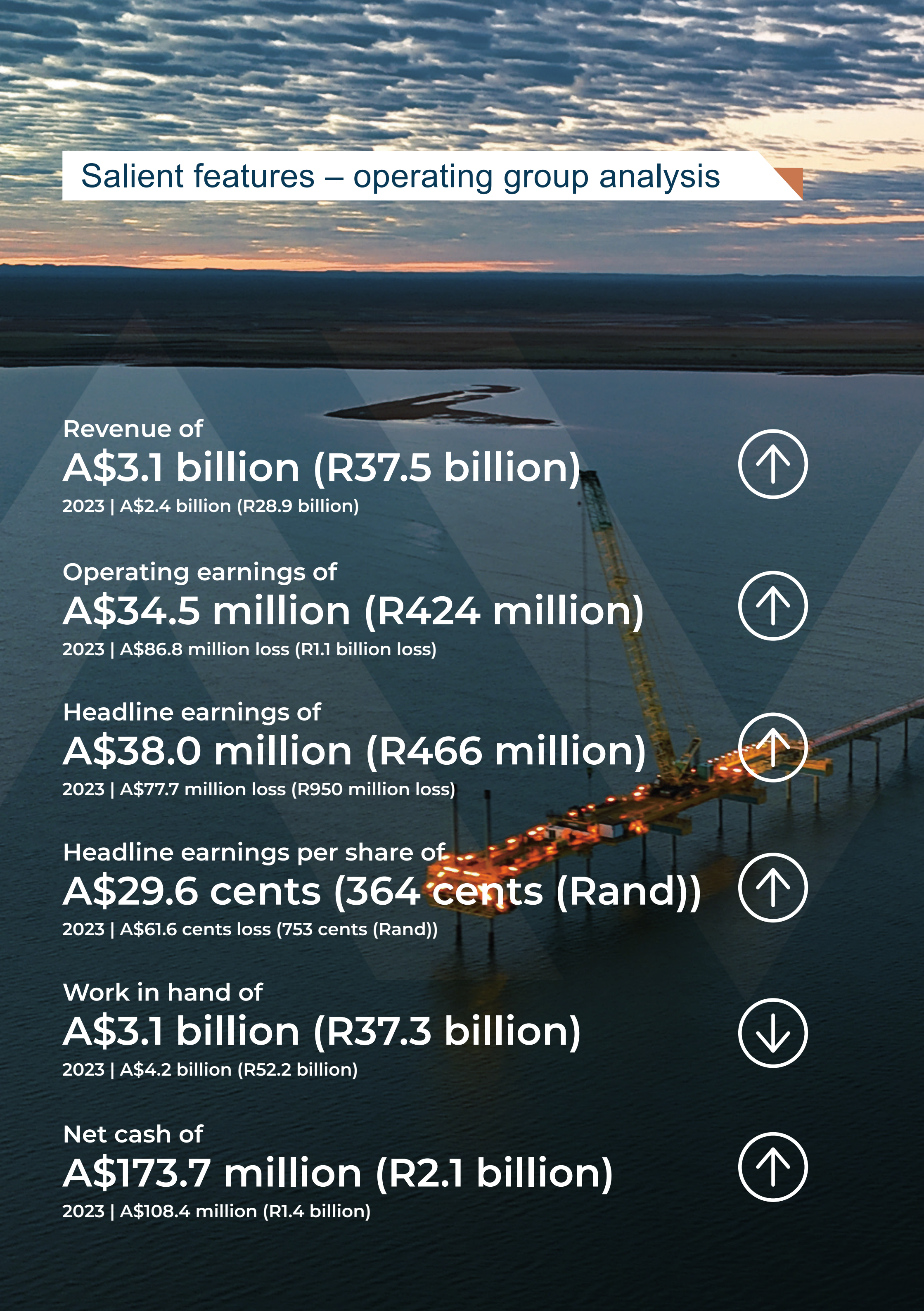
AVENG
Providing a better life

2024

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

AVENG Providing a better life | McCONNELL DOWELL CREATIVE CONSTRUCTION | BUILT ENVIRONS CREATIVE CONSTRUCTION | Moolmans



Salient features – operating group analysis

Revenue of
A$3.1 billion (R37.5 billion)
2023 | A$2.4 billion (R28.9 billion)

Operating earnings of
A$34.5 million (R424 million)
2023 | A$86.8 million loss (R1.1 billion loss)

Headline earnings of
A$38.0 million (R466 million)
2023 | A$77.7 million loss (R950 million loss)

Headline earnings per share of
A$29.6 cents (364 cents (Rand))
2023 | A$61.6 cents loss (753 cents (Rand))

Work in hand of
A$3.1 billion (R37.3 billion)
2023 | A$4.2 billion (R52.2 billion)

Net cash of
A$173.7 million (R2.1 billion)
2023 | A$108.4 million (R1.4 billion)

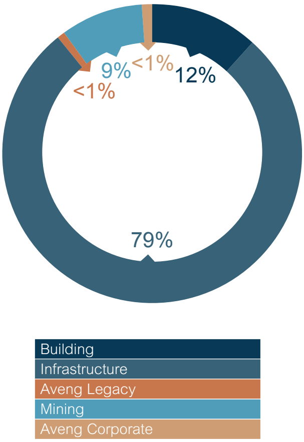
Salient features – operating group analysis
for the year ended 30 June 2024

Operating earnings / (loss) – operating group

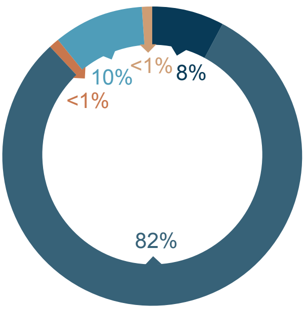
	2024 A$'000	2023 A$'000	%
Infrastructure	**57 386**	(49 084)	>100
Building	**8 637**	138	>100
Mining	**2 012**	(9 577)	>100
Aveng Legacy	**(5 052)**	(4 894)	(3.2)
Aveng Corporate and eliminations	**(28 505)**	(23 375)	(21.9)
Operating earnings / (loss) – continuing operations	**34 478**	(86 792)	>100
Discontinued operations	**–**	17 188	(>100)
Operating earnings / (loss)	**34 478**	(69 604)	>100
Earnings / (loss) attributable to equity holders of the parent	**25 653**	(103 890)	>100
Headline earnings / (loss)	**37 970**	(77 739)	>100

Revenue per operating group

June 2024 – A$3.1 billion

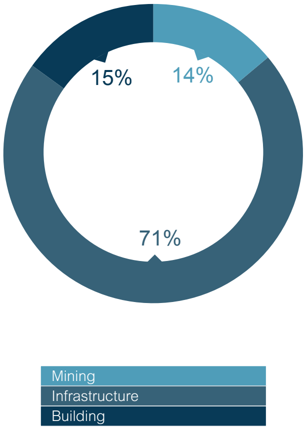


June 2023 – A$2.4 billion

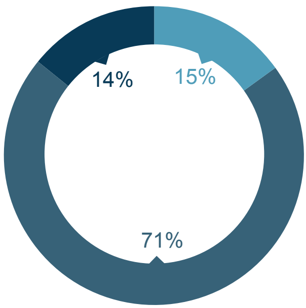


Work in hand per operating group

June 2024 – A$3.1 billion



June 2023 – A$4.2 billion



RESULTS
For the year ended 30 June 2024

AVENG LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06) | ISIN: ZAE000302618
SHARE CODE: AEG ("Aveng", "the Company" or "the Group")

SALIENT FEATURES[1]

Revenue of
A$3.1 billion (R37.5 billion)
(June 2023: A$2.4 billion[2] (R28.9 billion))

Operating earnings of
A$34.5 million (R424 million)
(June 2023: A$86.8 million loss[2] (R1.1 billion loss))

Headline earnings of
A$38.0 million (R466 million)
(June 2023: A$77.7 million loss (R950 million loss))

Headline earnings per share of
A$29.6 cents (364 cents (Rand))
(June 2023: A$61.6 cents loss (753 cents (Rand))

OVERVIEW

Aveng showcased its resilience with a return to profitability and positive cash flow generation for the year ended 30 June 2024.

Return the Group to profitability and positive cash generation

At 30 June 2024, Aveng increased revenue from continuing operations by 27% to A$3.1 billion (R37.5 billion) (June 2023: A$2.4 billion (R28.9 billion)), with a corresponding improvement of over 100% in its operating earnings before capital items to A$34.5 million (R424 million) (June 2023: A$86.8 million loss (R1.1 billion loss)) and an increase in headline earnings to A$38.0 million (R466 million) (June 2023: A$77.7 million loss (R950 million loss)), compared to the prior comparative year. Earnings for the year improved to A$25.7 million (June 2023: A$91.8 million loss).

The Group produced gross earnings of A$175.6 million at a gross margin of 5.7% (June 2023: A$38.8 million at a gross margin of 1.6%), an increase of over 100% as compared to the prior year. Included in the gross earnings in the prior year is the impact of the Batangas LNG Terminal Project (BLNG project) loss of A$104 million. Excluding this loss, the Group recorded gross earnings of A$142.8 million in the prior year. The Group continues to be impacted by the effects of hyper-escalation on projects awarded pre-COVID. The impact has largely been ameliorated by way of various strategies adopted to address this potential risk. The embedded margin in work in hand is expected to improve as these projects are concluded.

The increase in operating earnings was driven by earnings in the *Infrastructure* and *Building* segments, with operating earnings of A$57.4 million (June 2023: A$49 million loss)

Net Cash of
A$173.7 million (R2.1 billion)
(June 2023: A$108.4 million (R1.4 billion))

Strategic review concluded with intention to pursue two separate and independent operating and growth strategies

Work in hand of
A$3.1 billion (R37.2 billion)
with higher embedded margin
(June 2023: A$4.2 billion (R52.2 billion))

Leadership transition and organisational structural change complete

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

in *Infrastructure* and A$8.6 million (June 2023: A$0.1 million) in the *Building* segment. The *Mining* segment generated operating earnings of A$2.0 million (R24.5 million) (June 2023: A$9.6 million (R110 million) loss) in 2024.

The *Infrastructure* segment is operating with 96% and the *Building* segment with 100% of projects profitable. This illustrates strong operational performance across these portfolios. The *Mining* segment continues to focus on project execution through a focus on improving production levels and operating efficiencies across all its sites.

Building on the first half of the year, the Group continued to deliver a strong operating free cash inflow of A$97.9 million for the full year (June 2023: A$62.7 million outflow).

Strengthened balance sheet through improved profitability, strong cash generation and debt repayment

Aveng strengthened its balance sheet through improved profitability, strong cash generation and the repayment of debt. The Group closed with a cash balance of A$227.7 million (June 2023: A$189.7 million) after settling A$23 million term debt facility during the year. The Group's debt now comprises asset-backed finance and lease liabilities associated with property, plant and equipment.

The Group closed the year with an improved net cash position of A$173.7 million (R2.1 billion) (30 June 2023: A$108.4 million (R1.4 billion)).

Improved quality of work in hand with higher embedded margin

The Group continues to win work within its specialist disciplines, with a focus on quality infrastructure, building and mining projects, which are expected to contribute positively to the operational margins. As a result, the Group enters the 2025 financial year in a strong position, with combined work in hand amounting to A$3.1 billion (R37.2 billion), down from the record high work in hand of A$4.2 billion (R52.2 billion) in June 2023. As expected, work in hand in the *Infrastructure* segment has reduced, reflecting the timing of larger infrastructure project awards, particularly for government-funded projects. Tendering activity in the second half returned to required levels in support of future revenue projections at expected margins. Work in hand in the *Building* segment has come off peak levels and remains at a comfortable level to maintain similar revenue levels going forward. The *Mining* segment is currently focused on opportunities to improve volumes and extend contracts with existing clients.

Enhanced risk management processes having positive impact

As previously described, the risk management processes introduced across the *Infrastructure* and *Building* segments are having a positive impact across the entire portfolio. This includes improved tender preparation and review processes, project reviews and specific proactive attention provided by the Project Management Office (PMO) professionals through the tender and project lifecycle. This has led to an improved project portfolio balanced between risk and opportunity, increased project specific contingencies and risk mitigation strategies now delivering opportunity. This has led to overall margin trending upwards towards expectations.

Risk reduced on Group legacy items

The Group continues to actively manage the remaining legacy matters. Risk has been reduced with lower guarantee exposures, closing out of project-related liabilities, contractual disputes and claims.

Strategic review undertaken

A new strategic direction to enhance future value for all businesses has been determined.

OPERATIONAL PERFORMANCE

Our commitment to ensuring the success of our three businesses, McConnell Dowell, Built Environs and Moolmans, remains unwavering and in line with the objective of ensuring a sustainable future for all three businesses.

Aveng has segmented its existing businesses under three strong operating brands which make up three distinct segments. The *Infrastructure* segment, which comprises McConnell Dowell, operates in three geographical regions – Australia, New Zealand and Pacific Islands, and Southeast Asia; the *Building* segment, which comprises Built Environs, operating in Australia and New Zealand, and the *Mining* segment which comprises Moolmans.

Infrastructure

For the year ended 30 June 2024, the *Infrastructure* segment achieved a 23% growth in revenue to A$2.4 billion (2023: A$2.0 billion), mainly attributable to revenue growth in its business units in Australia, and New Zealand and Pacific Islands. The business continues to focus on specialised projects in Australia, New Zealand and Pacific Islands, and Southeast Asia, offering engineering and infrastructure solutions in the transport, water and wastewater, ports and coastal, and energy and resources sectors.

McConnell Dowell's Australian business unit achieved a 24% increase in revenue to A$2.0 billion (2023: A$1.6 billion), however, recorded lower comparable operating earnings of A$45 million (2023: A$60 million). Historical cost escalation has contributed to lower margins on some key projects awarded pre-COVID. Cost escalation on certain alliance contracts translated into additional revenue at zero margin. Despite a decline in new work secured and a reduction in expected revenues, the margin for the project portfolio overall is projected to improve. New projects to the value of A$1.2 billion were won in the year. The business unit continues to focus on quality projects which will enhance the consistency of operational margins.

Work in hand fell to A$1.6 billion (2023: A$2.4 billion) as a result of a slowdown in infrastructure awards, which is expected to continue into FY25, primarily due to the effects of cost escalations on our client's available budgets.

The New Zealand and Pacific Islands business unit reported a 17% increase in revenue to A$305 million, and consistent operational excellence resulted in a 29% increase in operating earnings to A$22 million compared to the prior year. This marks consecutive years of above plan performance. The positive results are aligned with the continued strategy, supported by robust performance in the water and wastewater, and ports and coastal sectors.

Work in hand fell in the year to A$339 million (2023: A$434 million). New project awards and changes to existing projects to the value of A$209 million were won in the year.

The Southeast Asia business unit curtailed the substantial operating losses in the year ended 30 June 2023 (A$129 million loss), primarily from the BLNG contract, reporting an operating loss of A$6.3 million for the year ended 30 June 2024, which aligned with the plan. The BLNG project contract is now practically complete, with no further losses anticipated.

The resumption of tendering activities, halted during the peak of COVID-19, has secured A$226 million of new work in the year. The business unit's strategy focuses on leveraging specific disciplines with the appropriate capabilities, strategically located to align with chosen clients.

The *Infrastructure* segment recorded a lost-time injury frequency rate of 0.62 against a target of 0.23 and total recordable injury frequency rate of 3.52 against a target of 3.00.

Building

Aveng's commercial building business unit, Built Environs, reported an 83% increase in revenue to A$419 million as compared to A$229 million reported in the prior year ended 30 June 2023, aligning with its growth agenda and allowing it to operate at scale across its three regions. Operating earnings of A$8.6 million, as a result of good project execution on key projects, is A$8.5 million higher than the prior year. The business unit has achieved scale and credibility, with margins in line with industry peers.

Work in hand reduced by A$121 million from the reported highest historical value of A$564 million at 30 June 2023, however the business unit continues to pursue selective projects, with a specific focus on the healthcare, recreation, and education sectors, as well as opportunities to collaborate with *Infrastructure* segment clients.

The *Building* segment recorded a lost-time injury frequency rate of 0.41 against a target of 0.23 and total recordable injury frequency rate of 5.71 against a target of 8.69.

Mining

Moolmans is a tier-one contract mining business offering specialised services to the open-cast mining industry. Moolmans operates primarily in South Africa where continued challenges relating to road and rail infrastructure, ports, electricity and logistical challenges continue to impact our clients' operational plans. Moolmans has extensive experience in the SADC and West African regions and will utilise this experience in seeking opportunities to diversify its operations.

Under new executive management and a corresponding consolidation and reset of operational strategy, the business unit achieved a 14% increase in revenue to R3.3 billion (A$269 million) for the year ended 30 June 2024 (June 2023: R2.9 billion (A$242 million)) despite two contracts scaling down during the year. Moolmans reported marginal operating earnings of A$2.0 million (R24.5 million) (June 2023: A$9.6 million loss (R110 million loss)). Operating margins remain under pressure, despite delivering improved volumes on the Tshipi contract.

New work of R689 million was won in the year and work in hand fell to R5.4 billion (2023: R8.0 billion). Management remains focused on opportunities to improve volumes and profitability and through extension of contracts with existing clients.

The active fleet management strategy uses short-term rentals to support specific capacity requirements on projects. Redundant assets to the value of R163 million (A$13.7 million) have been disposed of in the current year, while assets to the value of R88 million (A$7.8 million) have been impaired.

The *Mining* segment recorded a lost-time injury frequency rate of 0.38 against a target of 0.185 and total recordable injury frequency rate of 0.38 against a target of 0.474.

Aveng Legacy

Aveng continues to complete the significant task of closing out non-core asset disposals and ensuring that the Group complies with all statutory, legal, technical, commercial and human resources obligations. This primarily relates to Aveng Africa Proprietary Limited. The business unit recorded an operating loss of R61 million (A$5.0 million) (June 2023: R59 million (A$4.9 million)) and cash outflow of R115 million (A$9.4 million) (June 2023: R68 million (A$5.6 million)). The South African performance guarantee exposure decreased to R66 million (A$5.4 million) compared to R82 million (A$6.6 million) in the prior year. Subsequent to year end, the performance guarantee exposure further reduced to R50 million.

CHANGE IN THE REPORTING CURRENCY

As announced in the interim results presentation, Aveng has evolved into a business with three operating segments, *Infrastructure*, *Building* and *Mining*, with 93% of its revenue sourced from outside South Africa. The Aveng Board bases its performance evaluation and many investment decisions on Australian Dollar financial information, being the predominant transactional currency of the Group. The Board believes that Australian Dollar financial reporting provides a more relevant presentation of the Group's financial position, funding and treasury functions, financial performance and its cash flows.

Based on the above, Aveng has elected to change its reporting currency from the South African Rand (ZAR) to the Australian Dollar (A$), with such change being implemented for the summarised consolidated annual financial statements at 30 June 2024.

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

To assist investors in understanding the change, the Group has provided restated Australian Dollar financial information for the year ended 30 June 2023 in compliance with International Financial Reporting Standards (IFRS). For more information, please refer to *note 2.25 Changes to the Group accounting policies* in the Group's summarised consolidated financial statements.

FINANCIAL REVIEW

Aveng reported improved headline earnings of A$38.0 million (R466 million) or A$29.6 cents (364 cents (Rand)) per share (2023: A$77.7 million loss (R950 million) or A$61.6 cents loss (753 cents (Rand)) per share).

Earnings for the year attributable to equity holders of the parent amounted to A$25.7 million (R315 million) or A$20.0 cents (245 cents (Rand)) per share (2023: A$104.0 million loss (R1.1 billion loss) or A$82.4 cents (1 017 cents (Rand)) loss per share).

Reported earnings for the year are A$25.7 million (R315 million) (2023: A$104.0 million (R1.1 billion)) while normalised earnings increased from a loss of A$82.7 million (R1 billion loss) in the prior comparative year to A$25.3 million (R310 million) earnings.

Statement of comprehensive earnings

Continuing operations

Revenue increased by 27% to A$3.1 billion (R37.5 billion) (2023: A$2.4 billion (R28.9 billion)). Cost escalation on certain alliance contracts translated into additional revenue at zero margin.

Other earnings of A$5.9 million (R74 million) (2023: A$9.0 million (R109 million)) consists of unrealised foreign exchange gains earned on financial hedge derivatives, which provide protection against foreign exchange exposure on rental contracts denominated in Euro in the current year and dividends from infrastructure investments held by the Group. The prior year included the accumulated ticking fee of A$6.0 million (R75 million) recognised on the sale of Trident Steel.

Operating earnings before capital items of A$34.5 million (R424 million) (2023: operating losses of A$86.8 million (R1.1 billion)) were higher across all operating segments:

- *Infrastructure* – earnings of A$57.4 million (2023: losses of A$49.1 million)
- *Building* – earnings of A$8.6 million (2023: A$0.1 million)
- *Mining* – earnings of R24.5 million (A$2.0 million) (2023: losses of R110 million (A$9.6 million))
- *Aveng Legacy* – losses of R61 million (A$5.0 million) (2023: losses of R59 million (A$4.9 million)
- *Other*, including the Group corporate head office in South Africa and Australia – loss of A$28.5 million (2023: loss of A$23.4 million (includes the accumulated ticking fee of R75 million (A$6.0 million) recognised on sale of Trident Steel)).

Excluding the impact of the BLNG loss of A$104 million, the Group recorded operating earnings of A$17.2 million in the prior year. Any adjusted information excluding the impact of BLNG contained in this report has been prepared for illustrative purposes only and has not been reviewed or reported on by a reporting accountant.

Capital expenses amounted to A$7.3 million (R90 million) (2023: capital earnings of A$0.7 million (R9 million)) and includes the net impact of impairments on plant and equipment in the *Mining* segment and loss on sale of assets.

Net finance charges increased to A$11.1 million (R136 million) (2023: A$10.3 million (R123 million)). Finance earnings of A$11.6 million (R142 million) increased by A$4.9 million (R65 million) in the year due to higher cash balances and deposit interest rates in Australia. Finance expenses of A$22.7 million (R278 million) increased by A$5.7 million (R78 million) as a result of interest paid on the settlement of a claim related to a legacy matter, higher interest rates, working capital requirements in South Africa, transaction costs for facilities, coupled with the introduction of new asset-backed financing for new heavy mining equipment at Moolmans.

Basic earnings per share of A$20.0 cents (245 cents (Rand)) (2023: A$82.4 cents loss (1 017 cents loss (Rand))) were calculated using a weighted average number of shares of 128.4 million shares. The prior year's basic loss per share of A$82.4 cents (1 017 cents (Rand)) was calculated using a weighted average number of shares of 126.1 million shares. The movement of 2.3 million shares is due to the vesting of shares in terms of the equity-settled share-based payment plans.

Headline earnings of A$38.0 million (R466 million) (2023: headline loss of A$77.7 million (R950 million loss)) after accounting for the impairment of property, plant and equipment and the derecognition of components at Moolmans and gain on disposal of property, plant and equipment.

Headline earnings per share is A$29.6 cents (364 cents (Rand)) calculated using the weighted average number of shares of 128.4 million shares. The prior year's headline loss per share of A$61.6 cents (753 cents (Rand)) was calculated using a weighted average number of shares of 126.1 million shares.

Statement of financial position

Property, plant and equipment (PPE) decreased by a marginal amount of A$0.9 million to A$235.7 million (R2.9 billion) (2023: A$236.6 million (R3.0 billion)). The continued re-investment in the *Mining* segment of heavy mining equipment and the capitalisation of strategic jack-up barges in the *Infrastructure* segment, was offset by depreciation of A$45.9 million (R563 million) and a A$7.8 million (R88 million) impairment on non-critical, redundant assets in the *Mining* segment.

The Group incurred replacement **capital expenditure** of A$61.8 million (2023: A$62.7 million) and expansionary capital expenditure of A$7.1 million (2023: A$48.9 million). The majority of the amount was spent as follows:

- A$26.7 million in the *Infrastructure* segment, relating mainly to the capitalisation of the strategic jack-up barge with the balance on specific projects across the business units; and
- A$35.1 million (R426 million) in the *Mining* segment, primarily in new capital expenditure of A$7.8 million (R93 million) for the Tshipi project, replacement capital expenditure of A$0.6 million (R7 million) and components on the existing fleet of A$26.7 million (R326 million).

Right-of-use (ROU) assets increased by A$19.6 million to A$58.5 million (2023: A$38.9 million). The increase is largely due to increased equipment rentals in the *Mining* segment (A$19.3 million) and new vehicle replacements and three office lease renewals in the *Infrastructure* segment (A$23.2 million). This is offset by depreciation of A$24.0 million for the year.

Net deferred taxation for the Group increased by A$18.7 million to A$81.4 million (R992 million) (2023: A$62.8 million (R788 million)) due to the recognition of historical tax losses, previously not recognised, mainly in the Aveng Australia closed taxation group. Based on an assessment of future profitability, this tax group is forecast to utilise these tax losses over the next few years.

Contract assets for the Group increased by A$108.1 million to A$530.5 million (R6.5 billion) (2023: A$422.4 million (R5.3 billion)) due to increased contract receivables and work in progress, in line with increased activity levels, uncertified revenue and claims comprising timing-related variation orders and contract claims within the *Infrastructure* and *Building* segment.

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

External borrowings and other liabilities decreased by A$27.3 million (R361 million) to A$54.0 million (R659 million) from June 2023 primarily due to the full settlement of the term debt facility of A$23 million in Australia. New asset-backed financing was entered into to support the continued investment in heavy mining equipment through the fleet renewal programme in the *Mining* segment. Unutilised facilities amounted to A$10 million (R121 million).

Lease liabilities increased by A$11.5 million to A$103.5 million (R1.3 billion) as a result of new mining equipment lease contracts in the *Mining* segment and new vehicle replacements and three office lease renewals in the *Infrastructure* segment, partially offset by the lease repayments.

Contract liabilities increased by A$42.5 million to A$215.0 million (R2.6 billion) (June 2023: A$172.5 million (R2.2 billion)) due to progress billings in *Infrastructure* and *Building* segment.

Trade and other payables increased by A$91.8 million (R977 million) to A$467.5 million (R5.7 billion) (June 2023: A$375.7 million (R4.7 billion) mainly as a result of the timing of *Infrastructure* and *Building* project cost accruals and creditors invoice payments.

Operating free cash flow amounted to an inflow of A$97.9 million (June 2023: outflow of A$62.7 million) and includes:

- *Cash inflow from operating activities – A$137.4 million (June 2023: A$52.6 million outflow).*
- *Cash outflow from investing activities – A$39.5 million (June 2023: A$10.1 million).*

Cash and bank balances (net of bank overdrafts) increased to A$227.7 million (2023: A$190 million). Cash in Australasian operations increased by A$55 million, primarily from early project receipts and variation claims, offset by the A$23 million term debt repayments. The South African liquidity pool cash balance decreased by A$17 million in the year. A$76.5 million is held in joint arrangements.

STRATEGIC REVIEW

As announced on 12 August 2024, Aveng has been conducting a detailed review of the corporate strategy for the Group with the objective of enhancing stakeholder value and maximising value to shareholders.

The review has concluded that Aveng's two operating businesses (McConnell Dowell and Moolmans) have distinctly different business characteristics and value propositions and as a result should pursue independent and separate operating and growth strategies. This will assist each business to independently access appropriate pools of capital to better support their investment requirements. Aveng therefore intends to pursue, through a combination of transactions, the creation of two independent and separate entities:

- McConnell Dowell (including Built Environs): a leading engineering-led construction and building contractor delivering infrastructure across a diverse range of end markets; and
- Aveng Limited: which holds Moolmans, a tier 1 contract mining business operating in sub-Saharan Africa.

The Board is mindful of its commitments to all stakeholders through this process and intends to support and enhance the prospects of both entities for the benefit of all stakeholders, including clients, suppliers and employees, by enabling the two entities to access the most attractive capital to pursue their separate strategies. In the case of McConnell Dowell, this will involve exploring a potential listing on the Australian Securities Exchange (ASX) and Johannesburg Stock Exchange (JSE). In the case of Moolmans this will involve exploring alternative ownership options and potentially introducing BBBEE capital.

Aveng has appointed advisers, including Macquarie Capital, to assist with the implementation process.

OUTLOOK

Infrastructure

McConnell Dowell is positioned well to continue its growth trajectory through a strong secured revenue position and remains focused on managing risks, converting opportunities, disciplined tendering, reliable project execution and delivering profit. The current work in hand provides a robust revenue platform, with over 80% of planned revenue for 2025 secured. Work in hand comprises 77% in the government sector and 23% in the private sector. Newer contracts continue to perform strongly and we note an easing in cost escalation pressure, providing the opportunity for overall margin improvement.

There are signs of a softening transport infrastructure market in Australia, balanced by reduced cost escalation pressures and the emergence of a general trend toward new energy, defence and water and wastewater-related developments. The addressable market across McConnell Dowell's footprint provides a visible pipeline of A$16.3 billion facilitating strategic selection of tender opportunities in support of profitable growth. The business remains focused on converting current tenders of A$1.9 billion in preferred bidder status to award, with a further A$3.4 billion pending decision.

Building

Built Environs enters the 2025 financial year with solid work in hand. Markets in Australia and New Zealand remain strong, especially in the health, education and recreation sectors. Recent contract awards are expected to perform well on the back of slowing inflationary pressure. Built Environs has a visible pipeline of A$2.6 billion, a preferred bidder status of A$0.6 billion and current tenders of A$0.5 billion pending decision.

Mining

Moolmans consolidation agenda includes focus on improved operational performance and cash generation. A key factor to success is ensuring that Tshipi's production levels continue to improve, in line with the steady improvement achieved throughout the year. There are significant opportunities for contract and volume extensions with existing clients.

KEY MESSAGES

- Return to profitability and cash generation.
- Pre-COVID projects nearing completion – post-COVID projects performing well.
- McConnell Dowell (including Built Environs) – aligned to growing defence, energy, water, marine and resource sector opportunities.
- Moolmans – focused on operational improvements and opportunities with existing customers.
- Strategy – to pursue two separate and independent businesses.
- Committed to all stakeholders and the long-term sustainability of all businesses.

DISCLAIMER

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

Summarised consolidated statement of financial position

for the year ended 30 June 2024

	Notes	2024 A$'000	Restated* 2023 A$'000	Restated* 1 July 2022 A$'000
ASSETS				
Non-current assets				
Goodwill arising on consolidation		**7 929**	7 929	**8 873**
Property, plant and equipment		**235 688**	236 556	**219 965**
Right-of-use assets		**58 534**	38 946	**53 771**
Infrastructure investments		**11 658**	11 319	**12 600**
Deferred taxation		**105 274**	80 164	**65 484**
Lease receivables		**23 950**	31 913	**6 477**
Other non-current assets		**2 343**	1 573	**1 420**
		445 376	408 400	**368 590**
Current assets				
Inventories		**20 539**	20 875	**91 216**
Contract assets	6	**530 533**	422 407	**321 739**
Trade and other receivables		**30 498**	34 073	**74 267**
Taxation receivable		**–**	2 164	**5 324**
Lease receivables		**8 047**	6 459	**799**
Cash and bank balances		**227 678**	189 667	**232 209**
		817 295	675 645	**725 554**
Assets Held for Sale		**–**	4 683	**12 777**
TOTAL ASSETS		**1 262 671**	1 088 728	**1 106 921**
EQUITY AND LIABILITIES				
Equity				
Stated capital		**546 930**	544 665	**542 114**
Other reserves		**(951 542)**	(954 268)	**(976 943)**
Retained earnings		**686 275**	660 622	**764 511**
Equity attributable to equity-holders of parent		**281 663**	251 019	**329 682**
Non-controlling interest		**295**	317	**398**
TOTAL EQUITY		**281 958**	251 336	**330 080**
LIABILITIES				
Non-current liabilities				
Deferred taxation		**23 834**	17 390	**10 736**
External borrowings and other liabilities	7	**34 936**	40 161	**20 319**
Lease liabilities	8	**72 027**	68 106	**68 589**
Provisions		**4 273**	6 831	**8 341**
Employee-related payables		**40 268**	35 582	**33 452**
		175 338	168 070	**141 437**
Current liabilities				
Contract liabilities	6	**214 957**	172 475	**150 754**
External borrowings and other liabilities	7	**19 090**	41 108	**22 360**
Lease liabilities	8	**31 477**	23 886	**23 602**
Employee-related payables		**33 607**	22 613	**28 217**
Trade and other payables		**467 526**	375 739	**368 146**
Provisions		**32 997**	33 501	**40 018**
Taxation payable		**5 721**	–	**887**
		805 375	669 322	**633 984**
Liabilities Held for Sale		**–**	–	**1 420**
TOTAL LIABILITIES		**980 713**	837 392	**776 841**
TOTAL EQUITY AND LIABILITIES		**1 262 671**	1 088 728	**1 106 921**

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.25 Change in Group accounting policies* for further detail. Refer to *annexure 1* on pages 36 to 37 for ZAR figures.

Summarised consolidated statement of comprehensive earnings
for the year ended 30 June 2024

	Notes	2024 A$'000	Restated* 2023 A$'000
Continuing operations			
Revenue		**3 055 356**	2 405 427
Cost of sales		**(2 879 793)**	(2 366 588)
Gross earnings		**175 563**	38 839
Other earnings		**5 930**	9 006
Operating expenses		**(146 913)**	(134 457)
Loss from equity-accounted investments		**(102)**	(180)
Operating earnings / (loss) before capital items**		**34 478**	(86 792)
Capital (expenses) / earnings		**(7 305)**	681
Operating earnings / (loss) after capital items		**27 173**	(86 111)
Finance earnings		**11 579**	6 638
Finance expenses		**(22 669)**	(16 973)
Earnings / (loss) before taxation		**16 083**	(96 446)
Taxation	9	**9 657**	4 681
Earnings / (loss) from continuing operations		**25 740**	(91 765)
Discontinued operations			
Earnings from discontinued operations, net of taxation		**–**	10 205
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition		**6**	(35 761)
Gain / (loss) on disposal of assets Held for Sale and fair value adjustment		**(86)**	13 350
Earnings / (loss) from discontinued operations		**(80)**	(12 206)
Earnings / (loss) for the year		**25 660**	(103 971)
Other comprehensive earnings			
Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation):			
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition		**–**	35 761
Exchange differences on translating foreign operations		**3 267**	(11 749)
Other comprehensive earnings for the period, net of taxation		**3 267**	24 012
Total comprehensive earnings / (loss) for the period		**28 927**	(79 959)

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.25 Change in Group accounting policies* for further detail. Refer to *annexure 1* on pages 36 to 37 for ZAR figures.

** Previously described as 'operating earnings / (loss)'. The subtotal has been renamed to 'operating earnings / (loss) before capital items' to ensure a more faithful representation of subtotal.

	Notes	2024 A$'000	Restated* 2023 A$'000
Total comprehensive earnings / (loss) for the period attributable to:			
Equity-holders of the parent		**28 949**	(79 878)
Non-controlling interest		**(22)**	(81)
		28 927	(79 959)
Earnings / (loss) for the period attributable to:			
Equity-holders of the parent		**25 653**	(103 890)
Non-controlling interest		**7**	(81)
		25 660	(103 971)
Other comprehensive earnings for the period, net of taxation			
Equity-holders of the parent		**3 296**	24 012
Non-controlling interest		**(29)**	–
		3 267	24 012
Results per share (cents)			
Basic earnings / (loss) per share			
Continuing operations		**20.0**	(72.7)
Discontinued operations		**–**	(9.7)
		20.0	(82.4)
Diluted earnings / (loss) per share			
Continuing operations		**19.5**	(72.7)
Discontinued operations		**–**	(9.7)
		19.5	(82.4)
Number of shares (millions)			
In issue		**131.3**	131.3
Weighted average		**128.4**	126.1
Diluted weighted average		**131.3**	126.1

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.25 Change in Group accounting policies* for further detail.

Summarised consolidated statement of changes in equity

for the year ended 30 June 2024

	Stated capital A$'000	Foreign currency translation reserve A$'000
Year ended 30 June 2023		
Balance at 1 July 2022	**542 114**	(985 187)
Loss for the period	**–**	–
Other comprehensive loss for the period (net of taxation)	**–**	(11 749)
Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition	**–**	35 761
Total comprehensive loss for the period	**–**	24 012
Equity settled share-based payment – shares granted	**–**	–
Equity settled share-based payment – shares vested	**2 551**	–
Total contributions and distributions recognised	**2 551**	–
Balance at 30 June 2023	**544 665**	(961 175)
Year ended 30 June 2024		
Balance at 1 July 2023	**544 665**	(961 175)
Earnings for the period	**–**	–
Other comprehensive earnings for the period (net of taxation)	**–**	3 267
Total comprehensive loss for the period	**–**	3 267
Equity settled share-based payment – shares granted	**–**	–
Equity settled share-based payment – shares vested	**2 265**	–
Total contributions and distributions recognised	**2 265**	–
Balance at 30 June 2024	**546 930**	(957 908)

Equity-settled share-based payment reserve A$'000	**Total other reserves A$'000**	Retained earnings A$'000	**Total attributable to equity holders of the parent A$'000**	Non-controlling interest A$'000	Total A$'000
8 243	**(976 944)**	764 512	**329 682**	398	330 080
–	**–**	(103 890)	**(103 890)**	(81)	(103 971)
–	**(11 749)**	–	**(11 749)**	–	(11 749)
–	**35 761**	–	**35 761**	–	35 761
–	**24 012**	(103 890)	**(79 878)**	(81)	(79 959)
1 215	**1 215**	–	**1 215**	–	1 215
(2 551)	**(2 551)**	–	**–**	–	–
(1 336)	**(1 336)**	–	**1 215**	–	1 215
6 907	**(954 268)**	660 622	**251 019**	317	251 336
6 907	**(954 268)**	660 622	**251 019**	317	251 336
–	**–**	25 653	**25 653**	7	25 660
–	**3 267**	–	**3 267**	(29)	3 238
–	**3 267**	25 653	**28 920**	(22)	28 898
1 724	**1 724**	–	**1 724**	–	1 724
(2 265)	**(2 265)**	–	**–**	–	–
(541)	**(541)**	–	**1 724**	–	1 724
6 366	**(951 542)**	686 275	**281 663**	295	281 958

Summarised consolidated statement of cash flows
for the year ended 30 June 2024

	Notes	2024 A$'000	Restated* 2023 A$'000
Cash flow from operating activities			
Cash generated / (utilised) from operating activities	12	**150 002**	(31 473)
Finance expenses paid		**(22 888)**	(23 927)
Finance earnings received		**11 973**	6 715
Taxation paid		**(1 673)**	(3 906)
Cash inflow / (outflow) from operating activities		**137 414**	(52 591)
Cash flow from investing activities			
Acquisition of property, plant and equipment − expansion		**(7 784)**	(48 852)
Acquisition of property, plant and equipment − replacement		**(53 973)**	(62 948)
Proceeds on disposal of property, plant and equipment		**8 531**	6 911
Proceeds on disposal of Trident Steel		**–**	88 117
Proceeds on disposal of other assets Held for Sale		**4 628**	6 340
Capital expenditure net of proceeds on disposal		**(48 598)**	(10 432)
Advance of short-term loan		**–**	(17 251)
Repayment of short-term loan		**–**	16 608
Advances in respect of other non-current assets		**–**	(496)
Receipt of capital portion of lease receivable		**6 629**	1 510
Dividends received		**2 476**	830
Cash movement in investing activities classified as Held for Sale		**–**	(872)
Cash outflow from investing activities		**(39 493)**	(10 103)
Cash flow from financing activities			
Financing activities with debt-holders			
Repayment of external borrowings		**(45 462)**	(50 935)
Proceeds from external borrowings		**16 948**	92 770
Proceeds from Trade Finance Facility – Held for Sale		**–**	38 814
Repayment of Trade Finance Facility – Held for Sale		**–**	(36 967)
Payment of capital portion of lease liabilities		**(31 798)**	(22 771)
Cash (outflow) / inflow from financing activities		**(60 312)**	20 911
Net increase / (decrease) in cash and bank balances before foreign exchange movements		**37 610**	(41 783)
Foreign exchange movements on cash and bank balances		**401**	(759)
Cash and bank balances at the beginning of the period		**189 667**	232 209
Total cash and bank balances at the end of the period		**227 678**	189 667

* Restated due to the change in presentation currency from ZAR to A$. Refer to *note 2.3 Change in Group accounting policies* for further detail.

1. CORPORATE INFORMATION

The summarised audited consolidated financial statements (results) of Aveng Limited (the Company) and its subsidiaries (the Group) for the period ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 19 August 2024.

Nature of business

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

Change in directorate

- Ms May Hermanus retired as an independent non-executive director effective 17 July 2023.
- Mr Michael Kilbride retired as an independent non-executive director effective 17 July 2023.
- Mr Nicholas Bowen was appointed as an independent non-executive director effective 17 July 2023.
- Mr Sean Flanagan retired as Group chief executive officer effective 29 February 2024 and was appointed as a non-executive director effective 1 March 2024.
- Mr Scott Cummins was appointed as Group chief executive officer effective 1 March 2024.

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

The accounting policies below are applied throughout the summarised audited consolidated financial statements.

2.1 Basis of preparation

The summarised consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

The summarised consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand (A$) except where otherwise indicated. The accounting policies adopted are consistent with those of the previous year as well as the Group's interim results as at 31 December 2023, except as disclosed in *note 3: Standards and interpretations effective and not yet effective* of the Group's audited consolidated financial statements.

The summarised consolidated financial results do not include all the information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at 30 June 2024 that are available on the Company's website, **www.aveng.co.za**.

The financial results have been prepared by Gregory Beevers CA(SA) under the supervision of the Group CFO, Adrian Macartney CA(SA).

The information disclosed in the summarised consolidated financial statements is derived from the information contained in the audited annual consolidated financial statements which includes the audit report detailing the key audit matters and does not contain full or complete disclosure details. Any investment decisions by shareholders should be based on consideration of the audited annual consolidated financial statements, which is available on the website.

2.2 Supplementary information

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

Disclaimer:

South African Rand translations included in these financial statements constitutes *pro forma* financial information in terms of the JSE Guidance Letter: *Presentation of pro forma financial information dated 4 March 2010*. The *pro forma* financial information is the responsibility of the board of directors and is presented for illustrative purposes only. The Directors believe the *pro forma* information can assist stakeholders in interpreting the financial performance of the Group in a universally measured currency. Because of its nature, the *pro forma* financial information may not fairly present Aveng's financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the *pro forma* financial information, has been prepared using accounting policies which comply with IFRS® Accounting Standards and are consistent with those applied in the published group consolidated and separate annual financial statements for the year ended 30 June 2024.

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

2.3 Changes to the Group accounting policies

Change in presentation currency

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

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

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

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

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

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

	30 June 2024		30 June 2023	
	Average rate	**Closing rate**	Average rate	Closing rate
1 Australian Dollar (A$) = South African Rand (ZAR)	**12.2654**	**12.1716**	12.5513	12.3443

The presentation currency for Aveng Limited Company remains ZAR.

2.4 Impact of adopting the new standards on the statement of financial position

A number of new standards and interpretations are effective from 1 July 2023. Management's assessment determined that the new standards and interpretations will not have a material effect on the Group's financial statements.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

3.1 Judgements and estimation assumptions

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

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

3.1.1 Deferred taxation

Deferred taxation assets are recognised for all unused taxation losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred taxation assets that can be recognised, based upon the likely timing and level of future taxable earnings. If the deferred taxation assets and the deferred taxation liability relate to income taxation in the same jurisdiction, and the law allows net settlement, they have been offset in the statement of financial position.

3.1.2 Contract assets / (liabilities)

Positions related to long outstanding contract positions have been judged in conjunction with legal advice and potential timeframes associated with legal action.

Refer to *note 6: Contract assets / (liabilities)* for further detail.

3.1.3 Impairment of property, plant and equipment, intangible assets and goodwill arising on consolidation

The Group assesses the recoverable amount of any goodwill arising on consolidation and indefinite useful life intangible assets annually or when indicators of potential impairment are identified in respect of the cash generating unit (CGU) of the Group.

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

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

For further information refer to *note 10: Impairments*.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES continued

3.1 Judgements and estimation assumptions continued

3.1.4 Revenue recognition

In the *Infrastructure and Building* segments, the Group uses the input method in determining the satisfaction of the performance obligation over a period of time in accounting for its construction contracts.

In the *Mining* segment, the Group uses an output method in determining the satisfaction of the performance obligation through a contract that requires direct measurement. The Group's technical experts, engineers and contact managers exercise their judgement in estimating progress based on performance of the contract or milestone achieved.

Judgements made in the application of the accounting policies for contracting revenue and earnings or loss recognition include:
- the determination of the point in the progress toward complete satisfaction of the performance obligation;
- the determination of when it is highly probable that revenue will not be reversed in the future for claims and variations;
- estimation of total contract revenue and total contract costs;
- assessment of the amount the client will pay for contract variations;
- estimation of project production rates and programme through to completion;
- the ability to deliver contracts within the requirements of each contract; and
- an estimate of potential risks and opportunities on each contract.

The construction contracts undertaken by the Group may require it to perform extra or change order work, and this can result in negotiations over the extent to which the work is outside the scope of the original contract or the price for the extra work.

Given the complexity of many of the contracts undertaken by the Group, the knowledge and experience of the Group's project managers, engineers and executive management is used in assessing the status of negotiations with the customer, the reliability with which the estimated recoverable amounts can be measured, the financial risks pertained to individual projects, and the associated judgements end estimates employed. Cost and revenue estimates are reviewed and updated monthly, and more frequently as determined by events or circumstances.

In addition, many contracts specify the completions schedule requirements and allow for liquidated damages to be charged in the event of failure to achieve that schedule; on these contracts, this could result in the Group incurring liquidated damages.

3.1.5 Contingent liabilities

Parent company guarantees issued in the ordinary course of business are at inception accounted for as contingent liabilities in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IAS 37)* and disclosed accordingly. Subsequent to the issuance of the guarantee, and a Completion Certificate for the related work, the probability of the related obligation is determined to be remote (and therefore not disclosed in the financial statements unless there are other reasons that make the obligation probability possible).

Where a claim on the guarantee has been made by the respective client, the probability of the obligation is assessed in detail by management.

Where there is a possibility of reimbursement on a parent guarantee, this reimbursive right is required to be disclosed (as a contingent asset) separate to the related obligation, only if virtually certain.

Reimbursements from cross indemnities may not be disclosed in the financial statements unless a claim is made by a client on the corresponding obligation, and the reimbursement is considered probable.

For further information refer to *note 13: Contingent liabilities and assets*.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES continued

3.1 Judgements and estimation assumptions continued

3.1.6 Loss making and onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.1.7 Uncertainty over income tax treatments

In determining the taxable profit / (loss), tax bases, unused tax losses and tax rates, management assumes that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

In determining whether tax treatments should be considered independently or on a collective basis, the Group selects the approach that provides better predictions of the resolution of the uncertainty. The Group will reassess the tax treatment if facts and circumstances change.

4. GOING CONCERN AND LIQUIDITY

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

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

Execution of plans

- Return to profitability in the operating performance of the *Infrastructure* segment following the poor operational performance in Southeast Asia in the prior year.
- Continued profitability in the *Building* segment from a breakeven position in prior year.
- Improved operational performance in *Mining* following the prior year operating loss.
- Moolmans continues to invest in heavy mining equipment, with expansion and replacement capital expenditure of A$35.0 million in the current year. The delivery of this equipment continues to improve production levels.
- Full settlement of the Australian term debt facility of A$23.1 million.
- Completion of the sale of the investment in Imvelo Concession Company Proprietary Limited, which brings the non-core asset disposal plan to completion.
- Updated budget and business plans for post year end up to 30 June 2026 for the Group, incorporating the benefits already realised and expected from actions taken, as well as future benefits from improved liquidity to be achieved.
- Sensitivity testing of key inputs included in the operating and liquidity forecasts to ascertain the effect of non-achievement of one or more key inputs (operational business performance), including any effect on the ongoing compliance with covenant requirements in place with banks and other financing arrangements within the Group.
- The continued monitoring of the South African short-term liquidity forecast management process.
- Subsequent to year end, the Group negotiated and signed a term sheet for a new asset-backed debt facility for A$15.5 million. The facility to McConnell Dowell Corporation Limited will include the provision of security over specific assets.

4. GOING CONCERN AND LIQUIDITY continued

The Group reported earnings for the 2024 financial year of A$25.7 million and an operating free cash inflow of A$97.9 million. The Group continues to focus on improving operational performance, reducing overhead and improving working capital efficiencies. To this end, a number of Group initiatives have been concluded or are in progress.

The Group has cash (net of bank overdraft facilities) of A$227.7 million at 30 June 2024 (2023: A$189.7 million), of which A$76.5 million (2023: A$79.4 million) is held in joint arrangements. Unutilised facilities amounted to A$10 million (2023: A$31 million).

Liquidity, solvency and ongoing funding

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

The *Infrastructure* and *Building* segments reported a strong cash balance with sufficient cash and liquidity to support the order book. The term debt of A$23.1 million was fully settled in the current year. The Australia liquidity pool closed with a cash balance of A$232.5 million (2023: A$177.5 million).

The South African Group liquidity pool remains tightly managed. Moolmans continued to finance the purchase of capital expenditure through new asset-backed financing of A$17 million in the year.

Management updated the forecast up to the 2026 financial year end, as well as preparing cash flow forecasts covering a minimum of 12 months from the date of these audited consolidated annual financial statements. These forecasts have been prepared and reviewed by management to ensure that they have been accurately compiled using appropriate assumptions. The budgets, plans and forecasts have, together with the assumptions used, been interrogated, and approved by the Board.

The Group's current assets of A$817.3 million exceeded its current liabilities of A$805.4 million at 30 June 2024.

The Company's current assets of R232 million exceeded its current liabilities of R109 million at 30 June 2024.

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

The directors have considered all of the above up to the date of approval of these financial statements, including detailed consideration of the current position of all businesses, all business plans and forecasts, including all available information, and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the Group and Company financial statements, and that sufficient liquidity will be available to support the ongoing operations of the Group, and that the realisation of assets and the settlement of liabilities, including contingent liabilities and commitments, will occur in the ordinary course of business. Refer to *notes 7: External borrowings and other liabilities* and *15: Events after the reporting period.*

5. SEGMENTAL REPORT

The reportable segments of the Group are components:

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

Change in reportable segments

In terms of *IFRS 8 Operating Segments ("IFRS 8")* an entity is required to continually monitor its significant judgements and related facts and circumstances to determine whether changes in the identification or aggregation of operating segments and ultimately reportable segments are warranted.

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

5. SEGMENTAL REPORT continued

Change in reportable segments continued

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

Management believe the updated Group structure triggers an updated identification of operating segments in terms of *IFRS 8*.

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

- *Infrastructure*;
- *Building;*
- *Mining;*
- *Aveng Legacy; and*
- *Aveng Corporate and eliminations.*

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

Prior year reportable segments have been restated to align with the new reportable segments identified in terms of *IFRS 8*.

Details on the reportable segments are as follows:

5.1.1 Infrastructure

This segment comprises McConnell Dowell and operates in three geographical regions – Australia, New Zealand & Pacific Islands, and Southeast Asia.

McConnell Dowell is an engineering-led specialist in multidisciplinary contract work, delivering infrastructure solutions in the resources, energy, marine and water and civil and transport sectors.

5.1.2 Building

This segment comprises Built Environs.

Built Environs in an infrastructure-led specialist with experience in the sport, health and science, defence, education, residential, commercial, retail, industrial and infrastructure sectors.

5.1.3 Mining

This segment comprises Moolmans, a tier-one contract mining business operating in Africa with a primary focus on open cast mining.

5.1.4 Other

This segment comprises Group corporate services in South Africa and Australasia (Aveng Corporate), the balance of corporate held investments and properties, and the close out of assets and liabilities related to the disposals of a limited number of historical contracts not transferred as part of the Aveng Construction: South Africa disposals (Aveng Legacy) in prior years.

Included in Aveng Corporate is the elimination entries required as part of the Group Consolidation.

5. SEGMENTAL REPORT continued

	Notes	Infrastructure 2024 A$'000	Infrastructure 2023 A$'000	Building 2024 A$'000	Building 2023 A$'000
Continuing operations					
Revenue		**2 417 087**	1 970 253	**419 115**	228 678
Cost of sales		**(2 272 928)**	(1 944 285)	**(399 239)**	(219 756)
Gross earnings / (loss)		**144 159**	25 968	**19 876**	8 922
Operating earnings / (loss) before capital items		**57 386**	(49 084)	**8 637**	138
Capital earnings / (expenses)		**–**	12	**–**	–
Finance earnings		**6 041**	3 420	**1 348**	237
Finance expenses		**(2 754)**	(1 271)	**(38)**	(43)
Earnings / (loss) before taxation		**60 673**	(46 923)	**9 947**	332
Taxation		**5 018**	–	**–**	–
Earnings / (loss) for the period		**65 691**	(46 923)	**9 947**	332
Discontinued operations					
Loss for the period		**–**	–	**–**	–
Other material expenses included in cost of sales					
Sub-contractors		**1 080 395**	876 420	**354 210**	170 354
Employee costs		**416 238**	334 551	**23 975**	13 819
Materials		**384 430**	342 818	**13 427**	26 913
Plant costs		**231 075**	202 637	**–**	–
Project costs		**109 812**	151 973	**7 295**	9 685
Continuing and discontinued operations					
Earnings / (loss) before interest, taxation, depreciation and amortisation (EBITDA)					
Operating earnings / (loss) before capital items		**57 386**	(49 084)	**8 637**	138
Depreciation		**26 621**	24 898	**525**	1 095
Amortisation		**–**	–	**–**	–
EBITDA		**84 007**	(24 186)	**9 162**	1 233
Normalised earnings for the period	6.2	**60 673**	(46 935)	**9 947**	332
Total assets		**891 080**	668 900	**40 640**	46 094
Total liabilities		**673 175**	522 754	**84 680**	61 577
Capital expenditure		**26 734**	18 976	**–**	–

* Prior year information has been restated in order to align with the new reportable segments identified in terms of IFRS 8.
** Included in capital expenses is A$7.8 million relating to the impairment of equipment in the mining segment. Refer to *note 36: Impairments* for further detail.

Mining		Aveng Legacy		Aveng Corporate		Total	
2024 A$'000	2023 A$'000	**2024 A$'000**	2023 A$'000	**2024 A$'000**	2023 A$'000	**2024 A$'000**	2023* A$'000
268 835	242 347	**795**	1 591	**(50 476)**	(37 442)	**3 055 356**	2 405 427
(253 153)	(233 776)	**(4 949)**	(5 000)	**50 476**	36 229	**(2 879 793)**	(2 366 588)
15 682	8 571	**(4 154)**	(3 409)	**–**	(1 213)	**175 563**	38 839
2 012	(9 577)	**(5 052)**	(4 894)	**(28 505)**	(23 375)	**34 478**	(86 792)
(8 120)**	(1 112)	**42**	43	**773**	1 738	**(7 305)**	681
716	906	**20**	–	**3 454**	2 075	**11 579**	6 638
(11 148)	(3 292)	**(983)**	(172)	**(7 746)**	(12 195)	**(22 669)**	(16 973)
(16 540)	(13 075)	**(5 973)**	(5 023)	**(32 024)**	(31 757)	**16 083**	(96 446)
4 591	4 295	**139**	–	**(91)**	386	**9 657**	4 681
(11 949)	(8 780)	**(5 834)**	(5 023)	**(32 115)**	(31 371)	**25 740**	(91 765)
–	–	**–**	–	**(80)**	(12 206)	**(80)**	(12 206)
–	16	**1 450**	843	**(50 476)**	(38 208)	**1 385 579**	1 009 425
66 971	66 261	**517**	562	**–**	–	**507 701**	415 193
9 338	6 384	**4**	1 781	**–**	–	**407 199**	377 896
5 318	6 778	**–**	–	**–**	–	**236 393**	209 415
–	–	**–**	–	**–**	–	**117 107**	161 658
2 012	(9 577)	**(5 052)**	(4 894)	**(28 505)**	(6 187)	**34 478**	(69 604)
42 591	35 394	**–**	–	**159**	3 136	**69 896**	64 523
–	–	**–**	–	**–**	43	**–**	43
44 603	25 817	**(5 052)**	(4 894)	**(28 346)**	(3 008)	**104 374**	(5 038)
(11 624)	(9 892)	**(5 094)**	(5 066)	**(28 643)**	(21 091)	**25 529**	(82 652)
278 588	286 056	**6 260**	3 426	**46 103**	84 252	**1 262 671**	1 088 728
126 656	131 554	**9 506**	13 068	**86 696**	108 439	**980 713**	837 392
34 982	88 245	**–**	–	**41**	4 579	**61 757**	111 800

5. SEGMENTAL REPORT continued

The Group operates in four principal geographical areas:

	South Africa A$'000	Australia A$'000	New Zealand and Pacific Islands A$'000	Southeast Asia A$'000	Other regions A$'000	Total A$'000
2024						
Revenue	**269 632**	**2 216 345**	**425 561**	**143 818**	**–**	3 055 356
Operating earnings / (loss)	**(15 990)**	**29 681**	**24 770**	**(4 215)**	**236**	34 482
Capital expenditure	**35 023**	**16 091**	**8 343**	**2 300**	**–**	61 757
Segment assets	**293 271**	**738 472**	**134 301**	**95 380**	**1 246**	1 262 671
2023						
Revenue	585 258	1 730 840	315 958	114 692	2 279	2 749 027
Continuing operations	243 937	1 730 840	315 958	114 692	–	2 405 427
Discontinued operations	341 321	–	–	–	2 279	343 600
Operating earnings / (loss)	(3 145)	1 780	18 094	(85 742)	(591)	(69 604)
Continuing operations	(20 333)	1 780	18 094	(85 742)*	(591)	(86 792)
Discontinued operations	17 188	–	–	–	–	17 188
Capital expenditure	92 824	6 955	8 736	3 285	–	111 800
Continuing operations	88 409	6 955	8 736	3 285	–	107 385
Discontinued operations	4 415	–	–	–	–	4 415
Segment assets	343 831	524 957	127 039	92 306	595	1 088 728

* Includes the impact of the losses on the Batangas LNG project of A$104 million.

5.2 Normalised performance measures

The term *normalised* refers to performance measures (earnings for the period and earnings per share) excluding the effects of specific non-recurring items relating to the capital restructure of the Group, *IFRS 5* adjustments and adjustments in respect of non-core assets. Impairment of plant and equipment, although non-recurring, is included in normalised earnings as management considers this important to the underlying sustainable performance of the Group. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature.

Normalised measures are additional measures used by management and should not replace the measures determined in accordance with IFRS Accounting Standards as an indicator of the Group's performance, but rather should be used in conjunction with the most directly comparable IFRS Accounting Standards measures.

5. SEGMENTAL REPORT continued

5.2 Normalised performance measures continued

Management is responsible for managing performance, underlying risks and the effectiveness of operations. Internally, management uses these normalised performances as measures of segment performance and to make decisions regarding the allocation of resources.

Detailed reconciliation of earnings for the period under IFRS Accounting Standards to normalised results are provided below:

	Notes	2024 A$'000	2023 A$'000
Earnings for the period		**25 660**	(103 971)
Continuing operations		**25 740**	(91 765)
Discontinued operations		**(80)**	(12 206)
Non-recurring items			
Impairment loss on equity-accounted investments		**–**	263
Impairment loss on intangible assets		**161**	–
Reversal of impairment loss on right-of-use assets		**(985)**	(1 981)
Loss / (gain) on disposal of Held for Sale		**86**	(13 331)
Loss on disposal of property, plant and equipment		**343**	607
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition		**(6)**	35 761
Normalised earnings / (loss) for the period[1]		**25 259**	(82 652)
Normalised earnings / (loss) per share – basic (cents)[2]		**19.7**	(65.5)
Normalised earnings / (loss) per share – diluted (cents)[3]		**19.2**	(65.5)

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

2 Normalised earnings / (loss) per share – basic is calculated by dividing the normalised earnings / (loss) for the period by the weighted average number of shares. Refer to *note 11: Earnings and Headline Earnings* for the determination of the weighted average number of shares.

3 Normalised earnings / (loss) per share – diluted is calculated by dividing the normalised earnings / (loss) for the period by the diluted weighted average number of shares. Refer to *note 11: Earnings and Headline Earnings* for the determination of diluted weighted average number of shares.

6. CONTRACT ASSETS / (LIABILITIES)

	2024 A$'000	2023 A$'000
Uncertified claims and variations (underclaims)[1]	**188 819**	155 757
Contract contingencies	**(28 245)**	(12 758)
Progress billings received (including overclaims and early customer receipts)[2/5]	**(214 957)**	(172 475)
Uncertified claims and variations less progress billings received	**(54 383)**	(29 476)
Contract receivables[3]	**360 361**	269 385
Provision for expected credit loss	**(1 759)**	(191)
Retention receivables[4]	**11 357**	10 214
Net contract assets	**315 576**	249 932
Disclosed on the statement of financial position as follows:		
Uncertified claims and variations[1]	**188 819**	155 757
Contract contingencies	**(28 245)**	(12 758)
Contract receivables	**360 361**	269 385
Retention receivables	**11 357**	10 214
Provision for expected credit losses	**(1 759)**	(191)
Contract assets	**530 533**	422 407
Progress billings received (including overclaims and amounts received in advance)[2/5]	**(214 957)**	(172 475)
Contract liabilities	**(214 957)**	(172 475)
Net contract assets	**315 576**	249 932

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

Progress billings received (including overclaims and early customer receipts)

Significant changes in the contract liabilities balances during the period are as follows:

	2024 A$'000	2023 A$'000
Revenue recognised that was included in the progress billings received (including overclaims and early customer receipts) at the beginning of the year	**77 746**	68 514
Increases due to cash received, excluding amounts recognised as revenue during the period	**(120 228)**	(92 488)

7. EXTERNAL BORROWINGS AND OTHER LIABILITIES

	2024 A$'000	2023 A$'000
Borrowings held at amortised cost comprise:		
Credit and term facilities	–	25 017
– within one year	–	25 017
Asset-backed financing arrangements	54 026	56 252
– within one year	19 090	16 091
– between two and five years	34 936	40 161
Total borrowings held at amortised cost	54 026	81 269
Interest rate structure		
Fixed and variable (interest rates)		
Fixed – short-term	21	2 071
Variable – long-term	34 936	40 161
Variable – short-term	19 069	39 037
	54 026	81 269

Description	Terms	Rate of interest	2024 A$'000	2023 A$'000
Credit and term facilities				
Short-term financing (A$)	Settled March 2024	Fixed interest rate of 7.7%	–	1 912
Short-term debt facility	Repayable June 2024	Variable interest rate at BBSY + 4%	–	23 105
Asset-backed financing arrangements				
Facilities denominated in A$	Monthly instalment ending February 2025	Fixed range of 2.99% to 6.41%	21	159
Hire purchase agreement (USD)	Monthly instalments ending February 2027	South African Prime + 1.75%	38 211	45 177
Facilities denominated in USD	Up to 24 months	South African Prime + 1.75%	7 669	–
Hire purchase agreement (ZAR)	Monthly instalments ending March 2027	South African Prime	8 125	10 916
Total interest-bearing borrowings			54 026	81 269

Unutilised borrowing facilities

At 30 June 2024, the Group had available A$10 million (includes bank overdraft facilities of A$10 million) (2023: A$31 million (includes bank overdraft facilities of A$16 million)) of unutilised borrowing facilities.

7. BORROWINGS AND OTHER LIABILITIES continued

Asset-backed financing arrangements

Construction and Engineering: Australasia and Asia

There were no asset-backed finance facilities in the current year (2023: A$0.2 million).

Mining

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

The total asset-backed finance facilities amounted to A$54 million. The amount outstanding on these facilities as at year end was A$54 million. These asset-backed arrangements were secured by plant and equipment with a net carrying amount of A$68 million.

The following is summarised financial information of the Group's asset-backed financing arrangements:

	2024 A$'000	2023 A$'000
Asset-backed financing arrangements are payable as follows:		
Minimum payments due		
– within one year	**25 114**	22 308
– in two to five years	**39 509**	48 524
Less: future finance charges	**(10 597)**	(14 580)
Present value of minimum payments	**54 026**	56 252

8. LEASE LIABILITIES

	2024 A$'000	2023 A$'000
Opening balance	**91 992**	92 191
New leases	**42 470**	34 951
Lease instalments	**(41 842)**	(30 872)
Interest on lease liabilities	**10 044**	8 101
Derecognitions	**(1 101)**	(5 190)
Unrealised foreign exchange movements	**1 941**	(7 189)
Closing balance	**103 504**	91 992
Maturity analysis		
Lease liabilities are payable as follows:		
Minimum lease payments due		
– within one year	**37 430**	29 664
– in two to five years	**77 902**	76 481
Less: future finance charges	**(11 828)**	(14 153)
Present value of minimum lease payments	**103 504**	91 992
Non-current lease liabilities	**72 027**	68 106
Current lease liabilities	**31 477**	23 886

The total cash outflow related to leases for the year amounts to A$70 million (2023: A$48 million).

9. TAXATION

	2024 A$'000	2023 A$'000
Major components of the taxation expense		
Current taxation		
Local income taxation – current year	**571**	85
Local income taxation – current year – discontinued operations	**–**	1 006
Local income taxation – current year – recognised in current taxation for prior periods	**24**	–
Foreign income taxation or withholding taxation – current year	**8 839**	2 547
Foreign income taxation or withholding taxation – recognised in current taxation for prior periods	**(494)**	783
	8 940	4 421
Deferred taxation		
Deferred taxation – current year	**(18 529)**	(7 811)
Deferred taxation – arising from prior year adjustments	**(68)**	(285)
	(18 597)	(8 096)
	(9 657)	(3 675)

10. IMPAIRMENT

The Group performed an annual impairment test at 30 June 2024. The test involved the assessment of internal and external qualitative factors for each CGU that may constitute an indicator of impairment. The test may be extended to individual assets in instances of underutilisation, obsolescence, physical damage or material decline in the economic performance of the assets.

10.1 Assets in the scope of *IAS 36 – Impairments*

Goodwill arising on consolidation

A compulsory impairment assessment of goodwill allocated to the McConnell Dowell CGU is performed annually. The McConnell Dowell CGU falls under the *Infrastructure and Building* reportable segments. The recoverable amount of the CGU, being the value-in-use based on a discount rate of 16.9% (2023: 15.7%), materially exceeded the carrying amount of the CGU and hence no goodwill impairment loss was recognised in the current year.

Other individual assets in the scope of *IAS 36 – Impairments*

An impairment assessment was performed on:

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

10.2 Total impairment losses for the year

The total impairment losses for the year per CGU and individual assets are summarised as follows:

	Property, plant and equipment 2024 A$'000
Other individual assets in the scope of *IAS 36*	
Aveng Moolmans	**7 786**

11. EARNINGS AND HEADLINE EARNINGS PER SHARE

	Number of shares	**Weighted average number of shares**	Number of shares	Weighted average number of shares
Opening balance	**131 291 021**	**129 498 202**	129 483 343	129 483 343
Issue of shares – Equity-settled share-based payment plan	**–**	**1 792 819**	1 807 677	14 858
	131 291 021	**131 291 021**	131 291 020	129 498 201
Less: Treasury shares				
Aveng Limited Share Purchase Trust	**(12 037)**	**(12 037)**	(12 037)	(12 037)
Aveng Management Company (Pty) Ltd	**(1 577)**	**(1 577)**	(1 577)	(1 577)
Equity-settled share-based payment plan	**(2 897 646)**	**(2 897 646)**	(5 343 186)	(3 418 430)
Total treasury shares	**(2 911 260)**	**(2 911 260)**	(5 356 800)	(3 432 045)
Weighted average number of shares	**128 379 761**	**128 379 761**	125 934 220	126 066 156
Add: Shares issuable in terms of the equity-settled share-based payment plan	**2 897 646**	**2 897 646**	–	–
Diluted weighted average number of shares	**131 277 407**	**131 277 407**	125 934 220	126 066 156

	Gross of taxation A$'000	**Net of taxation A$'000**	Gross of taxation A$'000	Net of taxation A$'000
Determination of headline earnings				
Earnings / (loss) for the period attributable to equity holders of parent	**–**	**25 653**	–	(103 890)
Impairment of loan with joint venture	**161**	**161**	–	–
Impairment of property, plant and equipment	**7 786**	**5 684**	–	–
Impairment of equity accounted investments	**–**	**–**	263	263
Loss / (gain) on disposal of assets Held for Sale	**86**	**86**	(14 471)	(13 331)
Loss / (gain) on disposal of property, plant and equipment	**343**	**256**	607	607
Reversal of impairment loss on right-of-use assets	**(964)**	**(964)**	(1 981)	(1 981)
Loss on derecognition of components	**9 726**	**7 100**	7 506	5 480
Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition	**(6)**	**(6)**	35 761	35 761
Insurance proceeds on plant and equipment – Trident Steel	**–**	**–**	(648)	(648)
Headline earnings / (loss)		**37 970**		(77 739)
Diluted Headline earnings / (loss)		**37 970**		(77 739)
HEPS from continuing and discontinued operations				
Headline earnings per share – basic (cents)		**29.6**		(61.6)
Headline earnings per share – diluted (cents)		**28.9**		(61.6)
Issued shares		**131.3**		131.3
Weighted average shares		**128.4**		126.1
Diluted shares		**131.3**		126.1

12. CASH GENERATED / (UTILISED) BY OPERATING ACTIVITIES

	Notes	2024 A$'000	2023 A$'000
Earnings / (loss) before taxation from continuing operations		**16 083**	(96 446)
Earnings / (loss) before taxation from discontinued operations		**(80)**	(12 206)
Earnings / (loss) before taxation		**16 003**	(108 652)
Finance earnings		**(11 579)**	(6 715)
Finance expenses		**22 669**	23 927
Dividend earnings		**(2 476)**	(830)
Share of loss from equity-accounted investment		**102**	180
Cash retained from operations		**24 719**	(92 090)
Non-cash and other movements	12.1	**9 653**	26 329
Depreciation		**69 896**	64 523
Amortisation		**–**	43
Cash generated / (utilised) from operations		**104 268**	(1 195)
Movements in working capital	12.2	**45 734**	(30 278)
		150 002	(31 473)

12.1 Non-cash and other movements

Equity-settled share-based payment expense	**5 355**	1 242
Impairment loss on property, plant and equipment	**7 786**	–
Impairment loss on loan with joint venture	**161**	–
Impairment loss on equity-accounted investments	**–**	263
Derecognition of components included in property, plant and equipment	**9 726**	7 506
Loss / (gain) on sale of assets Held for Sale	**86**	(14 480)
Loss on disposal of property, plant and equipment	**343**	607
Reversal of impairment loss on right-of-use assets	**(985)**	(1 981)
Movement in provisions	**(3 063)**	(8 040)
Unrealised foreign exchange losses on borrowings and other liabilities	**(3 213)**	(12 117)
Movements in foreign currency translation	**(6 537)**	17 568
Exchange differences on translating foreign operations reclassified to earnings and loss on derecognition	**(6)**	35 761
	9 653	26 329

12.2 Movements in working capital

Decrease / (increase) in inventories	**336**	(35 059)
Increase in contract assets	**(108 127)**	(100 668)
Decrease in trade and other receivables	**3 574**	11 071
Increase in contract liabilities	**42 482**	21 721
Increase in trade and other payables	**91 788**	89 070
Increase / (decrease) in employee-related payables	**15 680**	(1 739)
Decrease in working capital Held for Sale	**–**	(14 674)
	45 734	(30 278)

13. CONTINGENT LIABILITIES AND ASSETS

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

	2024	2023
South Africa and rest of Africa		
Guarantees and bonds (ZARm)	**51**	82
Parent company guarantees (ZARm)	**138**	116
	189	198
Australasia and Asia		
Guarantees and bonds (A$m)	**405**	436
Parent company guarantees (A$m)	**2**	2
	407	438

Bank guarantees issued by joint ventures and associates

The Group's share of bank guarantees issued by its joint ventures and associates is less than A$1 000 (June 2023: A$1.3 million).

Claims and disputes in the ordinary course of business

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

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

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

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

Specific claims and disputes

Aveng Africa is presently in dispute with a client for various matters including extension of time claims, escalation claims, claims relating to an agreed penalty free period, a claim relating to defective workmanship, a claim relating to basement penalties. The various claims are proceeding through the dispute process. In addition, the employer terminated the contract on 6 January 2020 and subsequently called on the guarantee of R87 million, following which the insurer paid the employer the guarantee amount and issued a letter of demand, claiming repayment from Aveng Africa, who in turn, paid the insurer. The final account report from the client was received, which Aveng Africa has disputed and since referred to arbitration. Aveng Africa is represented in the matter by specialist legal advisers, including senior counsel. The abovementioned claims are in various stages of dispute resolution processes and will have an impact on the final account dispute. Having regard to the advise received from its advisers, the Board is of the view that all known liabilities have been recognised and that adequate provisions have been recognised.

Aveng Africa, in joint venture with its partner terminated a contract with its client on 30 January 2019, which entitlement to terminate is disputed by the client. On 23 November 2020, the client demanded payment of the performance bond and retention guarantee to the value of R235 million. The insurer paid the client and Aveng Africa repaid the insurer for their portion. Aveng Africa is represented in the matter by specialist legal advisers, including senior counsel. Having regard to the advise received from its advisers, the Board is of the opinion that all known liabilities have been recognised and that adequate provisions have been recognised.

13. CONTINGENT LIABILITIES AND ASSETS continued

Specific claims and legal disputes continued

Aveng Africa along with six other South African contractors, entered into a settlement agreement with the South African Government in 2016 wherein claims for damages by Government departments/entities as a result of historical anticompetitive practices by Aveng Africa would be settled. As a result, Aveng Africa agreed to make twelve annual payments into a trust fund to be set up in terms of the settlement agreement and the purpose of which was to develop and enhance the construction industry including black owned emerging contractors. Summons was issued against Aveng Africa and others, and the parties are defending the matter. The matter is ongoing. Aveng Africa is represented in the matter by specialist legal advisers, including senior counsel.

McConnell Dowell and its joint venture partner, along with its insurers are defending a claim from a client, in which it is alleged that a defect exists on a project in New South Wales. McConnell Dowell is represented in the matter by specialist legal advisers.

14. FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures the following financial instruments at fair value:

- Infrastructure investments

Infrastructure investments

The Group measures its remaining infrastructure investment, Dimopoint Proprietary Limited at fair value through profit or loss. The investment in Imvelo Concession Company Proprietary Limited was classified as Held for Sale in the prior year.

(i) Dimopoint Proprietary Limited (Dimopoint)

Methodology

The value of the Group's share in Dimopoint was determined on the basis of the underlying long-term contractual rental streams. The fair value was determined based on the underlying investment property portfolio. Methodologies include the market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows. The valuation takes into consideration the selling price, escalations per year, rental income escalation per year and risk- adjusted discount rates.

Valuation parameters and assumptions

The following parameters and assumptions were considered in arriving at the valuation:

- In estimating the fair value of the properties, the highest and best use of the properties is taken into account
- Free cash flows based on the underlying long-term contractual rental streams
- Market comparable yields applicable to the underlying investment property portfolio
- A terminal growth rate of 12% was applied

14. FAIR VALUE OF ASSETS AND LIABILITIES continued

Fair value hierarchy

The table below sets out the Group's fair value hierarchy and carrying amounts of assets and liabilities:

	Carrying amounts A$'000	**Fair value A$'000**	Valuation reference to observable prices Level 1 A$'000	Valuation based on observable inputs Level 2 A$'000	Valuation based on unobservable inputs Level 3 A$'000
2024					
Assets recognised at fair value					
Assets					
Infrastructure investments*	**11 658**	**11 658**	–	–	11 658
2023					
Assets recognised at fair value					
Assets					
Infrastructure investments	**11 319**	**11 319**	–	–	11 319
Infrastructure investments (Held for Sale)	**4 683**	**4 683**	–	4 683	–

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

The Group uses Level 3 valuation techniques to measure infrastructure investments. Valuation techniques used are appropriate in the circumstances and for which sufficient data was available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

There were no transfers between the different levels during the period.

There have been no gains or losses recognised attributable to changes in unrealised gains or losses during the year.

Sensitivity analysis: Financial assets valuations using observable and unobservable inputs

The following table shows the sensitivity of significant unobservable inputs used in measuring the fair value of infrastructure investments:

	Significant unobservable input	**Reasonably possible changes to significant unobservable inputs**	Potential effect recorded directly in earnings or loss Increase A$'000	Potential effect recorded directly in earnings or loss Decrease A$'000
2024				
Infrastructure investments				
Risk-adjusted discount rate:				
– Dimopoint Proprietary Limited	**16.0%**	**0.5%**	(324)	324
2023				
Infrastructure investments				
Risk-adjusted discount rate:				
– Dimopoint Proprietary Limited	**16.0%**	**0.5%**	(324)	324

15. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant matter or circumstance arising after the reporting date up to the date of this report except as stated below:

15.1 New asset-backed debt facility

Subsequent to year end, the Group negotiated and signed a term sheet for a new asset-backed debt facility of A$15.5 million. The facility to McConnell Dowell Corporation Limited will include the provision of security over specific assets.

15.2 Strategic review

As detailed in the Directors Report, Aveng has been conducting a detailed review of the corporate strategy for the Group with the objective of enhancing stakeholder value and maximising value to shareholders. Macquarie Capital has been appointed to assist with the review and implementation process.

The review has concluded that Aveng's two operating businesses (McConnell Dowell and Moolmans) have distinctly different business characteristics and value propositions and as a result should pursue independent and separate operating and growth strategies. This will assist each business to independently access appropriate pools of capital to better support their investment requirements. Aveng therefore intends to pursue, through a combination of transactions, the creation of two separate entities:

- **McConnell Dowell (including Built Environs):** a leading engineering-led construction and building contractor delivering infrastructure across a diverse range of end markets; and
- **Aveng Limited:** which holds Moolmans, a tier 1 contract mining business operating in sub-Saharan Africa.

The Board is mindful of its commitments to all stakeholders through this process and intends to support and enhance the prospects of both entities for the benefit of all stakeholders, including clients, suppliers and employees, by enabling the two entities to access the most attractive capital to pursue their separate strategies. In the case of McConnell Dowell, this will involve pursuing a listing on the Australian Securities Exchange (ASX) and Johannesburg Stock Exchange (JSE). In the case of Moolmans this will involve exploring alternative ownership options and potentially introducing BBBEE capital.

Annexure 1 – supplementary summarised consolidated statement of financial position

as at 30 June 2024

	2024 Rm	2023 Rm
ASSETS		
Non-current assets		
Goodwill arising on consolidation	**100**	100
Property, plant and equipment	**2 870**	2 968
Right-of-use assets	**713**	489
Infrastructure investments	**142**	142
Deferred taxation	**1 282**	1 006
Lease receivables	**292**	400
Other non-current assets	**28**	20
	5 427	5 125
Current assets		
Inventories	**250**	262
Contract assets	**6 460**	5 302
Trade and other receivables	**374**	427
Taxation receivable	**–**	27
Lease receivables	**98**	81
Cash and bank balances	**2 772**	2 381
	9 954	8 480
Assets Held for Sale	**–**	59
TOTAL ASSETS	**15 381**	13 664
EQUITY AND LIABILITIES		
Equity		
Stated capital	**4 801**	4 776
Other reserves	**1 621**	1 678
Accumulated losses	**(2 989)**	(3 305)
Equity attributable to equity-holders of parent	**3 433**	3 149
Non-controlling interest	**6**	6
TOTAL EQUITY	**3 439**	3 155
LIABILITIES		
Non-current liabilities		
Deferred taxation	**290**	218
External borrowings and other liabilities	**426**	504
Lease liabilities	**877**	854
Provisions	**52**	86
Employee-related payables	**490**	446
	2 135	2 108
Current liabilities		
Contract liabilities	**2 617**	2 165
External borrowings and other liabilities	**233**	516
Lease liabilities	**383**	300
Employee-related payables	**409**	284
Trade and other payables	**5 693**	4 716
Provisions	**402**	420
Taxation payable	**70**	–
	9 807	8 401
TOTAL LIABILITIES	**11 942**	10 509
TOTAL EQUITY AND LIABILITIES	**15 381**	13 664

* Supplementary non-IFRS information. Converted at a closing exchange rate of R12.17/A$1 (2023: R12.55/A$1).

Annexure 1 – supplementary summarised consolidated statement of comprehensive earnings

	2024 Rm	2023 Rm
Continuing operations		
Revenue	**37 450**	28 865
Cost of sales	**(35 299)**	(28 422)
Gross earnings	**2 151**	443
Other earnings	**74**	109
Operating expenses	**(1 800)**	(1 610)
Loss from equity-accounted investments	**(1)**	(2)
Operating earnings / (loss) before capital items	**424**	(1 060)
Capital earnings / (expenses)	**(90)**	9
Operating earnings / (loss) after capital items	**334**	(1 051)
Finance earnings	**142**	77
Finance expenses	**(278)**	(200)
Earnings / (loss) before taxation	**198**	(1 174)
Taxation	**117**	57
Earnings / (loss) from continuing operations	**315**	(1 117)
Discontinued operations		
Earnings from discontinued operations, net of taxation	**–**	120
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition	**–**	(436)
Gain / (loss) on disposal of assets Held for Sale and fair value adjustment	**–**	150
Loss from discontinued operations	**–**	(166)
Earnings / (loss) for the year	**315**	(1 283)

* Supplementary non-IFRS information. Converted at an average exchange rate of R12.27/A$1 (2023: R12.34/A$1).

Corporate information

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PA Hourquebie*# (Chair),
SC Cummins (Group CEO),
SJ Flanagan*,
AH Macartney (Group FD),
B Modise (Lead independent director)*#,
BC Meyer*#,
D Noko*#, N Bowen*#
* Non-executive
\# Independent

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Corporate legal advisers
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Pinsent Masons
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