary shares or cash and is aligned to delivering ongoing returns for shareholders.

The remuneration of Executives and STI and LTI outcomes for the year ended 30 June 2023 are summarised in sections 5 – 6 and section 7.1 below. Base salaries below are for the year ended 30 June 2023 and are reviewed annually by the Remuneration and Nomination committee.

3. EMPLOYMENT CONTRACTS

Key terms of employment contracts of Executives are presented in the table below:

Name	Position	Contract Duration	Notice Period	Termination Payment
Wesley Maas	Chief Executive Officer	Unlimited	Twelve Months	Six Months
Craig Bellamy	Chief Financial Officer and Company Secretary	Unlimited	Six Months	Six Months
Tanya Gale	Executive Director, Corporate Development	Unlimited	Three Months	Three Months
Candice O'Neill	Company Secretary and General Counsel	Unlimited	Three Months	Three Months

4. COMPANY PERFORMANCE AND REMUNERATION OUTCOME

The Group aims to align its Executive remuneration to its strategic and business objectives and the creation of shareholder value. The table below summarises the performance indicators of the Group over the last five years.

FY23 marked the twenty-year anniversary since Wes Maas first established operations in Dubbo. Despite the challenging operating environment, the Group delivered another year of strong earnings growth.

	FY23 $'000	FY22 $'000	FY21 $'000	FY20 $'000	FY19 $'000
Sales Revenue (Statutory)	805,324	517,121	277,562	193,440	39,076
Sales Revenue (Proforma)	801,000	539,095	283,400	221,800	192,000
Proforma Earnings Before Interest Tax and Depreciation (EBITDA)	163,134	125,130	75,907	64,655	50,000
Proforma Earnings Before Interest and Tax (EBIT)	119,966	94,195	59,807	49,855	35,700
Net Profit After Income Tax (Statutory)	65,455	61,562	34,569	20,694	9,220
Net Profit After Income Tax (Proforma)	68.917	61.199	39,607	32,454	21,500
Return on Equity (Statutory)	12%	17%	20%	24%	17%
Dividends Declared (cents per share)	6.0	5.5	5.0	n/a	n/a
Dividends Paid (cents per share)	6.5	5.0	2.0	n/a	n/a
Share Price at Year End ($ per share)*	2.65	3.63	5.60	n/a	n/a
Basic Earnings Per Share (cents per share)	20.66	21.42	14.37	10.10	n/a
Diluted Earnings Per Share (cents per share)	20.38	21.26	14.33	10.10	n/a
Basic Earnings Per Share (Proforma, cents per share)	21.75	21.29	16.42	15.84	n/a
Performance Based Incentives to KMP	113	114	-	-	-

* The company's shares first traded on the ASX on 4 December 2020 after the successful completion of its IPO. Accordingly, no share price information has been provided prior to the 2021 financial year.

The above table includes non-IFRS earnings measures. These are defined in the Directors' report and in section 6 below.

5. EXECUTIVE FY2023 SHORT TERM INCENTIVE (STI) OUTCOMES

STIs for Executives are based on the achievement of annual financial and non-financial KPI's linked to the Group's strategic plan and annual business objectives and priorities.

The table below sets out the Executive STI outcomes for FY2023:

	STI maximum opportunity		STI Outcome	
	%	$	%	$
Wesley Maas	20%	72,000	-	-
Craig Bellamy	20%	72,000	80%	57,600
Tanya Gale	20%	54,000	80%	43,200
Candice O'Neill*	10%	14,000	90%	12,462

Wesley Maas elected to not receive a STI this year. The STI outcomes for Craig Bellamy, Tanya Gale and Candice O'Neill were measured based on a weighted approach. This approach considered the Groups financial performance in FY23 against budgets, execution of agreed personal objectives, culture fostered within teams, retention of key staff and ability to execute a lean management strategy.

* Candice O'Neill achieved 90% of pro-rated STI from commencement date (17 October 2022) to 30 June 2023.

6. EXECUTIVE LONG-TERM INCENTIVE (LTI) OUTCOMES

LTI's for Executives are based on a profit share allocation of Earnings Before Interest and Tax (EBIT) for the preceding financial year. The initial allocation (Award) is based on a percentage of the participants base salary and is designed to grow over time as the Group's earnings grow. The annual Award is based on the Group's actual EBIT against Target EBIT (100%) with adjustments for Threshold (70%) and Maximum (130%). The Board will set Target EBIT annually as part of the Group's budget process.

The LTI is issued as Performance Rights with financial performance hurdles tested over the four-year period post allocation.

The table below sets out the key components of the LTI structure for Executives:

Who is Eligible to Participate?	• Invitation program for Executive KMP and other executives and managers in the Group. Invitation is annual and participants must exhibit the Group core values. •
What is the LTI Structure?	• Annual award of Performance Rights linked to the underlying MGH securities. • The Performance Rights do not receive distributions or voting until vesting.
Award Value	• Based on a profit pool allocation of EBIT for preceding financial year • Maximum annual profit share pool for all KMP and non KMP participants 5% of annual EBIT. • Individual allocation determined based on starting % of base salary (17.5% – 50%) which can grow over time as the Group's earnings grow.
How are the number of Performance Rights Issued determined?	• The number of Performance Rights allocated are calculated as the Award Value divided by the Share Price • The Share Price is determined using the volume weighted average share price (VWAP) during the 20-day period immediately after the issue of the annual financial statements.
What is the Vesting Period?	• The Performance Rights will vest four years post allocation, subject to meeting the Performance Hurdles and ongoing employment by the participant
What are the Performance Hurdles?	• Earnings Per Share – compound annual growth rate over the four financial years post Award. This is considered the underlying value driver for the Group and over the longer term should align with Total Shareholder Return (TSR) • Return on Equity – average over the four financial years post-award. Measure of the efficiency of the deployment of capital. • Hurdles are set to be challenging for management with a stretch component but without encouraging inappropriate risk taking.
What is the weighting of the performance hurdles	• 50% EPS hurdle • 50% Return on Equity
Can the hurdles be adjusted	• No (subject to ASX Listing Rule adjustments)
Participant Leaves	• If participant is a good leaver they will retain a portion of their unvested Performance Rights, pro-rated for time served and subject performance testing.
Change of Control	• The Board retains discretion in the unlikely event of change of control.

On 17 August 2023 the Board approved the LTI Award for FY22, noting that the LTI Award of the CEO and other Executive Board members are subject to shareholder approval at the AGM.

The key elements of the FY22 Award is set out in the following table. The EPS CAGR and Return on Equity range are for the purposes of testing criteria for vesting of Performance Rights. The range does not constitute earnings guidance for the Group. Further definition of key criteria relevant for measuring the LTIP will be provided in the financial year in which performance rights are granted.

Element	FY22 Award
Share Price to set # Performance Rights	$4.00 – 20 day (VWAP 18 August 2022 to 14 September 2022)
EPS CAGR	50% Weighting Threshold 7.5% Maximum 12.5%
Average Return on Equity	50% Weighting Threshold 15% Maximum 20%
Grant Date	AGM CEO / Executive Directors subject to shareholder approval
Performance Testing	1 July 2023 to 30 June 2026
Vesting	31 August 2026
Expiry	29 August 2036

The Board will approve the calculation of the financial hurdles which will be based on reported results in the audited financial statements.

The reported earnings for the Group includes the fair value remeasurement of deferred equity consideration relating to acquisitions. This can result in earning fluctuations based on movements in MGH's share price (a decrease in share price results in a positive fair value adjustment, an increase in share price results in a negative fair value adjustment).

The Board considers that the fair value movements on deferred equity consideration do not reflect the underlying performance of the Group and will be normalised in the EPS CAGR and Return on Equity calculations for vesting testing, removing the impact of these adjustments.

The Board has considered the fair value remeasurement relating to development projects held for investment. While these movements are non-cash, the Board believes that they reflect the economic value added (or deducted) during the relevant reporting period in relation the development projects. As a result, the fair value remeasurement on developments held for investment will be included in the calculation of EPS CAGR and Return on Equity for vesting testing.

MAAS GROUP HOLDINGS LIMITED
DIRECTOR'S REPORT
30 JUNE 2023

7. STATUTORY DISCLOSURES

7.1. EXECUTIVE REMUNERATION

The table below sets out the Executive Remuneration of Maas Group

		Short Term			Post Employment	Long Term				
		Base Salary /Fees $'000	Short Term Incentive $'000	Other(i) $'000	Super-annuation $'000	Employee Benefits $'000	Equity Based Awards (ii)(iii) $'000	Total $'000	Fixed %	Perform-ance based %
Wesley Maas	**FY23**	360	-	-	27	-	-	387	100%	-%
	FY22	360	-	18	36	-	-	414	100%	-%
Craig Bellamy	**FY23**	360	58	22	27	-	-	467	88%	12%
	FY22	360	114	15	36	-	-	525	78%	22%
Tanya Gale	**FY23**	243	43	16	24	-	-	326	87%	13%
	FY22	-	-	-	-	-	-	-	-%	-%
Candice O'Neill	**FY23**	138	12	10	15	-	-	175	93%	7%
	FY22	-	-	-	-	-	-	-	-%	-%
Rem. Totals	**FY23**	1,101	202	48	93	-	-	1,355	92%	8%
	FY22	720	114	33	72	-	-	939	88%	12%

(i) Other includes the movement in annual leave and other non-monetary benefits.
(ii) Equity based Awards – accounting expense for share-based payments in accordance with AASB2, can be negative if an amount is reversed.
(iii) As the grant date for the FY2022 LTI Award is post 30th June 2023 no accounting expense has been recognised.

7.2. NON-EXECUTIVE DIRECTOR REMUNERATION

The table below sets out the Non-Executive Director Remuneration of Maas Group

		Short Term			Post Employment	Long Term				
		Base Salary/ fees $'000	Short Term Incentive $'000	Other $'000	Super-annuation $'000	Employee Benefits $'000	Equity Based Awards $'000	Total $'000	Fixed %	Perform-ance based %
Stephen Bizzell	**FY23**	90	-	-	10	-	-	100	100%	-%
	FY22	91	-	-	9	-	-	100	100%	-%
Stewart Butel	**FY23**	77	-	-	8	-	-	85	100%	-%
	FY22	77	-	-	8	-	-	85	100%	-%
Neil O'Connor	**FY23**	6	-	-	1	-	-	7	100%	-%
	FY22	77	-	-	8	-	-	85	100%	-%
Michael Medway	**FY23**	77	-	-	8	-	-	85	100%	-%
	FY22	74	-	-	7	-	-	81	100%	-%
David Keir	**FY23**	72	-	-	8	-	-	80	100%	-%
	FY22	55	-	-	5	-	-	60	100%	-%
Rem. Totals	**FY23**	323	-	-	35	-	-	357	100%	-%
	FY22	374	-	-	37	-	-	411	100%	-%

7.3. EXECUTIVE LTI PLAN OUTSTANDING PERFORMANCE RIGHTS

There were no performance rights outstanding as at 30 June 2023.

7.4. EQUITY MOVEMENTS

SHAREHOLDING

The number of shares in the MGH held during the financial year by each Non-Executive Director and Executive, including their personally related parties, is set out in the table below:

	1 July 2022	Sold	Purchased	Remuneration	Other Change(i)	30 June 2023
Non-Executive Directors						
Stephen Bizzell	685,979	-	62,742	-	-	748,721
Stewart Butel	61,376	-	1,658	-	-	63,034
Neal O'Connor	25,437	-	-	-	(25,437)	-
Michael Medway	285,640	-	253,011	-	-	538,651
David Keir	-	-	12,500	-	-	12,500
Total	**1,058,432**	**-**	**329,911**	**-**	**(25,437)**	**1,362,906**
Executives						
Wesley Maas	158,063,039	-	15,318,750	-	-	173,381,789
Craig G Bellamy	181,081	-	-	-	-	181,081
Tanya Gale	-	-	-	-	158,182	158,182
Candice O'Neill	-	-	-	-	-	-
Total	**158,244,120**	**-**	**15,318,750**	**-**	**158,182**	**173,721,052**
Total	**159,302,552**	**-**	**15,648,661**	**-**	**132,745**	**175,083,958**

(i) Balance of shares at time of commencing or ceasing to be a KMP

7.5. RELATED PARTY DISCLOSURES

RELATED PARTY TRANSACTIONS – WESLEY MAAS:

- Wesley Maas is a director of Property Maintenance Australia Pty Ltd (PMA). During the 2023 financial year, the consolidated entity engaged PMA to provide commercial flights to the consolidated entity's locations throughout Australia. Flights are charged at cost to the consolidated entity and the total charge for the 2023 financial year was $453,165 (2022: $175,872). The contract was based on normal terms and conditions. Amounts payable at 30 June 2023 to PMA totalled $54,678 (2022: $50,566).
- The consolidated entity leased premises from Emma Maas, the wife of Wesley Maas, on a short-term and ad-hoc basis. The rental charged during the year of $28,050 (2022: $28,600) was based on market rates.
- The consolidated entity leased premises from Yarrandale Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged during the year of $334,985 (2022: $318,482) was based on market rates.
- In May 2021, the consolidated entity leased premises from Maas Homebush Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged was based on market rates and commenced after a three-month rent-free period, which ended in July 2021. The rental charge during the 2023 financial year was $509,722 (2022: $491,549).
- During the 2023 financial year, Yarrandale Pty Ltd as trustee for the Yarrandale Investments Trust, W&E Maas Holdings Pty Limited as trustee for the Maas Family Trust, Regional Properties Australia Pty Limited as trustee for the Regional Properties Australia Unit Trust and Maas Homebush Pty Limited engaged the consolidated entity to consult on a property portfolio. Consulting Fees paid to the consolidated entity during the year totalled $61,821. An Income in advance liability existed for the consolidated entity at 30 June 2023 of $46,000 in relation to the above.

Prior Year:

- At the Company's AGM held on 9 November 2021, shareholder approval was obtained for MAAS Group Developments Pty Ltd, a wholly-owned subsidiary of the company, to exercise an option with MGFP Holdings Pty Limited as trustee for MGFP Unit Trust to acquire the current Liberal Site at a market value of $6,950,000. MGFP Holdings Pty Limited is jointly controlled by the parents of Wesley Maas and Emma Maas with the underlying beneficial and economic interest in the MGFP Unit Trust also jointly held by the parents of Wesley Maas and Emma Maas.
- At the Company's AGM held on 9 November 2021, shareholder approval was obtained for MAAS Group Developments Pty Ltd, a wholly-owned subsidiary of the company, to exercise an option with W&E Maas Holdings Pty Limited as trustee for the Maas Family Trust to purchase all of the shares in MAAS Group Properties Sheraton View Pty Limited at an exercise price of $100. On exercise of the option, Choice Investments (Dubbo) Pty Ltd (an entity controlled and/or associated with Wesley Maas), who paid the first and second instalments of the purchase price and all transaction costs in relation MAAS Group Properties Sheraton View Pty Limited's purchase of the Sheraton Site, was entitled to repayment of these amounts totalling $1,469,854. Wesley and Emma Maas are controlling shareholders of W&E Maas Holdings Pty Limited and beneficiaries of the Maas Family Trust.
- At the Company's AGM held on 9 November 2021, shareholder approval was obtained for MAAS Group Developments Pty Ltd, a wholly-owned subsidiary of the company, to purchase all of the shares in Maas Group Properties Bunglegumbie East Pty Ltd at a purchase price of $100. On completion of the share purchase, W&E Maas Holdings Pty Limited acting as trustee for the Maas Family Trust, who funded the deposit and all transaction costs in relation MAAS Group Properties Bunglegumbie East Pty Ltd's purchase of the Bunglegumbie Site, was entitled to repayment of these amounts totalling $158,371. Wesley and Emma Maas are controlling shareholders of W&E Maas Holdings Pty Limited and beneficiaries of the Maas Family Trust.
- During the 2022 financial year, the consolidated entity recovered expenses of $1,786 from Choice Investments Dubbo Pty Ltd, an entity controlled and/or associated with Wesley Maas.

RELATED PARTY TRANSACTIONS – STEPHEN BIZZELL:

- In December 2022 the consolidated entity engaged Centec Securities Pty Ltd (Centec) to execute share buy back orders announced to the market in that month. Centec is wholly owned indirectly by Stephen Bizzell, and Stephen is the sole director. During the year Centec executed the buy back of 1,581,253 MGH shares and charged the consolidated entity $3,203 in brokerage. Brokerage payable at 30 June 2023 was $49 for a share buy back executed 29 June 2023 and settled with MGH 3 July 2023.

RELATED PARTY TRANSACTIONS – MICHAEL MEDWAY:

- Michael Medway provided consultancy services to the consolidated entity under usual commercial terms. Services included due diligence services with respect to acquisitions of businesses and or assets. The value of the services provided in 2023 was nil (2022: $79,000).

Aggregate amounts of each of the above types of other transactions with key management personnel of MAAS Group Holdings Limited:

	Consolidated 2023 $	Consolidated 2022 $
Amounts recognised as revenue:		
Other revenue:		
Consulting fee income received from entity controlled by key management personnel	15,821	-
Amounts recognised as an expense:		
Payment for goods and services:		
Advisory services – acquisitions	-	79,000
Rent	872,757	838,631
Travel	453,165	175,872
	1,325,922	**1,093,503**
Other transactions:		
Brokerage paid to entity controlled by key management personnel	3,203	-
Costs recovered from related party	-	1,786
Unsubscribed DRP shares underwritten by companies associated with the CEO	-	3,986,640

	Consolidated 2023 $	Consolidated 2022 $
Amounts recognised as assets and liabilities:		
At the end of the reporting period the following aggregate amounts were recognised in relation to the above transactions:		
Current liabilities (amounts payable)	100,727	138,556

This concludes the remuneration report.

SHARES UNDER OPTION

There were no unissued ordinary shares of MAAS Group Holdings Limited under option outstanding at the date of this report.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of MAAS Group Holdings Limited under performance rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	Number under rights
23/12/2021	23/12/2022	$0.00	18,868
23/12/2021	23/12/2023	$0.00	18,868
30/06/2022	22/03/2023	$0.00	8,696
30/06/2022	22/03/2024	$0.00	8,696
30/06/2022	22/03/2025	$0.00	8,696
30/06/2022	22/03/2026	$0.00	8,695
30/06/2022	22/03/2027	$0.00	8,695
30/06/2022	30/06/2023	$0.00	33,271
30/06/2022	30/06/2024	$0.00	33,271
30/06/2022	30/06/2025	$0.00	33,271
			181,027

Those granted a performance right, upon vesting, are entitled to receive one ordinary share per performance right held. Performance rights that have vested but have not yet been issued are included above as these have not expired as at the dare of this report. For further information regarding the issuance and mechanics of the performance rights, refer to note 42 *Share-based payments*.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of MAAS Group Holdings Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

There were no ordinary shares of MAAS Group Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

INDEMNITY AND INSURANCE OF DIRECTORS, OFFICERS OR AUDITOR

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

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

During the financial year the company paid a premium to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in a capacity of Director other than conduct involving a wilful breach of duty in relation to the Group. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and the amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors

Stephen G Bizzell	Wesley J Maas
Chairman	Managing Director and Chief Executive Officer

17 August 2023
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF MAAS GROUP HOLDINGS LIMITED

As lead auditor of MAAS Group Holdings Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MAAS Group Holdings Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 17 August 2023

MAAS GROUP HOLDINGS LIMITED
CONTENTS
30 JUNE 2023

MAAS GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
REVENUE	**5**	**805,324**	**517,121**
Share of (losses)/profits of associates accounted for using the equity method	15	(11)	761
Other income	6	7,438	9,689
Interest revenue		521	45
Net fair value gain on investment properties	6	30,494	18,843
EXPENSES			
Purchases of raw materials and consumables used and changes in inventories	12	(389,375)	(248,358)
Employee benefits expense		(164,600)	(97,679)
Amortisation expense	18	(7,515)	(4,892)
Depreciation expense	17	(35,745)	(25,677)
Transaction costs relating to business combinations		(3,317)	(3,122)
Legal, audit, accounting and consultants		(4,911)	(3,255)
Motor vehicle and plant expenses		(41,033)	(20,618)
Insurance and registration		(6,174)	(6,751)
Repairs and maintenance		(36,897)	(24,960)
Rent - property and equipment short-term and low-value leases		(5,873)	(1,230)
Travel and accommodation		(6,258)	(3,139)
Other expenses		(25,876)	(12,029)
Finance costs	7	(21,849)	(7,178)
PROFIT BEFORE INCOME TAX EXPENSE		**94,343**	**87,571**
Income tax expense	8	(28,440)	(26,009)
PROFIT AFTER INCOME TAX EXPENSE FOR THE YEAR		**65,903**	**61,562**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		484	861
Other comprehensive income for the year, net of tax		484	861
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**66,387**	**62,423**
Profit for the year is attributable to:			
Non-controlling interest		448	-
Owners of MAAS Group Holdings Limited	27	65,455	61,562
		65,903	**61,562**
Total comprehensive income for the year is attributable to:			
Non-controlling interest		448	-
Owners of MAAS Group Holdings Limited		65,939	62,423
		66,387	**62,423**
		Cents	Cents
Basic earnings per share	41	20.66	21.42
Diluted earnings per share	41	20.38	21.26

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

MAAS GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	69,369	52,452
Trade and other receivables	10	128,229	84,692
Contract assets	11	33,940	26,785
Inventories	12	104,442	87,895
Non-current assets classified as held for sale	13	2,000	-
Other assets	14	11,031	13,799
Total current assets		**349,011**	**265,623**
Non-current assets			
Inventories	12	145,245	77,599
Investments accounted for using the equity method	15	8,750	8,761
Investment properties	16	226,761	124,600
Property, plant and equipment	17	508,924	323,225
Intangibles	18	178,144	137,160
Deferred tax asset	8	27,008	11,985
Total non-current assets		**1,094,832**	**683,330**
Total Assets		**1,443,843**	**948,953**
LIABILITIES			
Current liabilities			
Trade and other payables	19	119,831	67,411
Contract liabilities	20	14,543	19,979
Borrowings and lease liabilities	21	52,065	57,908
Income tax	8	8,602	1,162
Employee benefits	22	10,005	7,273
Provisions	23	13,036	3,434
Other - deferred consideration payable		-	1,261
Total current liabilities		**218,082**	**158,428**
Non-current liabilities			
Borrowings and lease liabilities	21	493,141	272,231
Deferred tax liability	8	76,641	48,509
Employee benefits	22	1,041	499
Provisions	23	25,646	13,335
Total non-current liabilities		**596,469**	**334,574**
Total Liabilities		**814,551**	**493,002**
Net Assets		**629,292**	**455,951**

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

MAAS GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Consolidated	
		2023	2022
	Note	$'000	$'000
EQUITY			
Issued capital	24	550,778	432,530
Other equity	25	9,759	3,354
Reserves	26	(106,117)	(107,556)
Retained profits	27	172,459	127,623
Equity attributable to the owners of MAAS Group Holdings Limited		**626,879**	**455,951**
Non-controlling interest		**2,413**	-
TOTAL EQUITY		**629,292**	**455,951**

Refer to note 37, *Business combinations*, for details of the restatement of the comparative period for finalisation of provisional accounting for a business combination.

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

MAAS GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED	Issued capital $'000	Other equity $'000	Reserves $'000	Retained profits $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021	279,635	3,354	(109,186)	80,597	-	254,400
Profit after income tax expense for the year	-	-	-	61,562	-	61,562
Other comprehensive income for the year, net of tax	-	-	861	-	-	861
Total comprehensive income for the year	**-**	**-**	**861**	**61,562**	**-**	**62,423**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 24)	152,895	-	-	-	-	152,895
Share-based payments (note 42)	-	-	769	-	-	769
Dividends paid (note 28)	-	-	-	(14,536)	-	(14,536)
Balance at 30 June 2022	**432,530**	**3,354**	**(107,556)**	**127,623**	**-**	**455,951**

CONSOLIDATED	Issued capital $'000	Other equity $'000	Reserves $'000	Retained profits $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022	432,530	3,354	(107,556)	127,623	-	455,951
Profit after income tax expense for the year	-	-	-	65,455	448	65,903
Other comprehensive income for the year, net of tax	-	-	484	-	-	484
Total comprehensive income for the year	**-**	**-**	**484**	**65,455**	**448**	**66,387**
Transactions with owners in their capacity as owners:						
Net contributions of equity, net of transaction costs (note 24)	114,894	-	-	-	-	114,894
Share-based payments (note 42)	-	-	955	-	-	955
Non-controlling interests on acquisition of subsidiary (note 37)	-	-	-	-	1,965	1,965
Deferred consideration (note 25)	-	9,759	-	-	-	9,759
Deferred consideration - shares issued (note 24 and note 25)	3,354	(3,354)	-	-	-	-
Dividends paid (note 28)	-	-	-	(20,619)	-	(20,619)
Balance at 30 June 2023	**550,778**	**9,759**	**(106,117)**	**172,459**	**2,413**	**629,292**

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

MAAS GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		845,931	536,271
Payments to suppliers and employees (inclusive of GST)		(695,191)	(440,487)
Interest received		521	45
Interest and other finance costs paid		(21,109)	(6,213)
Income taxes paid		(16,493)	(11,708)
Net cash from operating activities before payments for land inventory (inclusive of GST)		113,659	77,908
Payments for land inventory (inclusive of GST)		(111,095)	(70,457)
Net cash from operating activities	40	2,564	7,451
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of businesses, net of cash acquired	37	(145,073)	(96,314)
Payments for investment property		(65,428)	(66,218)
Payments for property, plant and equipment		(82,158)	(59,104)
Payments for intangibles		(111)	-
Payments for deposits		(464)	(792)
Proceeds from disposal of investment properties		2,147	3,000
Proceeds from disposal of property, plant and equipment		23,486	9,003
Net cash used in investing activities		(267,601)	(210,425)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	24	115,005	94,653
Proceeds from borrowings	40	287,486	225,966
Repayment of borrowings	40	(86,302)	(62,627)
Payment of lease liabilities	40	(8,264)	(13,312)
Payment for contingent and deferred consideration (long term)	40	(1,901)	(1,323)
Share buy-back	24	(4,166)	-
Share issue transaction costs	24	(792)	(1,509)
Dividends paid		(19,112)	(4,418)
Net cash from financing activities		281,954	237,430
Net increase in cash and cash equivalents		16,917	34,456
Cash and cash equivalents at the beginning of the financial year		52,452	17,996
Cash and cash equivalents at the end of the financial year	9	**69,369**	**52,452**

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

MAAS GROUP HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

NOTE 1. GENERAL INFORMATION

The financial statements cover MAAS Group Holdings Limited as a consolidated entity consisting of MAAS Group Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is MAAS Group Holdings Limited's functional and presentation currency.

MAAS Group Holdings Limited is an ASX listed company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in note 4 - Operating Segments.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 August 2023. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these standards and interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

HISTORICAL COST CONVENTION

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets at fair value through profit or loss, and investment properties. Assets held for sale are measured at fair value less costs of disposal, with the exception of investment property held for sale which is measured at fair value.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 36.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MAAS Group Holdings Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. MAAS Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries in a business combination is accounted for using the acquisition method of accounting - refer note 37. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars ($), which is MAAS Group Holdings Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

FINANCIAL INSTRUMENTS

Investments and other financial assets

Classification

The consolidated entity classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the consolidated entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the consolidated entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The consolidated entity reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Measurement of cash and cash equivalents and trade and other receivables are measured at amortised cost.

Cash and cash equivalents

Refer to note 9.

Debt instruments

Subsequent measurement of debt instruments depends on the consolidated entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the consolidated entity classifies its debt instruments:
- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The consolidated entity subsequently measures all equity investments at fair value. The consolidated entity measures its investments in equity instruments at FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment

The consolidated entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

FINANCE COSTS

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. The capitalisation rate used to determine the amount of finance costs to be capitalised to qualifying assets is the weighted average interest rate applicable to the entity's borrowings during the period.

Finance costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and certain exchange differences arising from foreign currency borrowings.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment for trade receivables and contract assets requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. Refer to note 10 for further information.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. There was no material adjustment required to the estimated useful lives of any assets during the financial year (2022: no adjustment).

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 18 for further information.

Investment properties

Investment properties are revalued annually by independent professional valuers or periodically at Directors' valuation. The critical inputs underlying the estimated fair value of investment properties are contained in note 30. Any change in these inputs may impact the fair value of the investment properties.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions using information available at the reporting date.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Business Combinations

(i) Deferred consideration and contingent consideration
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. Contingent consideration included in Provisions (note 23), is measured at fair value and has been estimated using present value techniques by discounting the probability-weighted estimated cashflows. The future cashflows are contingent on certain hurdles being met in the future and where contingent consideration includes a variable number of shares, the contingent liability fair value is affected by the fluctuations in the company's share price (on date of acquisition and each reporting date). The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 *Business Combinations*. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the fair value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the deferred consideration liability resulting from the passage of time is recognised as a finance cost.

(ii) Fair value of net assets acquired
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. Refer to note 37 for further information.

Rehabilitation provisions

Restoration provisions are based on estimates of the future cost to rehabilitate currently disturbed areas. Future costs associated with dismantling and removing assets as well as restoring sites to the required condition under permit, requires assumptions of removal and closure dates, application of environmental legislation, available technologies, regulatory requirements, cost inflation and consultant cost estimates.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

During the current financial year, following significant growth in the commercial real estate operations, management split the Real Estate segment into two segments: residential and commercial. The current reportable segments are: Residential Real Estate; Commercial Real Estate; Civil, Construction and Hire; Manufacturing; and Construction Materials. The 30 June 2022 comparatives have been restated to reflect these changes. The reportable segments of the business are as follows:

NOTE 4. OPERATING SEGMENTS (CONTINUED)

SEGMENT	DESCRIPTION OF SEGMENT
1. Residential Real Estate	Develops, invests, builds and sells residential land and housing
2. Commercial Real Estate	Commercial Construction: builds and constructs commercial developments Commercial Development and Investment: delivers commercial property and industrial developments, and investing in commercial real estate
3. Civil, Construction and Hire	Civil Construction: civil infrastructure construction, roads, dams and mining infrastructure Plant Hire and Sales: above and underground plant hire for major infrastructure and tunnelling projects Electrical Services: electrical infrastructure, communications and specialised services
4. Manufacturing	Manufacturing, sales and distribution of underground construction and mining equipment and parts
5. Construction Materials	Quarries: supply of quarry materials and concrete to construction projects Crushing and Screening: mobile crushing and screening for quarries, civil works and mining Geotechnical services Asphalt Services
Other	This includes corporate

The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

At the operating segment level the CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Major customers

For the years ended 30 June 2023 and 30 June 2022, there was no customer who contributed more than 10% to the consolidated entity's revenue.

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Operating segment information

Consolidated 2023	Residential Real Estate $'000	Commercial Real Estate $'000	Civil, Construction and Hire $'000	Manu-facturing $'000	Construction Materials $'000	Other $'000	Eliminations and Adjustments $'000	Total $'000
Revenue								
Sales to external customers	89,025	115,393	334,358	29,933	220,609	-	-	789,318
Intersegment sales	-	15,574	35,342	-	6,901	-	(57,817)	-
Total sales revenue	**89,025**	**130,967**	**369,700**	**29,933**	**227,510**	**-**	**(57,817)**	**789,318**
Other revenue	642	7,251	2,774	637	4,543	159	-	16,006
Interest revenue	14	11	45	14	6	431	-	521
Total revenue	**89,681**	**138,229**	**372,519**	**30,584**	**232,059**	**590**	**(57,817)**	**805,845**
Adjusted EBITDA*	**12,832**	**41,713**	**68,723**	**4,102**	**52,742**	**(15,889)**	**(598)**	**163,625**
Depreciation and amortisation	(14)	(798)	(21,542)	(639)	(19,314)	(953)	-	(43,260)
Adjusted EBIT*	**12,818**	**40,915**	**47,181**	**3,463**	**33,428**	**-16,842**	**(598)**	**120,365**
Interest revenue	14	11	45	14	6	431	-	521
Finance costs	(770)	(310)	(2,767)	(360)	(2,283)	(15,359)	-	(21,849)
Transaction costs relating to business combinations	-	-	(6)	-	-	(3,311)	-	(3,317)
Other non-recurring expenses	-	-	-	-	-	(1,377)	-	(1,377)
Profit/(loss) before income tax expense	**12,062**	**40,616**	**44,453**	**3,117**	**31,151**	**(36,458)**	**(598)**	**94,343**
Income tax expense								(28,440)
Profit after income tax expense								**65,903**
Assets								
Segment assets	212,827	316,848	363,047	57,624	468,433	30,751	(5,687)	1,443,843
Total assets								**1,443,843**
Total assets includes:								
Investments in associates	8,750	-	-	-	-	-	-	8,750
Acquisition of non-current assets	34,751	59,637	76,481	1,076	210,486	-	(1,154)	381,277
Liabilities								
Segment liabilities	33,050	58,610	173,644	11,849	159,461	378,141	(204)	814,551
Total liabilities								**814,551**

* Adjusted EBITDA and Adjusted EBIT excludes effects of significant items of income and expenditure which may have an impact on the quality of earnings such as bargain purchases from business combinations, transaction costs relating to business combinations, and other non-recurring expenses.

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Consolidated - 2022	Residential Real Estate $'000	Commercial Real Estate $'000	Civil, Construction and Hire $'000	Manu-facturing $'000	Construction Materials $'000	Other $'000	Eliminations and Adjustments $'000	Total $'000
Revenue								
Sales to external customers	99,961	61,115	221,273	19,462	108,082	-	-	509,893
Intersegment sales	-	6,533	30,560	317	6,481	-	(43,891)	-
Total sales revenue	**99,961**	**67,648**	**251,833**	**19,779**	**114,563**	**-**	**(43,891)**	**509,893**
Other revenue	177	2,585	440	(2)	4,028	-	-	7,228
Interest revenue	12	1	2	23	7	-	-	45
Total revenue	**100,150**	**70,234**	**252,275**	**19,800**	**118,598**	**-**	**(43,891)**	**517,166**
Adjusted EBITDA*	**29,238**	**24,004**	**49,782**	**1,791**	**27,331**	**(1,933)**	**(1,409)**	**128,804**
Depreciation and amortisation	(6)	(348)	(17,930)	(1,432)	(11,170)	(2)	319	(30,569)
Adjusted EBIT*	**29,232**	**23,656**	**31,852**	**359**	**16,161**	**(1,935)**	**(1,090)**	**98,235**
Interest revenue	12	1	2	23	7	-	-	45
Finance costs	(514)	(15)	(1,786)	(403)	(1,192)	(3,268)	-	(7,178)
Transaction costs relating to business combinations	-	-	(8)	-	(253)	(2,861)	-	(3,122)
Other non-recurring expenses	-	-	-	-	-	(409)	-	(409)
Profit/(loss) before income tax expense	**28,730**	**23,642**	**30,060**	**(21)**	**14,723**	**(8,473)**	**(1,090)**	**87,571**
Income tax expense								(26,009)
Profit after income tax expense								**61,562**
Assets								
Segment assets	151,633	183,037	308,906	47,312	236,283	24,429	(2,647)	948,953
Total assets								**948,953**
Total assets includes:								
Investments in associates	8,761	-	-	-	-	-	-	8,761
Acquisition of non-current assets	63,545	116,134	70,546	115	82,114	-	(777)	331,677
Liabilities								
Segment liabilities	51,251	39,163	126,715	13,061	72,832	187,822	2,158	493,002
Total liabilities								**493,002**

* Adjusted EBITDA and Adjusted EBIT excludes effects of significant items of income and expenditure which may have an impact on the quality of earnings such as bargain purchases from business combinations, transaction costs relating to business combinations, and other non-recurring expenses.

Geographical information

For the financial year ended 30 June 2023, revenue from external customers attributed to foreign countries amounted to $27.759m (30 June 2022: $9.137m). This related to the sales of underground equipment and toll manufacturing from the Manufacturing segment. Countries where revenue from the sale of underground equipment directly and through international distribution networks included Mongolia, Indonesia, Papua New Guinea and New Zealand. No revenues attributed to an individual foreign country is material.

The total non-current assets, other than financial instruments and deferred tax assets, located in Australia amounted to $1,054.412m (2022 - $657.620m) and non-current assets located in foreign countries (Vietnam and Indonesia) amounted to $9.062m (2022 - $9.554m). No non-current assets in an individual foreign country are material.

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTE 5. REVENUE

	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue from contracts with customers		
Construction - civil infrastructure (i)	142,857	63,384
Construction - residential (i)	52,069	38,291
Construction - commercial (i)	92,230	49,779
Electrical service (i)	71,911	47,989
Repairs (i)	1,038	1,886
Sale of goods - plant, equipment, parts, building materials, road-base, concrete and asphalt (ii)	308,584	171,762
Land development and resale (ii)	36,986	64,685
Geotechnical services (ii)	23,227	19,374
	728,902	**457,150**
Other revenue		
Equipment and machinery hire	60,416	52,743
Rent	5,664	2,164
Other revenue	10,342	5,064
	76,422	**59,971**
Revenue	**805,324**	**517,121**

Disaggregation of revenue

The consolidated entity derives revenue from the transfer of goods and services over time and at a point in time for all major revenue sources indicated above. Revenue from contracts with customers is derived from the sale of goods and services to global customers located in countries including Australia, Vietnam, Indonesia, Mongolia, Papua New Guinea and New Zealand. Management does not review revenue by country. Refer to note 4 for disaggregation of revenue by geographical region.

(i) Revenue recognised over time
(ii) Revenue recognised at a point in time

NOTE 5. REVENUE(CONTINUED)

Included in the following tables are reconciliations of the disaggregated revenue and other income with the consolidated entity's reportable segments (refer note 4).

2023	Residential Real Estate $'000	Commercial Real Estate $'000	Civil, Construction and Hire $'000	Manu-facturing $'000	Construction Materials $'000	Other $'000	Eliminations and Adjustments $'000	Total $'000
Construction - civil infrastructure	-	-	170,242	-	-	-	(27,385)	142,857
Construction - residential	52,069	-	-	-	-	-	-	52,069
Construction - commercial	-	99,501	-	-	-	-	(7,271)	92,230
Electrical service	-	-	85,969	-	-	-	(14,058)	71,911
Repairs	-	-	1,038	-	-	-	-	1,038
Sale of goods - plant, equipment, parts, building materials, road-base, concrete and asphalt	-	31,436	54,562	29,933	198,335	-	(5,682)	308,584
Land development and resale	36,956	30	-	-	-	-	-	36,986
Geotechnical services	-	-	-	-	24,446	-	(1,219)	23,227
Revenue from contracts with customers	89,025	130,967	311,811	29,933	222,781	-	(55,615)	728,902
Equipment and machinery hire	-	-	57,889	-	4,729	-	(2,202)	60,416
Total sales revenue per segment	**89,025**	**130,967**	**369,700**	**29,933**	**227,510**	**-**	**(57,817)**	**789,318**

2023	Residential Real Estate $'000	Commercial Real Estate $'000	Civil, Construction and Hire $'000	Manu-facturing $'000	Construction Materials $'000	Other $'000	Eliminations and Adjustments $'000	Total $'000
Other revenue	642	7,251	60,663	637	9,272	159	(2,202)	76,422
Equipment and machinery hire disclosed in sales revenue per segment	-	-	(57,889)	-	(4,729)	-	2,202	(60,416)
Total other revenue per segment	**642**	**7,251**	**2,774**	**637**	**4,543**	**159**	**-**	**16,006**
Revenue	**89,667**	**138,218**	**372,474**	**30,570**	**232,053**	**159**	**(57,817)**	**805,324**

NOTE 5. REVENUE (CONTINUED)

	Residential Real Estate $'000	Commercial Real Estate $'000	Civil, Construction and Hire $'000	Manu-facturing $'000	Construction Materials $'000	Eliminations and adjustments $'000	Total $'000
2022							
Construction - civil infrastructure	-	-	91,131	-	-	(27,747)	63,384
Construction - residential	38,291	-	-	-	-	(15,202)	23,089
Construction - commercial	-	56,312	-	-	-	8,669	64,981
Electrical service	-	-	47,989	-	-	-	47,989
Repairs	-	-	1,886	-	-	-	1,886
Sale of goods - plant, equipment, parts, building materials, road-base, concrete and asphalt	-	8,321	57,285	19,779	94,427	(8,050)	171,762
Land development and resale	61,670	3,015	-	-	-	-	64,685
Geotechnical services	-	-	-	-	19,374	-	19,374
Revenue from contracts with customers	99,961	67,648	198,291	19,779	113,801	(42,330)	457,150
Equipment and machinery hire	-	-	53,542	-	762	(1,561)	52,743
Total sales revenue per segment	**99,961**	**67,648**	**251,833**	**19,779**	**114,563**	**(43,891)**	**509,893**

	Residential Real Estate $'000	Commercial Real Estate $'000	Civil, Construction and Hire $'000	Manu-facturing $'000	Construction Materials $'000	Eliminations and adjustments $'000	Total $'000
2022							
Other revenue	177	2,585	53,982	(2)	4,790	(1,561)	59,971
Equipment and machinery hire disclosed in sales revenue per segment	-	-	(53,542)	-	(762)	1,561	(52,743)
Total other revenue per segment	**177**	**2,585**	**440**	**(2)**	**4,028**	**-**	**7,228**
Revenue	**100,138**	**70,233**	**252,273**	**19,777**	**118,591**	**(43,891)**	**517,121**

ACCOUNTING POLICY FOR REVENUE RECOGNITION

Construction - civil infrastructure

The consolidated entity derives revenue from providing services to civil construction projects across Australia. Contracts entered into may be for the construction of one or several separate stages in a project (deliverables). The construction of each individual deliverable is generally taken to be one performance obligation. Where contracts are entered for the building of deliverables, the total transaction price is allocated across each deliverable based on stand-alone selling prices. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the consolidated entity, with the consolidated entity having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured output of each process based on appraisals that are agreed with the customer on a regular basis.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay.

Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the statement of financial position.

Construction - residential & commercial

The consolidated entity derives revenue from the construction of residential houses and commercial developments. Contracts entered into for the construction of a residential dwelling or commercial developments are to be taken to be one performance obligation and a stand-alone selling price. The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the consolidated entity, with the consolidated entity having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured input, being stage of completion of costs incurred against budgeted costs. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Customers are invoiced based on the achievement of milestones (included in the contract). Payment is received following invoice on normal commercial terms. At reporting date, the amounts invoiced are likely to differ from the stage of completion. The difference is recognised as either a contract asset or contract liability.

Equipment and machinery hire

The consolidated entity generates revenue from the provision of dry hire and wet hire of plant and equipment to many infrastructure projects throughout Australia. Contracts include separate mobilisation and demobilisation fees and a schedule of rates for the dry hire or wet hire. Dry hire revenue is generated from hire of equipment only, no supply of driver, maintenance or fuel, whereas wet hire includes a driver and can include maintenance services and fuel.

These form of contracts may vary in scope however all wet hires have one common performance obligation, being the provision of equipment and driver to the customer which includes mobilisation and dismantling, and maintenance services and any ancillary materials that are required to fulfil the obligation.

The mobilisation fees, maintenance services and ancillary materials are generally taken to be one performance obligation as the customer does not benefit from these services on its own, are not considered distinct and therefore are grouped with other items in the contract, being the hire of equipment.

Equipment and machinery rental periods are typically short-term and is recognised at fixed rates over the period of hire. Customers are in general invoiced on a monthly basis and payment is received following invoice on normal commercial terms.

Electrical service revenue

The consolidated entity performs electrical services specialising in underground and overhead power line construction and High Voltage and Low Voltage cable jointing for supply authorities and mining professionals. Contracts may include multiple processes required to be performed for each milestone set in the project. Milestones may be performed by the Group or by other contractors employed by the customer and as such are accounted for as separate obligations. The transaction price is allocated to each performance obligation based on the stand-alone selling price. The total transaction price may include a variable pricing element which is accounted for in accordance with the policy on variable consideration.

Performance obligations are fulfilled over time with revenue recognised in the accounting period in which the electrical services are rendered based on the amount of the expected transaction price allocated to each performance obligation as the customer continues to control the asset as it is enhanced.

Customers are typically invoiced on a monthly basis for an amount that is calculated on a schedule of rates that is aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Service revenue: repairs

The consolidated entity performs repairs to machinery in the underground mining, tunnelling, civil construction and rail industries. Contracts include a schedule of rates that is aligned with the stand alone selling prices of the service provided. The performance obligation is fulfilled over time and as such revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the entity's performance. Revenue is recognised on the measured output with reference to the services performed to date.

Customers are typically invoiced on a monthly basis for an amount that is calculated on a schedule of rates that is aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Sales of goods – plant, equipment, parts, building materials, road-base, concrete and asphalt

The consolidated entity sells plant, equipment, parts, building materials, road-base, concrete and asphalt. Sale of these goods usually contains only one performance obligation, with revenue recognised at the point in time when the material is transferred to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when the goods have been transferred to the customer.

Land development and resale

The consolidated entity develops and sells residential properties. Property revenue is recognised when control over the property has been transferred to the customer. This is generally at the point when legal title has transferred to the customer as properties are not developed based on the specific needs of individual customers. The revenue is measured at the transaction price agreed under the contract.

Geotechnical services

The consolidated entity provides a range of Geotechnical consulting services to its clients including onsite earthworks testing, lab materials testing, geotechnical investigations & drilling, and concrete testing. Individual contracts are typically short-term in nature and relate to a discrete project or asset. Revenue is recognised in the accounting period in which the services are rendered, at a point-in-time when the results are provided to the client (the performance obligation). Payment is generally due within 30 days from completion of the services. Consulting services are generally short-term in nature with most contracts completed within 30 days.

Manufacturing sales

The consolidated entity recognises a contract asset over the period in which the performance obligation is fulfilled and recognises contract liabilities arise where payments are received prior to work being performed. Revenue is recognised at the point in time when the manufactured machine is transferred to the customer. Manufacturing sales are included in Sale of goods - plant, equipment, parts, road-base and aggregates revenue stream.

Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The consolidated entity assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Contract assets and liabilities

AASB 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what is commonly known as ‘accrued revenue’ and ‘deferred revenue’. Contract assets are balances due from customers under contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity’s right to consideration for the services transferred to date. Amounts are generally reclassified to receivables when these have been certified or invoiced to a customer. Contract liabilities arise where payment is received prior to work being performed.

Warranties and defect periods

Generally construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Dividends and interest

Dividend revenue is recognised when the right to receive a dividend has been established, and interest revenue is recognised using the effective interest method.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

NOTE 6. OTHER INCOME

	Consolidated	
	2023 $'000	2022 $'000
Net gain on disposal of property, plant and equipment	4,131	2,649
Net gain on disposal of investment property	1,742	-
Insurance recoveries	333	305
Net reimbursement of expenses	534	189
Fair value gain on remeasurement of contingent consideration (note 23)	698	6,546
Other income	**7,438**	**9,689**

Net fair value gain on investment properties

	Consolidated	
	2023 $'000	2022 $'000
Fair value gain - commercial real estate assets	27,678	14,515
Fair value gain - residential real estate build-to-rent assets	4,168	4,328
	31,846	**18,843**
Fair value gain attributable to third-parties	(1,352)	-
Net fair value gain	**30,494**	**18,843**

NOTE 7. EXPENSES

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	17,007	4,248
Interest and finance charges paid/payable on lease liabilities and chattel mortgages	4,842	2,930
Finance costs expensed	21,849	7,178
Superannuation expense		
Defined contribution superannuation expense	11,524	7,180
Share-based payments expense		
Share-based payments expense - employee benefits	955	769

NOTE 8. INCOME TAX

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expense		
Current tax	20,715	13,085
Deferred tax - origination and reversal of temporary differences	7,032	12,924
Adjustment recognised for prior periods	190	-
Difference in overseas tax rates	503	-
Aggregate income tax expense	**28,440**	**26,009**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(8,201)	(3,548)
Increase in deferred tax liabilities	15,233	16,472
Deferred tax - origination and reversal of temporary differences	7,032	12,924
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	94,343	87,571
Tax at the statutory tax rate of 30%	28,303	26,271
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(1,083)	(690)
Other non-deductible expenses	527	253
	27,747	**25,834**
Adjustment recognised for prior periods	190	-
Difference in overseas tax rates	503	175
Income tax expense	**28,440**	**26,009**

	Consolidated 2023 $'000	Consolidated 2022 $'000
Amounts credited directly to equity		
Aggregate current and deferred tax arising in the period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity	(2,452)	(303)

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Carried forward losses acquired through business combinations	3,251	2,460
Property, plant and equipment	12,556	3,685
Employee benefits	3,340	2,316
Provisions	1,782	1,949
Customer contracts/relationships	536	-
Transaction/issuance costs	918	967
Other	4,625	608
Deferred tax asset	**27,008**	**11,985**
Movements:		
Opening balance	11,985	4,361
Credited to profit or loss	8,201	3,548
Credited to equity	6,822	2,904
Additions through business combinations (note 37)	-	1,172
Closing balance	**27,008**	**11,985**

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	68,111	43,402
Deferred/contingent consideration	-	1,889
Customer contracts/relationships	4,086	2,209
Other	4,444	1,009
Deferred tax liability	**76,641**	**48,509**
Movements:		
Opening balance	48,509	25,338
Charged to profit or loss	15,233	16,472
Charged to equity	4,370	2,601
Additions through business combinations (note 37)	8,529	4,098
Closing balance	**76,641**	**48,509**

	Consolidated 2023 $'000	Consolidated 2022 $'000
Provision for income tax		
Provision for income tax	8,602	1,162

NOTE 8. INCOME TAX (CONTINUED)

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

MAAS Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

The company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the company recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payable (receivable) is at call. Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity’s obligation to make payments for tax liabilities to the relevant tax authorities.

The company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

NOTE 9. CASH AND CASH EQUIVALENTS

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Cash on hand	4	20
Cash at bank	69,365	52,432
	69,369	**52,452**

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 10. TRADE AND OTHER RECEIVABLES

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Financial assets at amortised cost:		
Trade receivables	119,429	76,827
Less: Allowance for expected credit losses	(887)	-
	118,542	**76,827**
Other receivables	9,687	7,109
GST receivable	-	756
	128,229	**84,692**

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Opening balance	-	-
Additional provisions recognised	2,693	301
Receivables written off during the year as uncollectable	(1,806)	(301)
Closing balance	**887**	**-**

Accounting policy for trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(a) Fair values of trade and other receivables
Due to the short term nature of the current receivables, the carrying amount is considered to be the same as their fair value.

NOTE 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables at amortised cost
These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest is charged at commercial rates where the repayment exceeds 12 months. Collateral is not normally obtained. The non-current receivables are due and payable within 2 years from the end of the reporting period.

(c) Impairment and risk exposure
Note 29 sets out information of financial assets and exposure to credit risk.

Refer note 29 for the consolidated entity's exposure to foreign currency risk.

NOTE 11. CONTRACT ASSETS

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Contract assets	33,940	26,785

The increase in contract assets of $7.155m was driven by both the Civil, Construction and Hire and Commercial Real Estate Segments. In the Civil, Construction and Hire segment, an increase in both the number and value of projects due to organic growth and the acquisition of Schwarz Excavations resulted in the higher contract asset movement. In the Commercial Real Estate segment, an increase in both the number and value of projects due to growth resulted in the higher movement.

Accounting policy for contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

NOTE 12. INVENTORIES

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Raw materials - at cost	9,525	6,868
Finished goods - at cost	33,155	27,560
Land held for development and resale	21,646	23,460
Machines held for resale - at cost	40,116	30,007
	104,442	**87,895**
Non-current assets		
Land held for development and resale	145,245	77,599
Total inventories	**249,687**	**165,494**

Amounts recognised in profit or loss

	Consolidated	
	2023 $'000	2022 $'000
Inventories recognised as an expense during the year	318,991	262,008

Accounting policy for inventories

Inventories are carried at the lower of cost and net realisable value and comprise of the following:

- Land held for development and resale
Cost includes the costs of acquisition, development and holding costs such as rates, taxes and finance costs. Land held for development and resale not expected to be realised within the next 12 months has been classified as non-current.

- Raw materials, finished goods and parts
Raw materials, finished goods and parts are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTE 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Investment properties - at fair value	2,000	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-	4,280
Transfers from/(to) investment properties (note 16)	2,000	(1,280)
Additions	-	12
Properties sold	-	(3,012)
Closing balance	**2,000**	**-**

The investment properties held for sale at 30 June 2023 consisted of a commercial property with a fair value of $2.000m, situated in Newcastle NSW. The asset is presented within total assets of the Commercial Real Estate segment in note 4.

Accounting policy for non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. Investments properties held for sale are measured at fair value. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

NOTE 14. OTHER ASSETS

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Prepaid expenses	5,856	4,826
Deposits	3,925	7,100
Other current assets	1,250	1,873
	11,031	**13,799**

NOTE 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Investment in associate	**8,750**	**8,761**

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2023 $'000	2022 $'000
Opening carrying amount	8,761	8,000
Profit/(loss) after income tax	(11)	761
Closing carrying amount	**8,750**	**8,761**

Interests in associates

In May 2021, the company acquired a 45.71% interest in the 1990 Elizabeth Property Unit Trust ("1990 Trust") which holds a development site in the Western Sydney Airport precinct at Badgery's Creek. The company is guaranteed two seats on the board of the trustee of the 1990 Trust and participates in significant and financial operating decisions. Although the company does not have control of the Trust, it does have significant influence.

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
1990 Elizabeth Property Unit Trust	Australia	45.71%	45.71%

NOTE 14. OTHER ASSETS (CONTINUED)

Summarised financial information

The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not MGH's share of those amounts. They have been amended to reflect adjustments made by the company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2023 $'000	2022 $'000
Summarised statement of financial position		
Current assets	631	360
Non-current assets	19,000	19,026
Total assets	19,631	19,386
Current liabilities	489	220
Total liabilities	489	220
Net assets	**19,142**	**19,166**
Summarised statement of profit or loss and other comprehensive income		
Revenue	793	128
Net fair value gain/(loss) on investment property	(385)	1,874
Expenses	(431)	(337)
Profit/(loss) before income tax	(23)	1,665
Other comprehensive income	-	-
Total comprehensive income	**(23)**	**1,665**
Reconciliation of the consolidated entity's carrying amount		
Consolidated entity's share of net assets (45.71%)	8,750	8,761
Closing carrying amount	**8,750**	**8,761**

Accounting policy for associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTE 16. INVESTMENT PROPERTIES

	Consolidated	
	2023 $'000	2022 $'000
Non-current assets		
Investment properties - at fair value	226,348	69,849
Investment properties under construction - at cost	413	54,751
	226,761	**124,600**

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Balance at 1 July	124,600	25,843
Additions	65,428	72,856
Additions through business combinations (note 37)	-	16,171
Disposals	(405)	-
Transfer (to)/from non-current assets held for sale (note 13)	(2,000)	1,280
Fair value gain - commercial real estate assets	27,678	14,515
Fair value gain - residential real estate build-to-rent assets	4,168	4,328
Transfer from/(to) inventory	6,576	(10,393)
Transfer from property, plant and equipment (note 17)	716	-
Balance at 30 June	**226,761**	**124,600**

Amounts recognised in profit or loss for investment properties

	Consolidated	
	2023 $'000	2022 $'000
Rental income	5,554	2,350
Direct operating expenses from property that generated rental income	(1,477)	(385)
Direct operating expenses from property that did not generate rental income	(884)	(282)

Significant estimate - Valuations of investment properties

Refer to note 30 for further information on fair value measurement.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases. Where considered necessary to reduce credit risk, the consolidated entity may obtain bank guarantees for the term of the lease.

Although the consolidated entity is exposed to changes in the residual value at the end of the current leases, the consolidated entity typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Within 1 year	6,601	2,728
Between 1 and 2 years	5,910	2,559
Between 2 and 3 years	5,392	2,486
Between 3 and 4 years	5,126	2,171
Between 4 and 5 years	4,877	1,866
Later than 5 years	3,055	2,617
	30,961	**14,427**

Accounting policy for investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to inventories are determined by a change in use evidenced by internal and external factors. During the period, the group transferred Build-to-Rent land to investment property. The fair value on the date of change of use from investment properties to inventories and vice-versa is deemed the cost for the subsequent accounting.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Quarry land - at cost	89,443	43,582
Less: Accumulated amortisation	(2,153)	(901)
	87,290	**42,681**
Land and buildings - at cost	93,220	39,329
Less: Accumulated depreciation	(6,809)	(4,404)
	86,411	**34,925**
Hire machinery and equipment - at cost	130,362	123,307
Less: Accumulated depreciation	(28,448)	(26,000)
	101,914	**97,307**
Plant and equipment - at cost	198,585	140,817
Less: Accumulated depreciation	(39,440)	(30,170)
	159,145	**110,647**
Motor vehicles - at cost	71,271	24,872
Less: Accumulated depreciation	(10,695)	(8,052)
	60,576	**16,820**
Assets under construction - at cost	13,588	20,845
	508,924	**323,225**

NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Quarry land $'000	Land and buildings $'000	Hire equipment and machinery $'000	Plant and equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Balance at 1 July 2021	**28,238**	**30,531**	**93,979**	**58,698**	**14,261**	**7,290**	**232,997**
Additions	66	1,666	12,378	6,110	4,395	36,061	60,676
Additions through business combinations (note 37)	14,840	5,536	-	39,538	1,234	-	61,148
Disposals	-	-	(3,041)	(2,333)	(837)	(143)	(6,354)
Transfers from/(to) inventory	-	68	41	9	-	(180)	(62)
Exchange differences	-	427	-	70	-	-	497
Transfers in/(out)	-	(887)	3,827	18,875	91	(21,906)	-
Depreciation expense	(463)	(2,416)	(9,877)	(10,320)	(2,324)	(277)	(25,677)
Balance at 30 June 2022	**42,681**	**34,925**	**97,307**	**110,647**	**16,820**	**20,845**	**323,225**
Additions	603	5,116	23,627	10,017	4,185	44,315	87,863
Additions through business combinations (note 37)	48,293	32,724	-	53,636	19,663	2,758	157,074
Disposals	-	(285)	(12,155)	(4,715)	(1,377)	(823)	(19,355)
Transfers from/(to) inventory	-	-	(2,724)	(7)	11	(825)	(3,545)
Exchange differences	-	126	-	(3)	-	-	123
Transfer to investment property (note 16)	-	(716)	-	-	-	-	(716)
Transfers in/(out)	(3,000)	19,551	4,874	3,634	27,623	(52,682)	-
Depreciation expense	(1,287)	(5,030)	(9,015)	(14,064)	(6,349)	-	(35,745)
Balance at 30 June 2023	**87,290**	**86,411**	**101,914**	**159,145**	**60,576**	**13,588**	**508,924**

Right-of-use assets included in property, plant & equipment is summarised below:

Right-of-use assets:

	Land and Buildings $'000	Hire equipment and machinery $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2021	**12,065**	**39,991**	**5,288**	**5,128**	**62,472**
Additions	1,572	-	-	-	1,572
Additions through business combinations	2,132	-	-	-	2,132
Disposals	-	(1,417)	-	(301)	(1,718)
Depreciation expense	(2,026)	(3,720)	(273)	(538)	(6,557)
Balance at 30 June 2022	**13,743**	**34,854**	**5,015**	**4,289**	**57,901**
Additions	2,492	-	-	-	2,492
Additions through business combinations	19,386	-	-	-	19,386
Disposals	(109)	(2,219)	(432)	(553)	(3,313)
Depreciation expense	(3,515)	(3,333)	(194)	(428)	(7,470)
Balance at 30 June 2023	**31,997**	**29,302**	**4,389**	**3,308**	**68,996**

Accounting policy for property, plant and equipment

All property, plant and equipment except for land and assets under construction, are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised through profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation:
The depreciable amount of all fixed assets including land improvements, quarry land & buildings, but excluding freehold land, is depreciated on either the diminishing value method or units of production method over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use. Estimated useful lives for each class of depreciable asset are as follows:

Quarry land	6-65 years
Buildings	2-10 years
Leasehold improvements	20-25 years
Hire equipment and machinery	3-10 years
Plant and equipment	3-10 years
Motor vehicles	4-8 years

Quarry land is amortised based on the rate of annual depletion of reserves over the estimated reserves. The remaining useful life of each asset is reassessed at regular intervals. Where there is a change during the period to the useful life of the mineral reserve, amortisation rates are adjusted prospectively from the beginning of the reporting period.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Buildings, plant and equipment, and motor vehicles under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. If the consolidated entity is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying assets useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

NOTE 17. PROPERTY, PLANT AND QUIPMENT (CONTINUED)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less (without extension option) and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 18. INTANGIBLES

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Goodwill - at cost	107,271	86,002
Brand names - at cost	45,092	30,572
Customer contracts/relationships - at cost	22,450	14,230
Less: Accumulated amortisation	(9,431)	(5,138)
	13,019	9,092
Extraction rights - at cost	16,898	13,786
Less: Accumulated amortisation	(5,695)	(2,516)
	11,203	11,270
Other intangibles - at cost	1,787	224
Less: Accumulated amortisation	(228)	-
	1,559	224
	178,144	**137,160**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Brand names $'000	Customer contracts/ relationships $'000	Extraction rights $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2021	**34,682**	**9,192**	**6,597**	**3,590**	**224**	**54,285**
Additions through business combinations	51,320	21,380	5,760	9,307	-	87,767
Amortisation expense	-	-	(3,265)	(1,627)	-	(4,892)
Balance at 30 June 2022	**86,002**	**30,572**	**9,092**	**11,270**	**224**	**137,160**
Additions	-	-	-	111	-	111
Additions through business combinations (note 37)	21,269	14,520	8,220	3,000	-	47,009
Transfers in	-	-	-	-	1,379	1,379
Amortisation expense	-	-	(4,293)	(3,178)	(44)	(7,515)
Balance at 30 June 2023	**107,271**	**45,092**	**13,019**	**11,203**	**1,559**	**178,144**

Impairment testing for goodwill and intangibles with indefinite lives:

The calculations use cash flow projections based on cash flow forecasts covering a five-year period. The cash flows are based on past results adjusted for current market conditions and known contracts. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Goodwill and indefinite-lived intangible assets are monitored by management at the following level:

	Goodwill $'000	Indefinite-lived intangible assets $'000	Total $'000
2023			
Construction Materials	3,261	7,560	10,821
Electrical	15,322	8,040	23,362
Homes Constructions	7,010	2,230	9,240
Commercial Constructions	25,243	6,500	31,743
Commercial Developments	1,954	-	1,954
Manufacturing	8,399	2,492	10,891
Civil & Plant Hire	25,336	1,600	26,936
Building Materials	1,280	2,150	3,430
Asphalt Services	19,466	14,520	33,986
Total goodwill and indefinite lived intangible assets	**107,271**	**45,092**	**152,363**

	Goodwill $'000	Indefinite-lived intangible assets $'000	Total $'000
2022			
Construction Materials	3,261	7,560	10,821
Electrical	15,322	8,040	23,362
Homes Constructions	7,010	2,230	9,240
Commercial Constructions	25,243	6,500	31,743
Commercial Developments	1,954	-	1,954
Manufacturing	8,399	2,492	10,891
Civil & Plant Hire	23,533	1,600	25,133
Building Materials	1,280	2,150	3,430
Total goodwill and indefinite lived intangible assets	**86,002**	**30,572**	**116,574**

Given the consolidated entity is structured in a vertically integrated manner, recent acquisitions of the consolidated entity are used to generate cashflows that are not independent from other assets of the consolidated entity. Accordingly, the Schwarz acquisition is reported within the Civil, Construction and Hire operating segment and both the Dandy and Clermont acquisitions are reported within the Construction Materials operating segment. As a result of the Austek acquisition, one new CGU exists in the Construction Materials segment, this is the Asphalt Services CGU. The Electrical, Homes Constructions, Commercial Constructions, Commercial Developments, Manufacturing and Building Materials remain unchanged from the comparative period and represent their respective operating segments.

NOTE 18. INTANGIBLES (CONTINUED)

The following table sets out the key assumptions for the value in use:

	Terminal growth rate (a)		Pre-tax discount rate (b)	
	2023 %	2022 %	2023 %	2022 %
Construction Materials	3%	3%	15.0%	11.6%
Electrical	3%	3%	15.0%	10.7%
Homes Constructions	3%	3%	16.1%	11.5%
Commercial Constructions	3%	3%	15.7%	11.2%
Commercial Developments	3%	3%	15.7%	11.2%
Manufacturing	3%	3%	18.0%	15.5%
Civil & Plant Hire	3%	3%	14.6%	10.7%
Building Materials	3%	3%	15.7%	11.2%
Asphalt Services	3%	-	15.0%	-

(a) This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
(b) Reflects specific risks relating to the relevant segments and the countries in which they operate. In performing the value-in-use calculations for each CGU, the consolidated entity has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax rates are disclosed in the table.

The annual sales growth rate used within value-in-use assessments vary and are based on a mixture of past performance, management's expectations of market development and internal growth benchmarks.

There is a risk that any erosion of future economic conditions, caused by persistent inflation or rising interest rates, could impact the consolidated entity's products and services offered, customers, supply chain, staffing and geographical regions in which the group operates. Judgment has been used in considering the impact of economic erosion on the assumptions used in the value in use calculations noting that assumptions have been determined with reference to current and historical performance and current independent expert economists' forecasts. As the value in use recoverable amount across all CGUs significantly exceed their respective carrying value, the Group expects that any reasonably possible adverse change in the value in use model assumptions in isolation or combination would not result in an impairment.

Sensitivity
Management have made judgements and estimates in respect of impairment testing. Should judgements and estimates not occur, the carrying value of goodwill may vary. Any reasonable change in the key assumptions on which the estimates and/or discount rate are based would not cause the carrying amount of the CGU to exceed the recoverable amount.

Accounting policy for intangible assets

Intangible assets that are acquired are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Brand names

Brand names acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. Brand names are not amortised on the basis that they have an indefinite life and are reviewed annually.

Customer contracts/relationships

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years.

Extraction rights

Extraction rights are amortised over the life of the lease hold inclusive of any available option periods.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. Goodwill acquired is allocated to each of the Cash Generating Units ("CGU") expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

NOTE 19. TRADE AND OTHER PAYABLES

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Financial liabilities at amortised cost:		
Trade payables	79,593	48,616
GST payable	5,084	-
Other payables	35,154	18,795
	119,831	**67,411**

Refer to note 29 for further information on financial instruments.

Accounting policy for trade and other payables

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the consolidated entity and comprise items such as employee taxes, employee on costs and other recurring items.

A liability is recorded for goods and services received prior to balance date, whether invoiced to the consolidated entity or not. Trade payables are normally settled within 45 days.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

NOTE 20. CONTRACT LIABILITIES

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Contract liabilities	14,543	19,979
	14,543	**19,979**

Under the terms of contract the consolidated entity is sometimes required to provide performance guarantees (refer note 31).

The decrease in contract liabilities was driven by the delivery of a large number of machines by the Manufacturing segment for which deposits were received prior to June 2022 ($3.354m).

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $14.543m as at 30 June 2023 ($19.979m as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023 $'000	2022 $'000
Within 6 months	14,543	19,979

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

NOTE 21. BORROWINGS AND LEASE LIABILITIES

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Secured:		
Bank loans (a)	3,653	3,984
Multi-option facility (a)	-	10,000
Vendor financing (b)	670	17,411
Chattel mortgages (a)	27,946	16,522
Lease liabilities - plant & equipment and motor vehicles (a) (c)	16,750	7,258
Unsecured:		
Loans - other	-	472
Lease liabilities - land and buildings (c)	3,046	2,261
	52,065	**57,908**
Non-current liabilities		
Secured:		
Bank loans (a)	344,048	175,235
Bank loan - Projects (a)	8,000	9,913
Vendor financing (b)	7,221	7,561
Chattel mortgages (a)	101,183	50,171
Lease liabilities - plant & equipment and motor vehicles (a) (c)	2,438	16,312
Unsecured:		
Lease liabilities - land and buildings (c)	30,251	13,039
	493,141	**272,231**
Total borrowings and lease liabilities	**545,206**	**330,139**

Refer to note 29 for further information on financial instruments.

NOTE 21. BORROWINGS AND LEASE LIABILITIES (CONTINUED)

(a) Bank loans and multi-option facility
In November 2022, the company received approval for the increase of its banking facility limits from $500.000m to $600.000m, consisting of a $85.000m increase to the term loan and a $15.000m increase to the hire purchase facility. The increased facility will provide additional liquidity to the company under a common terms deed arrangement. $165.000m of the $600.000m facility relates to a hire purchase facility whilst the balance of the facilities comprised a term loan, and a multi-option cash advance and bank guarantee facility. The multi-option facility is an interchangeable bank facility which allows the company to change between cash advances and contract performance guarantees. The balance of the contract performance guarantees as at 30 June 2023 amounted to $38.545m (refer note 31). The term loan has a 3-year term and is non-amortising. The multi-option facility also has a 3-year term with maturity in FY25 and an annual requirement to fully repay the cash advance component for a period of 7 consecutive days. The repaid amount is then able to be redrawn after the 7-day period. The facilities are secured by a combination of General Security Agreements and mortgages over Australian group assets and property interests. Interest on the bank loans is calculated using the Bank Bill Swap (BBSY) Bid rate plus a relevant margin. Total transaction costs were $2.308m and unamortised transaction costs of $0.650m have been offset against the bank loans at 30 June 2023.

Included in bank loans is a 60 billion VND facility in Vietnam which is secured by land use rights and related assets. The facility can be denominated in the currencies of VND or USD and attracts interest rates of 6.5% for VND and 4.4% for USD. The loan is denominated in VND.

(b) Vendor Financing
Loans relate to land held for resale and development and are secured against the respective assets. Vendor financing loans comprise the following:

	Consolidated	
	2023 $'000	2022 $'000
Southlakes (i)	-	1,200
Arcadia (ii)	4,891	5,483
Logan (iii)	-	516
Gilgandra (iv)	-	1,375
Veravista (v)	-	6,650
Ellida (vi)	3,000	9,748
	7,891	**24,972**

(i) Southlakes - Fixed interest rate of 9.99% and annual repayments (principal and interest) of $1.000m and a final payment of $2.000m on 6 August 2024. The obligations of this agreement were settled ahead of specified contractual payment dates with the remaining balance settled in July 2022.
(ii) Arcadia - Interest free loan of $6.880m with penalty interest charged only on late payments per the fixed rate for judgement debts by the Uniform Civil Procedure Rules. The facility is secured by assets acquired and the loan is to be repaid in 9 instalments, 4 at $0.670m and 5 at $0.840m. The first instalment of $0.670m was made on the 1st of March 2022 with the remaining 8 instalments due each anniversary of the transaction completion date with the final payment due 1st of March 2030.
(iii) Logan - Interest free loan of $1.033m with penalty interest of 10% charged only on late payments. The facility was secured by assets acquired and the loan was repaid in 2 instalments of $0.516m due each anniversary of the transaction completion date: 26 August 2021 and 26 August 2022.
(iv) Gilgandra - loan of $2.750m with penalty interest charged at the bank bill swap rate plus 6% charged only on late payments. The facility was secured by assets acquired and the loan was repaid in 2 instalments of $1.375m due each anniversary of the transaction completion date: 17 August 2021 and 17 August 2022.
(v) Veravista - Interest Free. First instalment of $1.500m was paid on the settlement date of 31 July 2021, and the second instalment of $6.650m was paid 1 year after completion on 26 July 2022. Penalty interest, not incurred, was payable at 7% per annum 1 year from completion until the balance of the price paid.
(vi) Ellida - Interest free. The first instalment of $5.000m was paid on the settlement date of 24 June 2022, the second instalment of $7.000m was paid within 12 months of the settlement date (31 May 2023), and the last instalment of $3.000m due the later of 24 months after the settlement date or 10 business days after receiving notice that a Development Application has been approved.

All loan repayments scheduled since the reporting period and up to the date to when the financial statements were authorised to issue have been paid.

NOTE 21. BORROWINGS AND LEASE LIABILITIES (CONTINUED)

(c) Lease liabilities
Plant & equipment and motor vehicles:
The consolidated entity leases various plant and equipment under finance lease and hire purchase. The leases are secured over the individual motor vehicles and equipment that the lease relates to.

Refer to note 17 for right-of-use assets disclosures relating to plant & equipment and motor vehicles under hire purchase.

Land and buildings:
The consolidated entity has leases for warehouses and offices. Rental contracts are typically made for a fixed period of 3 - 5 years with options to extend. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the statement of financial position. The consolidated entity classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Most extension options have been included in the lease liability.

Refer to note 17 for right-of-use assets disclosures relating to the land and buildings.

Fair value

The fair values of borrowings are not materially different from their carrying amounts, since the interest payable on borrowings is either close to current market rates or the borrowings are of a short term nature.

Compliance with loan covenants

The consolidated entity has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

Financing arrangements

The consolidated entity had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated	
	2023 $'000	2022 $'000
Total facilities		
Bank loans*	376,637	296,098
Multi-option facility (including contract performance guarantees)**	70,000	70,000
Vendor financing	7,891	24,972
Loans - other	-	472
Equipment finance facility	165,438	153,159
	619,966	**544,701**
Used at the reporting date		
Bank loans*	356,353	189,132
Multi-option facility (including contract performance guarantees)**	38,545	40,298
Vendor financing	7,891	24,972
Loans - other	-	472
Equipment finance facility	148,317	90,263
	551,106	**345,137**
Unused at the reporting date		
Bank loans*	20,284	106,966
Multi-option facility (including contract performance guarantees)**	31,455	29,702
Vendor financing	-	-
Loans - other	-	-
Equipment finance facility	17,121	62,896
	68,860	**199,564**

* The used bank loan facility excludes borrowing costs capitalised.
** The used multi-option facility includes performance guarantees of $38.545m (2022: $30.297m) - refer note 31.

Accounting policy for borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 22. EMPLOYEE BENEFITS

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Annual leave	7,746	5,875
Long service leave	2,259	1,398
	10,005	**7,273**
Non-current liabilities		
Long service leave	1,041	499
	11,046	**7,772**

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Other long-term employee benefits

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The consolidated entity's obligations for long-term employee benefits are presented as non-current provision for employee benefits the consolidated statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as a current provision for employee benefits.

NOTE 23. PROVISIONS

	Consolidated	
	2023 $'000	**2022 $'000**
Current liabilities		
Rehabilitation	168	-
Warranties	543	98
Contingent consideration	10,336	3,256
Other provisions	1,989	80
	13,036	**3,434**
Non-current liabilities		
Rehabilitation	3,816	-
Contingent consideration	21,830	13,335
	25,646	**13,335**
	38,682	**16,769**

Rehabilitation

Close-down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are based on the net present value of the estimated future costs of a site closure plan. Estimated changes resulting from new disturbance, updated cost estimates including information from tenders, changes to the lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the statement of profit or loss in each period as part of finance costs.

Contingent consideration

The contingent consideration at 30 June 2023 relates to the acquisition of Schwarz, Dandy and Austek (refer note 37) and includes the balance outstanding for the acquisitions completed in the 2021 and 2022 financial years. The contingent consideration at 30 June 2022 relates to the acquisition of A1 Earthworx, Maas Brothers, Stanaway, Brett Harvey, Inverell, Blackwater Quarries, and Garde completed in the 2022 financial year, and includes the balance outstanding for the Amcor acquisition that was completed in the 2021 financial year.

Warranties

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

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

Consolidated - 30 June 2023	Warranties $'000	Contingent consideration $'000	Rehabilitation $'000	Other provisions $'000	Total $'000
Carrying amount at the start of the year	98	16,591	-	80	16,769
Additional provisions recognised	445	-	3,213	1,909	5,567
Additions through business combinations (note 37)	-	17,754	718	-	18,472
Fair value gain	-	(698)	-	-	(698)
Payments - settled in equity (note 24)	-	(841)	-	-	(841)
Payments - settled in cash	-	(640)	-	-	(640)
Unwinding of interest	-	-	53	-	53
Carrying amount at the end of the year	**543**	**32,166**	**3,984**	**1,989**	**38,682**

Accounting policy for provisions

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

Refer to note 37 for accounting policy on contingent consideration.

NOTE 24. ISSUED CAPITAL

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	326,553,273	297,164,096	550,778	432,530

NOTE 24. ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	**1 July 2021**	**266,839,092**		**279,635**
Institutional placement (a)	8 July 2021	8,915,909	$5.50	49,038
Shares issued as part consideration for acquisition of A1 Earthworx	16 Aug 2021	444,444	$4.69	2,084
Shares issued as part consideration for acquisition of Redimix Concrete	8 Sept 2021	91,098	$4.83	440
Shares issued as part consideration for acquisition of Stanaway	29 Sept 2021	1,800,000	$5.20	9,360
Shares issued under the Share Purchase Plan (b)	6 Oct 2021 to 30 June 2022	2,132,277	$5.50	11,728
Shares issued to underwriter under the Dividend Reinvestment Plan (c)	12 Nov 2021	405,383	$3.33	1,350
Shares issued as consideration for acquisition of Maas Brothers	12 Nov 2021	6,109,000	$4.60	28,101
Conditional Placement (d)	12 Nov 2021 to 10 Dec 2021	5,436,361	$5.50	29,900
Shares issued under the Dividend Reinvestment Plan (c)	7 Dec 2021	2,054,422	$4.21	8,649
Shares issued as consideration for the acquisition of Brett Harvey	22 Dec 2021	1,136,842	$4.80	5,457
Shares issued as consideration for the acquisition of Blackwater Quarries	22 Mar 2022	193,798	$4.60	891
Shares issued under the Dividend Reinvestment Plan (b)	19 April 2022	873,496	$4.70	4,106
Shares issued as consideration for the acquisition of GARDE	31 May 2022	731,974	$4.51	3,300
Transaction costs arising on share issues, net of tax				(1,509)
Balance	**30 June 2022**	**297,164,096**		**432,530**
Shares issued under the Share Purchase Plan (b)	19 July 2022	636,364	$5.50	3,500
Conditional placement - outstanding commitments	19 July 2022	18,181	$5.50	100
Shares issued to Founder and management (a)	3 Aug 2022	1,287,500	$4.00	5,150
Institutional placement (a)	3 Aug 2022	8,750,000	$4.00	35,000
Shares issued under the Share Purchase Plan (b)	22 Aug 2022	1,601,325	$4.00	6,405
Shares issued under the Dividend Reinvestment Plan (c)	12 Oct 2022	453,816	$3.32	1,507
Shares issued as consideration for the acquisition of Dandy (note 37)	19 Dec 2022	979,863	$2.55	2,499
Shares issued to Founder and management (a)	23 Dec 2022	14,508,750	$4.00	58,035
Shares issued to Founder and management (a)	24 Feb 2023	1,617,500	$4.00	6,470
Shares issued to Founder and management (a)	6 Mar 2023	86,250	$4.00	345
Shares issued as consideration for acquisition of Maas Brothers	15 Mar 2023	323,334	$2.60	841
Shares issued as consideration for acquisition of Amcor	27 June 2023	707,547	$4.74	3,354
On-market share buy-back (d)	13 Feb 2023 to 29 June 2023	(1,581,253)		(4,166)
Transaction costs arising on share issues, net of tax				(792)
Balance	**30 June 2023**	**326,553,273**		**550,778**

(a) Share placement
30 June 2023
On 3 August 2022, MGH issued 8,750,000 fully paid ordinary shares in the company at $4.00 per share to institutional and professional investors under the Institutional Placement announced on 29 July 2022. MGH also issued 1,287,500 fully paid ordinary shares at $4.00 per share in the company under the first tranche of the Founder and Management Placement announced on 29 July 2022. The second tranche of 14,508,750 ordinary shares in the company was issued on 23 December 2022. The share placement was completed on 6 March 2023.

30 June 2022
On 8 July 2021, the company issued 8,915,909 fully paid ordinary shares at $5.50 per share to institutional investors. This placement was part of the company's capital raising announced on 1 July 2021. The placement was ratified by the company's shareholders at its Annual General Meeting held on 9 November 2021.

(b) Share Purchase Plan
30 June 2023
On 19 July 2022, MGH issued 636,364 fully paid ordinary shares in the company at an issue price of $5.50. These were the remaining shares to be issued to investors pursuant to outstanding commitments to subscribe for the Share Purchase Plan Shortfall previously announced and approved at the 2021 Annual General Meeting of 9 November 2021.

On 29 July 2022, as part of its capital raising, the company announced a Share Purchase Plan (SPP), and on 22 August 2022 MGH issued 1,601,325 fully paid ordinary shares in the company at an issue price of $4.00 per share in terms of the SPP. The SPP was not underwritten.

30 June 2022
On 1 July 2021, as part of its capital raising, the company announced a Share Purchase Plan. The company entered into irrevocable agreements with a small number of sophisticated investors (the Underwriters) for them to subscribe for any shortfall in the SPP offer to the extent of $15.000m. To the extent the SPP Offer was not fully subscribed by existing shareholders, the Underwriters agreed to subscribe for the shares not taken up upon the same terms (SPP Shortfall Shares). In addition to the irrevocable commitments to subscribe for any SPP Shortfall Shares received, the company agreed, to the extent there is insufficient SPP Shortfall Shares available upon completion of the SPP Offer, to undertake an additional placement of ordinary shares to the Underwriters for an amount not exceeding $15.000m at the SPP issue price of $5.50 per share.

The following are the shares issued in terms of the SPP:

SPP Shares:
(i) 6 October 2021 – 41,369 shares

SPP Shortfall shares
(ii) 21 October 2021 – 690,908 shortfall shares
(iii) 12 November 2021 – 54,545 shortfall shares
(iv) 30 June 2022 – 1,181,818 shortfall shares

(c) Dividend Reinvestment Plan
30 June 2023
In accordance with the terms of the Dividend Reinvestment Plan (DRP) relating to the 2022 final dividend, the issue price of shares under the DRP was $3.32 per share with 453,816 shares issued under the DRP to shareholders who elected to participate. The DRP was not underwritten.

30 June 2022
The shares issued on 12 November 2021, were issued in terms of the Dividend Reinvestment Plan (DRP) underwriting agreement for the 2021 interim dividend. The underwriter agreed to underwrite the subscription of 405,383 ordinary shares in the company for the purchase price of $3.33 per share, these being the shortfall shares not subscribed for under the DRP, which was approved by shareholders at the MGH Annual General Meeting of 9 November 2021.

In accordance with the terms of the DRP relating to the 2021 final dividend, the issue price of shares under the DRP was $4.21 per share with 1,428,124 shares issued under the DRP to shareholders who elected to participate and 626,298 shares to the Underwriter in relation to the DRP shortfall.

In accordance with the terms of the DRP relating to the 2022 interim dividend, the issue price of shares under the DRP was $4.70 per share with 873,496 shares issued under the DRP to shareholders who elected to participate.

(d) Share buy-back
On 20 December 2022, the Board approved an on-market share buy-back of up to 10% of MGH's issued ordinary share capital within the following 12 months. The timing and number of shares to be purchased has been dependent on the prevailing share price, market conditions and the group's capital position and requirements. As at 30 June 2023, 1,581,253 shares had been purchased through share buy-backs.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2022 financial report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 25. OTHER EQUITY

	Consolidated	
	2023 $'000	2022 $'000
Deferred consideration	9,759	3,354

The deferred consideration at 30 June 2023 represents the value of the shares to be issued to the vendors of:

- Dandy on the first, second and third anniversaries of the acquisition
- Schwarz on the first, second and third anniversaries of the acquisition

The deferred consideration at 30 June 2022 represents the value of the shares that were issued to the vendor of Amcor on the second anniversary of the acquisition in the 2023 financial year.

Movements

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	3,354	3,354
Shares to be issued to the vendor of Schwarz (note 37)	3,762	-
Shares to be issued to the vendor of Dandy (note 37)	5,997	-
Shares issued to the vendor of Amcor (note 24)	(3,354)	-
Closing balance	**9,759**	**3,354**

NOTE 26. RESERVES

	Consolidated 2023 $'000	Consolidated 2022 $'000
Foreign currency reserve	704	220
Share-based payments reserve	2,076	1,121
Business combinations under common control	(109,000)	(109,000)
Transactions with non-controlling interests	103	103
	(106,117)	**(107,556)**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Business combinations under common control

Any difference between the cost of the acquisition and the amounts at which the acquired assets and liabilities are recorded for business combinations under common control have been recognised in the *Business combinations under common control* reserve.

Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for as equity transactions.

Movements in reserves

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

Consolidated	Foreign currency reserve $'000	Share-based payments reserve $'000	Business combinations under common control $'000	Transactions with non-controlling interests $'000	Total $'000
Balance at 1 July 2021	**(641)**	**352**	**(109,000)**	**103**	**(109,186)**
Foreign currency translation	861	-	-	-	861
Share-based payment expenses (refer note 42)	-	769	-	-	769
Balance at 30 June 2022	**220**	**1,121**	**(109,000)**	**103**	**(107,556)**
Foreign currency translation	484	-	-	-	484
Share-based payment expenses (refer note 42)	-	955	-	-	955
Balance at 30 June 2023	**704**	**2,076**	**(109,000)**	**103**	**(106,117)**

NOTE 27. RETAINED PROFITS

	Consolidated 2023 $'000	Consolidated 2022 $'000
Retained profits at the beginning of the financial year	127,623	80,597
Profit after income tax expense for the year	65,455	61,562
Dividends paid (note 28)	(20,619)	(14,536)
Retained profits at the end of the financial year	**172,459**	**127,623**

NOTE 28. DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Final dividend for the year ended 30 June 2022 of 3.5 cents (2021: 3 cents) per ordinary share	10,831	8,649
Interim dividend for the year ended 30 June 2023 of 3 cents (2022: 2 cents) per ordinary share	9,788	5,887
	20,619	**14,536**

Franking credits

	Consolidated 2023 $'000	Consolidated 2022 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	66,838	41,013

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Dividend reinvestment plan

During the year, the company had a Dividend Reinvestment Plan (DRP) in operation. Under the DRP, eligible shareholders elected to have dividends and some or all of their ordinary shares automatically reinvested in additional MGH shares at a discount to the volume-weighted average price ("VWAP") for the 5 days immediately after the day after the record date. The Board determined that the discount to the VWAP was 2.5%. No DRP is applicable for FY23 dividends,

See note 24 for more information on MGH's issued capital.

Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 3.0 cents per fully paid ordinary share (refer to note 39).

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

NOTE 29. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Market risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date, shown in Australian Dollars, were as follows:

	Consolidated	
	2023 $'000	2022 $'000
Financial assets		
Cash and Cash Equivalents (USD)	13	146
Cash and Cash Equivalents (VND)	135	40
Cash and Cash Equivalents (IDR)	201	176
Trade and other receivables (VND)	38	26
Trade and other receivables (USD)	136	222
Trade and other receivables (EUR)	601	184
Trade and other receivables (SGD)	6	-
Trade and other receivables (IDR)	1,716	1,441
	2,846	**2,235**
Financial liabilities		
Bank Loans (VND)	(2,749)	(4,541)
Bank Loans (USD)	(897)	(1,065)
Trade and other payables (VND)	(448)	(276)
Trade and other payables (EUR)	(14)	(145)
Trade and other payables (USD)	(102)	(717)
Trade and other payables (SGD)	(59)	(6)
	(4,269)	**(6,750)**
Net liabilities denominated in foreign currencies	**(1,423)**	**(4,515)**

NOTE 29. FINANCIAL INSTRUMENTS (CONTINUED)

The consolidated entity had net liabilities denominated in foreign currencies of $1.423m as at 30 June 2023 (2022: net liabilities of $4.515m). Based on this exposure, had the Australian dollar weakened/strengthened by 10% (2022: weakened/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $0.142m lower/higher (2022: $0.452m lower/higher) and equity would have been $0.142m lower/higher (2022: $0.452m lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings:

	Consolidated	
	2023 $'000	2022 $'000
Bank Loans (inclusive of Multi-Option Facility) and equipment finance	378,401	207,800

	Consolidated	
	2023 $'000	2022 $'000
Impact on profit and equity		
+1.00%	3,784	2,078
-1.00%	(3,784)	(2,078)

An analysis by remaining contractual maturities is shown in 'liquidity' below.

The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity assess on a forward-looking basis in estimating expected credit losses to trade receivables and contract assets. The simplified approach to measuring expected credit losses has been applied. To measure the risk of expected credit losses, trade receivables have been grouped based on days past due and reviewed by management at the business unit level. Where any issues are highlighted that indicate that the consolidated entity may be exposed to expected credit losses, the issues are reported to executive management for consideration and the establishment of an action plan. Should expected credit losses not materialise in the future, the provision may be reversed based dependent on the existence of expected credit losses. The provision at year-end is considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates, and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	79,593	-	-	79,593
Other payables	40,238	-	-	40,238
Vendor financing	670	6,020	2,520	9,210
Contingent consideration	10,336	21,830	-	32,166
Interest-bearing				
Bank loans	21,455	367,783	-	389,238
Other loans	-	-	-	-
Chattel mortgages and lease liabilities	56,230	123,862	21,500	201,592
Total non-derivatives	**208,522**	**519,495**	**24,020**	**752,037**

Consolidated - 2022	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	48,616	-	-	48,616
Other payables	18,795	-	-	18,795
Vendor financing	16,211	6,020	2,520	24,751
Deferred consideration	1,261	-	-	1,261
Contingent consideration	682	4,737	-	5,419
Interest-bearing				
Bank loans	21,348	196,917	-	218,265
Vendor financing	1,200	-	-	1,200
Other loans	472	-	-	472
Chattel mortgages and lease liabilities	29,168	77,366	2,975	109,509
Total non-derivatives	**137,753**	**285,040**	**5,495**	**428,288**

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair values.

NOTE 30. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment properties	-	-	226,348	226,348
Total assets	**-**	**-**	**226,348**	**226,348**
Liabilities				
Contingent consideration	-	-	32,166	32,166
Total liabilities	**-**	**-**	**32,166**	**32,166**

Consolidated - 2022				
Assets				
Investment properties	-	-	69,849	69,849
Total assets	**-**	**-**	**69,849**	**69,849**
Liabilities				
Contingent consideration	-	-	16,591	16,591
Total liabilities	**-**	**-**	**16,591**	**16,591**

Valuation techniques for fair value measurements categorised within level 1

The fair values of listed equity securities are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the bid price.

Valuation techniques for fair value measurements categorised within level 2 and level 3

- Investment properties
Investment properties are revalued annually based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued or periodically at Directors' valuation. Valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the fair values as at the reporting date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach captures an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected rate of return.

All resulting fair value estimates for properties are included in level 3. Investment properties that are held for sale at the reporting date and which were valued at their selling price, have been included in level 2.

- Contingent consideration
Where there are EBITDA hurdles the fair value of the contingent cash consideration has been estimated using present value techniques, by discounting the probability-weighted estimated future cash outflows. The fair value of the contingent share consideration has been estimated based on the probability of achieving future hurdles which impacts the number of shares to be issued, using the share price (at acquisition date and reporting date).

NOTE 30. FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Investment properties $'000	Contingent consideration $'000	Total $'000
Balance at 1 July 2021	**26,925**	**(2,000)**	**24,925**
Transfers into level 3	3,998	-	3,998
Gains recognised in profit or loss	18,843	6,546	25,389
Additions	20,083	(22,137)	(2,054
Disposals/settlements	-	1,000	1,000
Balance at 30 June 2022	**69,849**	**(16,591)**	**53,258**
Transfers into level 3	60,043	-	60,043
Gains recognised in profit or loss	31,846	698	32,544
Additions	65,428	(17,754)	47,674
Disposals/settlements	(405)	1,481	1,076
Balance at 30 June 2023	**226,761**	**(32,166)**	**194,595**
Total gains for the previous year included in profit or loss that relate to level 3 assets held at the end of the previous year	**18,843**	**6,546**	**25,389**
Total gains for the current year included in profit or loss that relate to level 3 assets held at the end of the current year	**31,846**	**698**	**32,544**

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Investment properties (including investment properties held for sale)	Capitalisation rate	5% - 7.75% (6.47%)	The estimated fair value would increase/(decrease) if capitalisation rate was lower/(higher)
	Land rate (per sqm)	$1.46-$8,527 ($1,327)	The estimated fair value would increase/(decrease) if land rate was higher/(lower)
Contingent consideration	Expected EBITDA Hurdle	$630,000 - $22,500,000	The estimated fair value would increase/(decrease) if EBITDA Hurdle result was exceeded/(underperformed)
	Number of shares	0 - 4,498,579	The estimated fair value would increase/(decrease) if the number of shares issued increased/(decreased)

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTE 31. CONTINGENT LIABILITIES

	Consolidated 2023 $'000	Consolidated 2022 $'000
Contract performance guarantees	38,545	30,297

These contract performance guarantees are amounts that can be called on by customers or third parties to rectify works carried out that have not been performed to the satisfaction of the customer or third party. Guarantees are issued to third parties to complete the required infrastructure projects required for its land development activities.

NOTE 32. COMMITMENTS

The Group held no commitments as at 30 June 2023.

NOTE 33. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Limited, the auditor of the company, and its network firms:

	Consolidated 2023 $	Consolidated 2022 $
Audit services		
Audit or review of the financial statements	571,342	495,270
Other services		
Due diligence services - independent accountants report	3,450	-
Due diligence services - business acquisitions and other transactions	493,066	148,545
Tax consulting services	131,504	57,099
Financial modelling	22,500	37,500
	650,520	**243,144**
Total remuneration of BDO - Australia	**1,221,862**	**738,414**
Audit services - network firms of BDO		
Audit or review of the financial statements	**7,500**	**12,319**

NOTE 34. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Short-term employee benefits	1,589	1,241
Post-employment benefits	128	109
	1,717	**1,350**

NOTE 35. RELATED PARTY TRANSACTIONS

Parent entity
MAAS Group Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 38.

Associates
Interests in associates are set out in note 15.

Key management personnel
Disclosures relating to key management personnel are set out in note 34 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2023 $	2022 $
Other revenue:		
Management fee income received from entity controlled by key management personnel	15,821	-
Payment for goods and services:		
Advisory services – acquisitions	-	79,000
Rent	872,757	838,631
Travel	453,165	175,872
Other transactions:		
Brokerage paid to entity controlled by key management personnel	3,203	-
Costs recovered from related party	-	1,786
Unsubscribed DRP shares underwritten by companies associated with the CEO	-	3,986,640

RELATED PARTY TRANSACTIONS – WESLEY MAAS:

- Wesley Maas is a director of Property Maintenance Australia Pty Ltd (PMA). During the 2023 financial year, the consolidated entity engaged PMA to provide commercial flights to the consolidated entity's locations throughout Australia. Flights are charged at cost to the consolidated entity and the total charge for the 2023 financial year was $453,165 (2022: $175,872). The contract was based on normal terms and conditions. Amounts payable at 30 June 2023 to PMA totalled $54,678 (2022: $50,566).
- The consolidated entity leased premises from Emma Maas, the wife of Wesley Maas, on a short-term and ad-hoc basis. The rental charged during the year of $28,050 (2022: $28,600) was based on market rates.
- The consolidated entity leased premises from Yarrandale Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged during the year of $334,985 (2022: $318,482) was based on market rates.
- In May 2021, the consolidated entity leased premises from Maas Homebush Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged was based on market rates and commenced after a three-month rent-free period, which ended in July 2021. The rental charge during the 2023 financial year was $509,722 (2022: $491,549).
- During the 2023 financial year, Yarrandale Pty Ltd as trustee for the Yarrandale Investments Trust, W&E Maas Holdings Pty Limited as trustee for the Maas Family Trust, Regional Properties Australia Pty Limited as trustee for the Regional Properties Australia Unit Trust and Maas Homebush Pty Limited engaged the consolidated entity to consult on a property portfolio. Consulting Fees paid to the consolidated entity during the year totalled $61,821. An Income in advance liability existed for the consolidated entity at 30 June 2023 of $46,000 in relation to the above.

Prior Year:

- At the Company's AGM held on 9 November 2021, shareholder approval was obtained for MAAS Group Developments Pty Ltd, a wholly-owned subsidiary of the company, to exercise an option with MGFP Holdings Pty Limited as trustee for MGFP Unit Trust to acquire the current Liberal Site at a market value of $6,950,000. MGFP Holdings Pty Limited is jointly controlled by the parents of Wesley Maas and Emma Maas with the underlying beneficial and economic interest in the MGFP Unit Trust also jointly held by the parents of Wesley Maas and Emma Maas.
- At the Company's AGM held on 9 November 2021, shareholder approval was obtained for MAAS Group Developments Pty Ltd, a wholly-owned subsidiary of the company, to exercise an option with W&E Maas Holdings Pty Limited as trustee for the Maas Family Trust to purchase all of the shares in MAAS Group Properties Sheraton View Pty Limited at an exercise price of $100. On exercise of the option, Choice Investments (Dubbo) Pty Ltd (an entity controlled and/or associated with Wesley Maas), who paid the first and second instalments of the purchase price and all transaction costs in relation MAAS Group Properties Sheraton View Pty Limited's purchase of the Sheraton Site, was entitled to repayment of these amounts totalling $1,469,854. Wesley and Emma Maas are controlling shareholders of W&E Maas Holdings Pty Limited and beneficiaries of the Maas Family Trust.
- At the Company's AGM held on 9 November 2021, shareholder approval was obtained for MAAS Group Developments Pty Ltd, a wholly-owned subsidiary of the company, to purchase all of the shares in MAAS Group Properties Bunglegumbie East Pty Ltd at a purchase price of $100. On completion of the share purchase, W&E Maas Holdings Pty Limited acting as trustee for the Maas Family Trust, who funded the deposit and all transaction costs in relation MAAS Group Properties Bunglegumbie East Pty Ltd's purchase of the Bunglegumbie Site, was entitled to repayment of these amounts totalling $158,371. Wesley and Emma Maas are controlling shareholders of W&E Maas Holdings Pty Limited and beneficiaries of the Maas Family Trust.
- During the 2022 financial year, the consolidated entity recovered expenses of $1,786 from Choice Investments Dubbo Pty Ltd, an entity controlled and/or associated with Wesley Maas.

RELATED PARTY TRANSACTIONS – STEPHEN BIZZELL:

- In December 2022 the consolidated entity engaged Centec Securities Pty Ltd (Centec) to execute share buy back orders announced to the market in that month. Centec is wholly owned indirectly by Stephen Bizzell, and Stephen is the sole director. During the year Centec executed the buy back of 1,581,253 MGH shares and charged the consolidated entity $3,203 in brokerage. Brokerage payable at 30 June 2023 was $49 for a share buy back executed 29 June 2023 and settled with MGH 3 July 2023.

RELATED PARTY TRANSACTIONS – MICHAEL MEDWAY:

- Michael Medway provided consultancy services to the consolidated entity under usual commercial terms. Services included due diligence services with respect to acquisitions of businesses and or assets. The value of the services provided in 2023 was nil (2022: $79,000).

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023 $	2022 $
Current payables:		
Trade payables to key management personnel	-	88,000
Trade payables to entities controlled by key management personnel	100,727	50,566

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 36. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the legal parent entity (MAAS Group Holdings Limited).

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $'000	2022 $'000
Profit/(loss) after income tax	88,078	(5,938)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	**88,078**	**(5,938)**

Statement of financial position

	Parent	
	2023 $'000	2022 $'000
Total current assets	836,941	453,535
Total non-current assets	167,254	161,885
Total assets	1,004,195	615,420
Total current liabilities	16,945	319
Total non-current liabilities	367,751	188,433
Total liabilities	384,696	188,752
Net assets	**619,499**	**426,668**
Equity		
Issued capital	550,778	432,530
Other equity	9,759	3,354
Share-based payments reserve	2,076	1,121
Retained profits/(accumulated losses)	56,886	(10,337)
Total equity	**619,499**	**426,668**

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

The parent entity has provided guarantees in respect of banking facilities provided to the group (refer note 21).

Contingent liabilities

The parent entity had no other contingent liabilities as at 30 June 2023 and 30 June 2022 that have not been disclosed in note 31.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

NOTE 36. PARENT ENTITY INFORMATION (CONTINUED)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be a indicator of an impairment of the investment.

NOTE 37. BUSINESS COMBINATIONS

(A) BUSINESS COMBINATIONS

Summary of acquisition

Acquisition of Schwarz

On 1 July 2022, the consolidated entity entered into an agreement to acquire Schwarz Excavations Pty Ltd (Schwarz) for an initial cash payment of $34.159m. 913,194 Consideration shares are to be issued in equal share tranches annually over the next three years to the value of $3.762m. Further cash consideration may be payable, contingent on Schwarz achieving certain EBITDA targets for the three financial years following completion up to $3.000m. The acquisition completed on 22 July 2022. Schwarz is a provider of plant hire, rail maintenance, civil construction and haulage services in Rockhampton and Central Queensland. The Schwarz business operates in the Civil, Construction & Hire segment. In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

Acquisition of Clermont Quarries

On 1 August 2022, the consolidated entity entered into an agreement to acquire four hard rock quarries and two sand quarries in the Isaac region of Central Queensland for a cash payment of $14.525m These quarries primarily service the areas surrounding Clermont, Middlemount, and Dysart, and are expected to produce in excess of 350,000 tonnes of quarry materials per annum. The acquisition was completed on 20 September 2022. The Clermont Quarries business operates in the Construction Materials segment. In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

Acquisition of Dandy

On 16 December 2022, the consolidated entity completed the acquisition of Dandy Premix. The consideration formed a cash payment of $66.305m and the issue of 3,331,533 shares in MGH. 979,863 of the Consideration Shares were issued on 19 December 2022, with the remaining 2,351,670 Consideration Shares to be issued in equal share tranches annually over the next three years. Further cash consideration may be payable, contingent on the approval of a permit across Dandy's immediate operating area up to $5.000m. An additional payment up to $22.000m may be payable, related to vendor led negotiations, applications, and approvals for Work Plans in Dandy's operating region over the course of the next 5 - 9 years. The additional payment is regarded as an independent transaction from the business combination with no amount recognised on acquisition. Dandy is an integrated construction materials business in south-east Melbourne operating five concrete plants, a sand quarry and a hard rock quarry. The Dandy Premix business operates in the Construction Materials segment. In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

Acquisition of Austek

On 26 May 2023, the consolidated entity completed the acquisition of a 75% controlling interest in Austek Group of companies (Austek). Austek specialises in asphalt repairs, road maintenance, road rehabilitation and spray seal services in both Regional and Southeast Queensland. The Austek acquisition gives the Group a strategic entry into the asphalt market, with an experienced minority interest partner. As a downstream user of quarry products, the Austek acquisition represents an expansion in construction materials capability for the Group. The consideration formed a completion cash payment of $33.821m. Further consideration of $10.976m, comprising of cash and shares, may be payable contingent on EBIT hurdles across the next 12 months. The Austek Group of companies operates in the Construction Materials segment. In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

NOTE 37. BUSINESS COMBINATIONS (CONTINUED)

Details of the acquisition are as follows:

	Clermont Quarries Fair value $'000	Schwarz Fair value $'000	Dandy Fair value $'000	Austek Fair value $'000	Total Fair value $'000
Cash and cash equivalents	-	2,961	93	682	3,736
Trade receivables	-	2,050	348	11,148	13,546
Income tax refund due	-	1,013	-	73	1,086
Inventories	1,833	-	527	451	2,811
Prepayments	-	186	698	207	1,091
Other current assets	-	1,970	172	6,081	8,223
Quarry land	2,729	-	45,564	-	48,293
Land and buildings	-	4,620	22,700	5,404	32,724
Plant and equipment	6,991	28,373	30,292	10,401	76,057
Intangibles	3,000	1,200	-	21,540	25,740
Trade and other payables	-	(2,407)	(475)	(20,930)	(23,812)
Deferred tax liability	-	(1,804)	(3,792)	(2,933)	(8,529)
Employee benefits	(28)	(266)	(1,287)	(481)	(2,062)
Lease liability	-	-	(15,040)	(4,347)	(19,387)
Net assets acquired	14,525	37,896	79,800	27,296	159,517
Goodwill	-	1,803	-	19,466	21,269
Non-controlling interests	-	-	-	(1,965)	(1,965)
Acquisition-date fair value of the total consideration transferred	**14,525**	**39,699**	**79,800**	**44,797**	**178,821**
Representing:					
Cash paid or payable to vendor	14,525	34,159	66,305	33,821	148,810
MAAS Group Holdings Limited shares issued to vendor	-	-	8,495	-	8,495
MAAS Group Holdings Limited shares to be issued to vendor in future periods (Deferred Consideration)	-	3,762	-	-	3,762
Contingent consideration	-	1,778	5,000	10,976	17,754
	14,525	**39,699**	**79,800**	**44,797**	**178,821**
Cash used to acquire business, net of cash acquired:					
Acquisition-date fair value of the total consideration transferred	14,525	39,699	79,800	44,797	178,821
Less: cash and cash equivalents	-	(2,961)	(93)	(682)	(3,736)
Less: shares issued by company as part of consideration	-	-	(2,499)	-	(2,499)
Less: shares to be issued in future periods (Deferred Consideration)	-	(3,762)	(5,997)	-	(9,759)
Less: contingent consideration	-	(1,778)	(5,000)	(10,976)	(17,754)
Net cash used	**14,525**	**31,198**	**66,211**	**33,139**	**145,073**

Revenue and profit contribution

If the acquisitions had occurred on 1 July 2022, the consolidated results for the year ended 30 June 2023 would have been as follows:

	Revenue $'000	Net profit for the period after tax $'000
Schwarz	46,426	4,030
Dandy	74,041	8,338
Austek	98,435	11,303
	218,902	**23,671**
Other consolidated entities	703,626	54,542
	922,528	**78,213**

The amounts in the above table have been calculated using the results of each subsidiary and adjusting them for:

- differences in the accounting policies between the consolidated entity and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2022, together with the consequential tax effects.

The acquired businesses contributed the following revenues and net profit to the consolidated entity from the dates of their respective acquisitions to 30 June 2023:

	Revenue $'000	Net profit for the period after tax $'000
Schwarz	45,672	3,855
Dandy	43,958	6,177
Austek	12,368	1,790
	101,998	**11,822**

It is impractical to isolate the post-acquisition revenue and net results for the period for Clermont Quarries given the acquisition has been operationally consumed within Regional Quarries Australia Pty Ltd.

Acquired receivables

	Fair value of acquired receivables $'000	Gross contractual amount due $'000	Loss allowance recognised on acquisition $'000
Schwarz	2,050	(2,050)	-
Dandy	348	(348)	-
Austek	11,148	(11,148)	-
	13,546	**(13,546)**	**-**

Acquisition-related costs

Acquisition-related costs were not directly attributable to the issue of shares are disclosed separately in the statement of profit or loss and other comprehensive income as *Transaction costs relating to business combinations:*

	$'000
Acquisition costs	3,317

(B) SUMMARY OF ACQUISITION - FINALISATION OF PROVISIONAL ACCOUNTING

On 19 May 2022, the consolidated entity entered into an agreement to purchase the shares of DPG Civil Pty Ltd and its subsidiaries (Garde).

NOTE 37. BUSINESS COMBINATIONS (CONTINUED)

For 30 June 2022, this business combination had initially been accounted for on a provisional basis in accordance with AASB 3 *Business combinations*. Therefore the fair value of assets acquired and liabilities assumed were initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and therefore may have an impact on the assets and liabilities, depreciation and amortisation reported.

The consolidated entity has finalised the accounting for this business combination and in doing so adjusted assets and liabilities shown in the table below. These adjustments resulted in an increase in goodwill being recognised. As noted above the finalisation accounting is retrospective and therefore the adjustment impacts the 30 June 2022 financial year. These adjustments had no impact on the 30 June 2022 statement of profit or loss and other comprehensive income.

Details of the fair value of the net assets acquired as recorded on a provisional basis and the final position as impacting the fair value of net assets acquired as at 30 June 2022, are as follows:

	Provisional fair value $'000	Movement $'000	Final fair value $'000
Cash and cash equivalents	2,263	-	2,263
Trade receivables	5,107	(436)	4,671
Income tax refund due	814	71	885
Prepayments	116	(4)	112
Other current assets	1,939	(1,459)	480
Property, plant and equipment	10,960	654	11,614
Intangibles	12,960	-	12,960
Deferred tax asset	2,166	(1,311)	855
Trade and other payables	(2,518)	(2,729)	(5,247)
Current tax liability	(14)	(1)	(15)
Deferred tax liability	(2,601)	1,315	(1,286)
Employee benefits	(380)	(26)	(406)
Lease liability	(2,132)	(654)	(2,786)
Net identifiable assets acquired	**28,680**	**(4,580)**	**24,100**
Goodwill	9,538	4,518	14,056
Fair value of the total consideration transferred	**38,218**	**(62)**	**38,156**

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations, unless it is a combination involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

NOTE 38. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
MAAS Group Pty Limited	Australia	100%	100%
Machinery Sales Pty Limited [formerly Rookharp]	Australia	100%	100%
MAAS Plant & Equipment Pty Limited [formerly named EMS Plant & Equipment Pty Limited]	Australia	100%	100%
Large Industries Pty Limited	Australia	100%	100%
Hamcon Civil Pty Limited	Australia	100%	100%
Miller Metals Forbes Pty Limited	Australia	100%	100%
MAAS Plant Hire Pty Limited	Australia	100%	100%
MAAS Civil Pty Limited	Australia	100%	100%
MAAS Administration Pty Limited	Australia	100%	100%
Macquarie Geotechnical Pty Limited	Australia	100%	100%
Amcor Excavations Pty Limited	Australia	100%	100%
A1 Earthworx Mining & Civil Pty Limited	Australia	100%	100%
Schwarz Excavations Pty Limited	Australia	100%	-
EMS Group Pty Limited	Australia	100%	100%
Jacon Equipment Pty Limited	Australia	100%	100%
Jacon Equipment (South Africa) Pty Limited	South Africa	100%	-
EMS Labour Hire Pty Limited	Australia	100%	100%
MAAS Repairs Pty Limited [formerly named EMS Repairs Pty Limited]	Australia	100%	100%
EMS Equipment Hire Pty Limited	Australia	100%	100%
EMS Admin Pty Limited	Australia	100%	100%
Dubbo Parts Pty Limited [formerly named Regional Transport Spares Pty Limited]	Australia	100%	100%
PT JTECH Jasa Pertambangan	Indonesia	100%	100%
JLE Group Holdings Pty Limited	Australia	100%	100%
JLE Electrical Projects Pty Limited	Australia	100%	100%
JLE Manufacturing Pty Limited	Australia	100%	100%
JLE Engineering Pty Limited	Australia	100%	100%
JLE Admin Pty Limited	Australia	100%	100%
JLE Hire Pty Limited	Australia	100%	100%
JLE Utilities Services Pty Limited	Australia	100%	100%
JLE Mining & Tunnelling Pty Limited [formerly EMS Mine Site Electrical Pty Limited]	Australia	100%	100%
DPG Civil Pty Limited	Australia	100%	100%
Elbac Pty Limited	Australia	100%	100%
Garde Services Pty Limited	Australia	100%	100%
Regional Group Australia Pty Limited	Australia	100%	100%
Regional Hardrock Pty Limited	Australia	100%	100%
Regional Hardrock Unit Trust	Australia	100%	100%
Regional Hardrock (Dubbo) Pty Limited	Australia	100%	100%
Regional Quarries Australia Pty Limited	Australia	100%	100%
Regional Hardrock (Willow Tree) Pty Limited	Australia	100%	100%
Regional Hardrock Willow Tree Unit Trust	Australia	100%	100%
Regional Hardrock (Orange) Pty Limited	Australia	100%	100%
Regional Hardrock (Inverell) Pty Limited	Australia	100%	100%
Regional Hardrock Inverell Unit Trust	Australia	100%	100%

NOTE 38. INTEREST IN SUBSIDIARIES (CONTINUED)

		Ownership interest	
	Principal place of business /	2023	2022
Name	Country of incorporation	%	%
Regional Hardrock (Forbes) Pty Limited	Australia	100%	100%
Regional Hardrock (Forbes) Unit Trust	Australia	100%	100%
Regional Hardrock (West Wylong) Pty Limited	Australia	100%	100%
Regional Hardrock (West Wylong) Unit Trust	Australia	100%	100%
Regional Hardrock (Gilgandra) Pty Limited	Australia	100%	100%
Regional Hardrock (Gilgandra) Unit Trust	Australia	100%	100%
Regional Sands (Dubbo) Pty Limited	Australia	100%	100%
Regional Sands Dubbo Unit Trust	Australia	100%	100%
Sand Quarries Australia Pty Limited	Australia	100%	100%
Regional Crushing & Screening Pty Limited	Australia	100%	100%
Regional Concrete Australia Pty Limited	Australia	100%	100%
Regional Precast Australia Pty Limited	Australia	100%	100%
Regional Group Resources Pty Limited	Australia	100%	100%
Amcor Quarries & Concrete Pty Limited	Australia	100%	100%
Gracemere Property Pty Limited	Australia	100%	100%
Gracemere Property Unit Trust	Australia	100%	100%
Regional Concrete (Tamworth) Pty Limited	Australia	100%	100%
Regional Concrete Tamworth Unit Trust	Australia	100%	100%
Blackwater Quarries Pty Limited	Australia	100%	100%
Dawson Quarries Pty Limited	Australia	100%	100%
Regional Hardrock Yatala Pty Limited	Australia	100%	100%
Regional Hardrock Yatala Unit Trust	Australia	100%	100%
Regional Hardrock Clermont Pty Limited	Australia	100%	-
Regional Hardrock Clermont Unit Trust	Australia	100%	-
Dandy Premix Quarries Pty Limited	Australia	100%	-
Casey Concrete Pty Limited	Australia	100%	-
South East Resources Unit Trust	Australia	100%	-
Regional Quarries Riviera Pty Limited	Australia	100%	-
Regional Quarries Riviera Unit Trust	Australia	100%	-
Azure Asphalt Holdings Pty Limited	Australia	100%	-
Austek Asphalt Services Pty Limited	Australia	75%	-
Austek Plant Hire Pty Limited	Australia	75%	-
Austek Production Pty Limited	Australia	75%	-
AUSTEK Spray Seal Pty Limited	Australia	75%	-
Haydos Pty Limited	Australia	75%	-
MAAS Group Developments Pty Limited	Australia	100%	100%
MAAS Group Westwinds Pty Limited	Australia	100%	100%
MAAS Group Properties Durham Park Pty Limited	Australia	100%	100%
MAAS Group Properties Bombira Pty Limited	Australia	100%	100%
MAAS Group Properties Southlakes Pty Limited	Australia	100%	100%
MAAS Group Properties Highlands Pty Limited	Australia	100%	100%
MAAS Group Properties Magnolia Pty Limited	Australia	100%	100%
MAAS Group Properties Arcadia Pty Limited	Australia	100%	100%
MAAS Group Properties Logan Pty Limited	Australia	100%	100%
MAAS Group Properties Eagle View Pty Limited [formerly Browns Lane]	Australia	100%	100%
Eykan Holdings Pty Limited	Australia	100%	100%
Bizitay Pty Limited	Australia	100%	100%
Southlakes Child Care Centre No1 Pty Limited	Australia	100%	100%
Southlakes Child Care Centre No 1 Unit Trust	Australia	100%	100%
MAAS Commercial CC SL No2 Pty Limited	Australia	100%	100%
MAAS Commercial CC SL No2 Unit Trust	Australia	100%	100%
MAAS Homes Pty Limited [formerly Bourke Construction]	Australia	100%	100%
MAAS Group Properties Ulan Pty Limited	Australia	100%	100%

NOTE 38. INTEREST IN SUBSIDIARIES (CONTINUED)

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Gunnedah Land Holdings Pty Limited	Australia	100%	100%
Gunnedah Property Unit Trust	Australia	100%	100%
MAAS Commercial Developments Pty Limited	Australia	100%	100%
MAAS Self Storage (Western) Pty Limited	Australia	100%	100%
MAAS Self Storage (Southern) Pty Limited	Australia	100%	100%
MAAS Group Southern Unit Trust	Australia	100%	100%
MAAS Residential Developments Pty Limited	Australia	100%	100%
MAAS Group Construction Pty Limited	Australia	100%	100%
MAAS Group Properties Bunglegumbie Pty Limited	Australia	100%	100%
MAAS Group Properties Liberal Pty Limited	Australia	100%	100%
MAAS Group Properties Liberal Unit Trust	Australia	100%	100%
Astley's Building Supplies Pty Limited	Australia	100%	100%
Brett Harvey Constructions Pty Limited	Australia	100%	100%
MAAS Building Materials Pty Limited	Australia	100%	100%
MAAS Building Pty Limited	Australia	100%	100%
MAAS Commercial Bultje Holdings Pty Limited	Australia	100%	100%
MAAS Commercial Bultje Unit Trust	Australia	100%	100%
MAAS Commercial Cobbora Pty Limited	Australia	100%	100%
MAAS Commercial Cobbora Unit Trust	Australia	100%	100%
MAAS Commercial Fitzroy Pty Limited	Australia	100%	100%
MAAS Commercial Fitzroy Unit Trust	Australia	100%	100%
MAAS Commercial Leeds Pty Limited	Australia	100%	100%
MAAS Commercial Leeds Unit Trust	Australia	100%	100%
MAAS Commercial Oliver House Pty Limited	Australia	100%	100%
MAAS Commercial Oliver House Unit Trust	Australia	100%	100%
MAAS Commercial Parafield Pty Limited	Australia	100%	100%
MAAS Commercial Parafield Unit Trust	Australia	100%	100%
MAAS Commercial Shopping C SL Holding Pty Limited	Australia	100%	100%
MAAS Commercial Shopping Centre SL UT Pty Limited	Australia	100%	100%
MAAS Constructions (Dubbo) Pty Limited	Australia	100%	100%
MAAS Group Properties 103 Prince Pty Limited	Australia	100%	100%
MAAS Group Properties Bunglegumbie East Pty Limited	Australia	100%	100%
MAAS Group Properties Collina Pty Limited	Australia	100%	100%
MAAS Group Properties Ellida Pty Limited	Australia	100%	100%
MAAS Group Properties Killarney Pty Limited	Australia	100%	100%
MAAS Group Properties Leeds Pty Limited	Australia	100%	100%
MAAS Group Properties Miriam Pty Limited	Australia	100%	100%
MAAS Group Properties RBD Holdings Pty Limited	Australia	100%	100%
MAAS Group Properties RBD Unit Trust	Australia	100%	100%
MAAS Group Properties Sheraton View Pty Limited	Australia	100%	100%
MAAS Group Properties Veravista Pty Limited	Australia	100%	100%
MAAS Group RAAF Residential Pty Limited	Australia	100%	100%
MAAS Investments Holdings Pty Limited	Australia	100%	100%
MAAS Investments No1 Unit Trust	Australia	100%	100%
MAAS Investments Properties No1 Unit Trust	Australia	100%	100%
MAAS Property Management Pty Limited	Australia	100%	100%
MAAS Self Storage (Canberra) Pty Limited	Australia	100%	100%
MAAS Self Storage (Eastern) Pty Limited	Australia	100%	100%
MAAS Plumbing Pty Limited	Australia	100%	100%
R Maas Investments Pty Limited	Australia	100%	100%
Regional Demolition Pty Limited	Australia	100%	100%

NOTE 38. INTEREST IN SUBSIDIARIES (CONTINUED)

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	2022 %
S Maas Investments Pty Limited	Australia	100%	100%
Spacey Storage Pty Limited	Australia	100%	100%
Stanaway Pty Limited	Australia	100%	100%
MAAS Commercial Property Management Pty Limited	Australia	100%	-
MAAS Commercial Gurwood Pty Limited	Australia	100%	-
MAAS Commercial Gurwood Unit Trust	Australia	100%	-
MAAS Commercial Rural Pty Limited	Australia	100%	-
MAAS Commercial Rural Unit Trust	Australia	100%	-
MAAS Commercial Maria Pty Limited	Australia	100%	-
MAAS Commercial Maria Unit Trust	Australia	100%	-
MAAS Commercial Tringa Pty Limited	Australia	100%	-
MAAS Commercial Tringa Unit Trust	Australia	100%	-
EMS International Pty Limited [formerly EmS Vietnam]	Australia	100%	100%
VMS Engineering Company Limited	Vietnam	100%	100%
EMS Power Solutions UK Limited	United Kingdom	100%	100%

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests held equals the voting rights held by the consolidated entity.

NOTE 39. EVENTS AFTER THE REPORTING PERIOD

Dividend

The Directors declared a fully franked final dividend of 3 cents per share on 17 August 2023, which reflects a full year dividend of 6 cents per share, an increase of 9.0% from the prior year.

Long Term Incentive Program (LTIP)

On the 17th August 2023 the Directors approved an award in relation to FY22 under the LTIP program previously approved by shareholders.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 40. CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023 $'000	2022 $'000
Profit after income tax expense for the year	65,903	61,562
Adjustments for:		
Depreciation	35,745	25,677
Amortisation	7,515	4,892
Net gain on disposal of property, plant and equipment	(4,131)	(2,649)
Net fair value gain on investment properties	(31,846)	(18,843)
Share of loss/(profit) - associates	11	(761)
Share-based payments	955	769
Fair value adjustments to contingent consideration	(698)	(6,546)
Net (gain)/ loss on disposal of investment property	(1,742)	12
Unwinding of interest on vendor financing	211	464
Amortisation of borrowing costs	529	501
Change in operating assets and liabilities:		
Increase in trade and other receivables	(30,746)	(28,363)
Increase in contract assets	(7,155)	(18,166)
Increase in inventories	(84,413)	(44,590)
Increase in deferred tax assets	(15,023)	(6,452)
Increase in prepayments	(411)	(2,623)
Increase in current income tax receivable/payable	8,526	983
Decrease/(increase) in other operating assets	11,106	(1,551)
Increase in trade and other payables	30,442	12,736
Increase/(decrease) in contract liabilities	(5,436)	10,212
Increase in deferred tax liabilities	19,603	19,073
Increase in employee benefits	1,212	1,065
Increase in other provisions	2,407	49
Net cash from operating activities	**2,564**	**7,451**

Non-cash investing and financing activities

	Consolidated	
	2023 $'000	2022 $'000
Dividend reinvestment plan share issues	1,507	14,105
Share based payments	955	769
Partial settlement of business combinations through the issue of shares	6,694	49,633

NOTE 40. CASH FLOW INFORMATION (CONTINUED)

Changes in liabilities arising from financing activities

Consolidated	Bank loans and Multi-option facility $'000	Vendor financing $'000	Leases $'000	Chattel mortgages $'000	Deferred and contingent consideration $'000	Total $'000
Balance at 1 July 2021	**50,581**	**20,639**	**47,824**	**36,805**	**2,666**	**158,515**
Net cash from/(used in) financing activities	148,050	(14,599)	(13,312)	29,888	(1,323)	148,704
Acquisition plant & equipment by means of finance lease	-	-	1,572	-	-	1,572
Changes through business combinations (note 37)	-	-	2,132	-	23,055	25,187
Fair value adjustment on contingent consideration	-	-	-	-	(6,546)	(6,546)
Acquisition of land held for resale	-	11,818	-	-	-	11,818
Acquisition of investment property	-	6,650	-	-	-	6,650
Amortisation and present value unwinding	501	464	-	-	-	965
Balance at 30 June 2022	**199,132**	**24,972**	**38,216**	**66,693**	**17,852**	**346,865**
Net cash from/(used in) financing activities	156,040	(17,292)	(8,264)	62,436	(1,901)	191,019
Shares issued for contingent consideration	-	-	-	-	(841)	(841)
Acquisition plant & equipment by means of finance lease	-	-	2,492	-	-	2,492
Changes through business combinations (note 37)	-	-	19,387	-	17,754	37,141
Fair value adjustment on contingent consideration	-	-	-	-	(698)	(698)
Amortisation and present value unwinding	529	211	-	-	-	740
Other	-	-	654	-	-	654
Balance at 30 June 2023	**355,701**	**7,891**	**52,485**	**129,129**	**32,166**	**577,372**

NOTE 41. EARNINGS PER SHARE

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit after income tax	65,903	61,562
Non-controlling interest	(448)	-
Profit after income tax attributable to the owners of MAAS Group Holdings Limited	**65,455**	**61,562**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	316,895,984	287,412,227
Adjustments for calculation of diluted earnings per share:		
Deferred consideration for business combinations (note 25)	2,810,379	707,547
Share rights granted to employees of Macquarie Geotechnical Pty Ltd to be issued in three equal tranches on the third, fourth and fifth anniversaries of the acquisition (note 42 (b))	1,346,687	1,346,687
Performance rights (note 42 (a))	181,027	51,854
Weighted average number of ordinary shares used in calculating diluted earnings per share	**321,234,077**	**289,518,315**

NOTE 41. EARNINGS PER SHARE (CONTINUED)

	Cents	Cents
Basic earnings per share	20.66	21.42
Diluted earnings per share	20.38	21.26

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MAAS Group Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 42. SHARE-BASED PAYMENTS

(a) Long term incentive plan

On 9 November 2021, the company's members approved a Long Term Incentive Plan (the Plan) to enable equity incentives including Performance Rights, Options, and Shares to be issued under the Plan to eligible Directors, employees and contractors.

The Plan is to assist the company to attract and retain key staff, whether employees or contractors. The Plan will:
- enable the Company to incentivise and retain existing key management personnel and other eligible employees and contractors needed to achieve the Company’s business objectives;
- link the reward of key staff with the achievement of strategic goals and the long-term performance of the Company; and
- align the financial interest of participants of the Plan with those of Shareholders.

No performance rights were issued during FY23.

In FY22, on 23 December 2021, the Board granted 37,736 performance rights to an employee. 50% of the performance rights will vest 12 months after the grant date and the remaining 50% will vesting 24 months after the grant date. Vesting of each of the performance rights are contingent on the employee remaining employed with MGH with any non-vested performance rights forfeited at the date of resignation. The performance rights are subject to individual key performance indicators. The value of the performance rights granted was $186,793.

On 30 June 2022, the Board granted 143,291 performance rights to employees. For the five tranches totalling 43,478 performance rights, 20% of these rights will vest on 22 March 2023 with the remaining 80% vesting equally over a further 4-year period ending 22 March 2027 (20% per annum). For the three tranches totalling 99,813 performance rights, 33.3% of the performance rights will vest 12 months after the issue date and the remaining 66.67% will vest equally over a further 2-year period ending 30 June 2025 (33.33% per annum). Vesting of each of the above tranches are contingent on the respective employees remaining employed with MGH with any non-vested performance rights forfeited at the date of resignation. All performance rights are subject to individual key performance indicators. The value of the performance rights granted was $650,000.

(b) Share rights

On 21 December 2020, MAAS Group Holdings Limited (MGH) agreed to an issue of 1,346,687 ordinary shares in MGH to the employees of Macquarie Geotechnical Pty Ltd. The shares will be issued in three equal tranches on the third, fourth, and fifth anniversaries of the completion date (21 December 2020) of the Macquarie Geotechnical Pty Ltd acquisition. The total value of the rights granted is $2,693,737 based on $2 per share and will be expensed over the vesting period.

(c) Summary of movements in share rights and performance rights

Set out below are summaries of share rights and the performance rights:

2023

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2020	20/12/2023	$0.00	448,896	-	-	-	448,896
20/12/2020	20/12/2024	$0.00	448,896	-	-	-	448,896
20/12/2020	20/12/2025	$0.00	448,895	-	-	-	448,895
23/12/2021	23/12/2022	$0.00	18,868	-	-	-	18,868
23/12/2021	23/12/2023	$0.00	18,868	-	-	-	18,868
30/06/2022	22/03/2023	$0.00	8,696	-	-	-	8,696
30/06/2022	22/03/2024	$0.00	8,696	-	-	-	8,696
30/06/2022	22/03/2025	$0.00	8,696	-	-	-	8,696
30/06/2022	22/03/2026	$0.00	8,695	-	-	-	8,695
30/06/2022	22/03/2027	$0.00	8,695	-	-	-	8,695
30/06/2022	30/06/2023	$0.00	33,271	-	-	-	33,271
30/06/2022	30/06/2024	$0.00	33,271	-	-	-	33,271
30/06/2022	30/06/2025	$0.00	33,271	-	-	-	33,271
			1,527,714	**-**	**-**	**-**	**1,527,714**

2022

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2020	20/12/2023	$0.00	448,896	-	-	-	448,896
20/12/2020	20/12/2024	$0.00	448,896	-	-	-	448,896
20/12/2020	20/12/2025	$0.00	448,895	-	-	-	448,895
23/12/2021	23/12/2022	$0.00	-	18,868	-	-	18,868
23/12/2021	23/12/2023	$0.00	-	18,868	-	-	18,868
30/06/2022	22/03/2023	$0.00	-	8,696	-	-	8,696
30/06/2022	22/03/2024	$0.00	-	8,696	-	-	8,696
30/06/2022	22/03/2025	$0.00	-	8,696	-	-	8,696
30/06/2022	22/03/2026	$0.00	-	8,695	-	-	8,695
30/06/2022	22/03/2027	$0.00	-	8,695	-	-	8,695
30/06/2022	30/06/2023	$0.00	-	33,271	-	-	33,271
30/06/2022	30/06/2024	$0.00	-	33,271	-	-	33,271
30/06/2022	30/06/2025	$0.00	-	33,271	-	-	33,271
			1,346,687	**181,027**	**-**	**-**	**1,527,714**

The weighted average remaining contractual life of share rights and performance rights outstanding at the end of the financial year was 1.42 years (2022: 2.42 years).

Those granted a performance right, upon vesting, are entitled to receive one ordinary share per performance right held. Performance rights that have vested but have not yet been issued are disclosed above as they have not expired as at 30 June 2023.

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

NOTE 41. EARNINGS PER SHARE (CONTINUED)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

MAAS GROUP HOLDINGS LIMITED
DIRECTOR'S DECLARATION
30 JUNE 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

This declaration is made in accordance with a resolution of the Board of Directors.

Stephen G Bizzell
Chairman

Wesley J Maas
Managing Director and Chief Executive Officer

17 August 2023
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of MAAS Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MAAS Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter	How the matter was addressed in our audit
The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2023 and the Group derives revenue from a significant number of streams. The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers* • Documenting the processes and assessing the internal controls relating to revenue processing and recognition • Tracing a sample of revenue transactions to supporting documentation • Assessing the adequacy of the Group's disclosures within the financial statements.

Valuation and disclosures of non-financial assets including goodwill and indefinite life intangibles

Key audit matter	How the matter was addressed in our audit
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 18. The carrying value of intangible assets represent a significant asset of the Group. The Group is required to annually test the amount of goodwill and indefinite useful life intangible assets for impairment and assess other intangible assets for impairment indicators. This annual impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements and because management's assessment process is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.	Our procedures included, amongst others: • Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the Group • Evaluating management's process regarding the valuation of the Group's goodwill and other intangible assets • Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure, discount rates and growth rates • Involving our internal specialists to assess the discount rates against comparable market information • Assessing the disclosures related to the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards • Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.

Business combinations

Key audit matter	*How the matter was addressed in our audit*
The Group’s disclosures in respect to business combinations are included in Note 37. The audit of the accounting for the business combinations is a key audit matter due to the significant judgment and complexity involved in assessing the determination of the fair value of identifiable intangible assets and the consideration paid/payable. The assessment of business combinations required significant auditor effort.	Our procedures included, amongst others: • Obtaining an understanding of the transactions including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition • Comparing the assets and liabilities recognised on acquisition against the historical financial information • Evaluating management’s assessment of the fair value of the consideration paid/payable • Evaluating management’s assessment of the identifiable assets and liabilities acquired • Engaging with internal experts on the appropriateness of the calculation of identifiable intangible assets • Assessing the adequacy of the Group's disclosures of the acquisitions • Evaluating management’s assessment of each of the contingent amounts booked at acquisition date and reporting date, including the accounting for contingent consideration in the form of shares or cash • Reviewing and challenging management’s assumptions in respect of the probability of occurrence linked to financial hurdles and non-financial hurdles, at initial recognition.

Investment Properties

Key audit matter	*How the matter was addressed in our audit*
The balance of investment properties is material and determining the fair value involves significant judgements. Significant auditor effort and focus was required on this balance resulting in this being a key audit matter for our audit.	Our procedures included, amongst others: • Evaluating management's assessment of the fair value of the properties by obtaining external valuations for investment properties held at year end • Assessing the professional competence and objectivity of the valuer and evaluate the appropriateness of the methods and assumptions used • Reviewing management's classification of assets to ensure classification in the financial statements is in accordance with AASB 140 *Investment Property* • Evaluation of capitalised costs recognised and challenging management on the appropriateness of the treatment in accordance with AASB 140 *Investment Property* • Critically assessing the disclosures in relation to the determination of the fair value of the investment properties by comparing these disclosures to the external valuations obtained and our understanding of the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 56 to 67 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of MAAS Group Holdings Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

T R Mann
Director

Brisbane, 17 August 2023

MAAS GROUP HOLDINGS LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2023

The shareholder information set out below is current as at 07 August 2023.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding

		Ordinary Shares	
	Number of Holders	Number of Fully Paid Shares	% of Total Securities Issued
1 to 1,000	1,637	755,685	0.23
1,001 to 5,000	1,406	3,724,950	1.14
5,001 to 10,000	450	3,470,948	1.06
10,001 to 100,000	593	15,740,218	4.83
100,001 and Over	99	302,492,758	92.74
	4,185	**326,184,559**	**100**

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Number Held	% of Total Shares Issued
W & E MAAS HOLDINGS PTY LTD	77,166,985	23.66
MRS EMMA MARGARET MAAS	41,349,267	12.68
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,596,153	5.39
CITICORP NOMINEES PTY LIMITED	16,958,368	5.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,270,081	4.99
MR WESLEY JOHN MAAS	15,409,065	4.72
EMS INVEST PTY LTD	14,257,703	4.37
NATIONAL NOMINEES LIMITED	12,403,310	3.80
BNP PARIBAS NOMINEES PTY LTD	7,975,769	2.45
MR THOMAS PAUL CAVANAGH	7,361,523	2.26
DJ PORTER HOLDINGS PTY LTD	7,234,067	2.22
NETWEALTH INVESTMENTS LIMITED	4,969,480	1.52
MRS LEESA ROOKE	4,853,986	1.49
ROOKHARP INVESTMENTS PTY LIMITED	4,824,023	1.48
WILSLAY PTY LTD	4,366,728	1.34
MR DAVID MICHAEL ROOKE	3,204,490	0.98
ROOKHARP CAPITAL PTY LIMITED	3,124,660	0.96
MRS KIMBERLEY GAI LARGE	2,209,089	0.68
R MAAS HOLDINGS PTY LTD	2,036,667	0.62
S MAAS HOLDINGS PTY LTD	2,036,667	0.62
Total	**265,608,081**	**81.43**

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below

Ordinary Shares	Number Held	% of Total Shares Issued
W & E MAAS	173,381,789	53.15%

MAAS GROUP HOLDINGS LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2023

VOLUNTARY ESCROW

Shares subject to voluntary Escrow are set out below

Ordinary Shares	Number Shares	Date Escrow Period Ends
	148,148.00	16 August 2023
	64,195,120.67	31 August 2023
	600,000.00	29 September 2023
	365,987.00	31 May 2024
	148,148.00	16 August 2024
	64,195,117.67	31 August 2024
	365,987.00	31 May 2025
	664,375.00	31 August 2025
	600,000.00	29 September 2025
	131,282,883	

VOTING RIGHTS

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

Ordinary shares

All issued shares carry one vote per share and carry the rights to dividends.
There are no other classes of equity securities.

Pictured: JLE high voltage project

MAAS

maasgroup.com.au