



MACA Limited and its Controlled Entities
ABN 42 144 745 782

Half Year Financial Report and Appendix 4D
31 December 2016



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Half Yearly Financial Report

31 December 2016

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Section 1 Commentary - HY17 accounts and Results Discussion

MACA Limited ('MACA') (ASX: MLD) is pleased to announce it has delivered a half year profit result with net profit after tax to December 2016 of \$16.6 million (up 34% on pcip) on revenue of \$242.5 million (up 16% on pcip). Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was \$52.2 million (up 22% on pcip).

Financial and Operating Highlights

- Revenue up 16% to \$242.5 million
- EBITDA up 22% to \$52.2 million
- Net Profit After Tax attributable to members up 34% to \$16.6 million
- Interim dividend of 4.5 cents per share (fully franked) (1H FY16 of 4.0 cps)
- Order book of \$1.194 billion as at December 2016
- Strong balance sheet with a net cash position of \$61.1 million
- Net operating cash flow of \$43.6 million

Results Summary

FY17 Half Year Results	31 December 2016	31 December 2015	Movement
Revenue	\$242.5m	\$208.5m	16%
EBITDA	\$52.2m	\$42.9m	22%
EBIT	\$26.1m	\$16.4m	59%
Net Profit Before Tax	\$25.0m	\$16.1m	55%
Net Profit After Tax	\$16.6m	\$12.4m	34%
Contracted Work in Hand	\$1,194m	\$1,150m	-
Operating Cash Flow	\$43.6m	\$30.6m	42%
Earnings per share - basic	7.1 cents	5.3 cents	34%
Dividends per share (fully franked)	4.5 cents	4.0 cents	13%

The board has resolved to pay an interim dividend of 4.5 cents per share reflecting strong operating cash-flow generated over the period and a solid balance sheet position. The dividend will be fully franked and will be payable on 22 March 2017 to eligible shareholders who are recorded on the Company's register as at the record date of 9 March 2017.

MACA continues to perform well across its broad spectrum of projects in the mining sector in Western Australia. During the period MACA continued operations at Rosemont, Garden Well and Moolart Well for Regis Resources, the Central Murchison project for MetalsX, the Deflector project for Doray Minerals and the Matilda project for Blackham Resources. Operations at Mount Monger for Silver Lake Resources and the Golden Grove project for MMG Mining were closed during the second half with MACA successfully deploying personnel and some equipment to other MACA projects. The Abydos and Wodgina projects for Atlas Iron continued under the contractor collaboration model, making a positive contribution on higher iron ore prices.

Subsequent to year end the Deflector project for Doray Minerals has been completed.

The company's international operations in Brazil at the Beadell Resources Tucano project and Avanco Resources Antas project are delivering improved production performance with now more than two years experience in country, and we continue to pursue further opportunities as they arise.

The civil sector within Western Australia has been extremely challenging for all participants in the industry with margins remaining under pressure. The half year results have been impacted by a road project in Western Australia with several claims being pursued vigorously for which costs have been recognised, and the cost of maintaining a divisional overhead whilst growing the business from a lower revenue base. The Victorian Civil business has been successful in being awarded several small civil projects for commencement in the second half of the financial year.

The infrastructure business has won a small road maintenance contract in the Kimberley region that commenced in February and runs over a period of 2 years with extensions of a further 2 years available. The division continues to tender asset maintenance contracts with a recurring revenue stream.

In December MACA acquired 60% of Interquip Pty Ltd ('Interquip'), a privately-owned business providing end to end mineral processing solutions predominantly in Western Australia and the Northern Territory. The acquisition enables MACA to establish a Structural, Mechanical and Piping (SMP) offering within the mining industry. MACA sees many near term opportunities to grow the Interquip business utilising our strong balance sheet and to complement the current services we offer our client base.

MACA's total workforce (including contractors) remains in excess of 1,275 people. A strong culture and commitment to the MACA brand has contributed to the successful delivery of quality projects.

MACA remains committed to providing all of our employees and contractors with a safe place to work and we continually strive to ensure that safety remains a core focus within our business.

Operating Cash Flow and Capital Expenditure

Operating cash flow for the period ending 31 December was \$43.6 million. Capital expenditure for the financial year was \$14.5 million relating to plant and equipment. Capital equipment purchases were funded by a combination of cash and equipment finance contracts. The company did not enter into any off balance sheet financing arrangements.

Interim Dividend

The directors have determined to pay an fully franked interim dividend of 4.5c per share with a record date of 9 March 2017 and payment date of 22 March 2017. The total of dividends paid during the half was \$10.479 million (2015: \$17.5 million).

Events Subsequent to Balance Date

No matters or circumstances have arisen since the half year to December 2016 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments and Prospects

MACA remains well placed to target a considerably improved pipeline of tenders in addition to the current \$1.2 billion Work in Hand position. With an improvement in both mining activity and investor sentiment towards the sector MACA believes it is well placed to benefit from the continuation of this recovery and funding of projects. The Civil and Infrastructure markets remain challenging with ongoing margin pressure, however, there are significant revenue opportunities within the sector. At this stage MACA is expecting revenue for FY2017 to exceed \$500 million. MACA is selectively identifying development opportunities and is well positioned to deliver quality services to customers in the mining, civil and infrastructure sectors.

MACA highly values its hard working and loyal employees. The Board would like to extend its thanks to them and all of our stakeholders who remain an essential part of our success.

Section 2 Results for Announcement to the Market - Appendix 4D

ABN or equivalent company reference

42 144 745 782

Half year ended ('current period')

31 December 2016

Half year ended ('previous period')

31 December 2015

2.1 Results for Announcement to the Market

	% change	2016 \$'000
Revenue from ordinary activities	Up 16%	242,525
Profit after tax from ordinary activities attributable to members	Up 34%	16,593
Net profit for the period attributable to members	Up 34%	16,593

Information regarding the movement in revenue and profit for the period is set out in Section 1 within this Report.

2.2 Individual and Total Dividends Per Security

Dividends	Amount per Share	Franked amount per share
Final dividend for 2016	4.5 cents	4.5 cents
Interim dividend for 2017	4.5 cents	4.5 cents

The Directors have determined to pay an interim dividend based on the December 2016 half year result of 4.5c per share.

The Company paid a final fully franked dividend for the 2016 financial year of 4.5 cents per share on 26 September 2016.

The record date for entitlement to the interim dividend is 9 March 2017.

The payment date for the interim dividend is 22 March 2017.

2.3 Dividend Reinvestment Plans

There was no Dividend reinvestment plan in place at 31 December 2016.

2.4 NTA backing

	31 December 2016	31 December 2015
Net tangible asset backing per ordinary security	108.28 cents	100.70 cents

2.5 Control gained over entities

Name of entity (or group of entities)	Interquip Construction Pty Ltd Interquip Pty Ltd
Date control gained	15th December 2016

2.5.1 Loss of control over entities

Name of entity (or group of entities)	Nil
Date control lost	-
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material).	-
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	-

2.6 Details of associates and joint venture entities

Name of entity (or group of entities)	Nil
Date of joint venture	-

2.7 Commentary on results for the period

Refer covering commentary

2.8 Statement of compliance in regards to audit

This report is based on accounts to which one of the following applies.

The accounts have been audited		The accounts have been subject to review	x
		The accounts are in the process of being reviewed	
The accounts are in the process of being audited		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A

Chris Tuckwell

Managing Director, CEO

Dated at PERTH this 20th day of February 2017.

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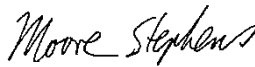
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF MACA LIMITED

As lead auditor for the review of MACA Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 20th day of February 2017

Section 3

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2016

	Note	31 December 2016 \$'000	31 December 2015 \$'000
Revenue	2	242,525	208,504
Other income	2	12,504	10,370
Direct costs		(222,972)	(196,608)
Finance costs		(1,758)	(1,409)
Share based payment expense		(61)	(139)
Foreign exchange gains /(losses)		267	(86)
Other expenses from ordinary activities		(5,523)	(4,551)
Profit before income tax		24,982	16,081
Income tax expense		(8,389)	(3,667)
Profit for the period		16,593	12,414
Other comprehensive income:			
Exchange differences on translating foreign operations		(1,599)	(8,823)
Fair value gains/(loss) on available-for-sale financial assets, net of tax		657	(1,647)
Total comprehensive income for the period		15,651	1,944
Profit / (loss) attributable to:			
- Non-controlling interest		14	-
- Members of the parent entity		16,579	12,414
		16,593	12,414
Total comprehensive income attributable to:			
- Non-controlling interest		14	-
- Members of the parent entity		15,637	1,944
		15,651	1,944
Earnings per share:			
- Basic earnings per share (cents)	3	7.12	5.34
- Diluted earnings per share (cents)	3	7.07	5.33

The accompanying notes form part of these financial accounts

Section 4

Condensed Consolidated Statement of Financial Position as at 31 December 2016

	Note	31 December 2016 \$'000	30 June 2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents		121,905	115,602
Trade and other receivables		94,685	73,461
Loans to other companies	6	8,140	7,114
Inventory		13,352	10,068
Work in progress		3,086	89
Other assets	7	1,647	2,144
TOTAL CURRENT ASSETS		242,815	208,479
NON CURRENT ASSETS			
Property, plant and equipment		142,974	154,167
Loan to other companies	6	-	883
Financial Assets		1,506	851
Goodwill		6,525	3,187
Deferred tax assets		5,521	5,733
TOTAL NON CURRENT ASSETS		156,526	164,821
TOTAL ASSETS		399,341	373,300
CURRENT LIABILITIES			
Trade and other payables		58,373	32,863
Financial liabilities		24,992	39,210
Current tax liabilities		4,045	1,028
Short-term provisions		10,296	9,954
TOTAL CURRENT LIABILITIES		97,706	83,055
NON-CURRENT LIABILITIES			
Deferred tax liabilities		93	113
Financial liabilities		35,831	34,499
TOTAL NON-CURRENT LIABILITIES		35,924	34,612
TOTAL LIABILITIES		133,630	117,667
NET ASSETS		265,711	255,633
EQUITY			
Issued capital	8	211,333	208,816
Reserves		(7,315)	(3,549)
Retained profits		57,571	50,814
Parent Interest		261,589	256,081
Non-controlling Interest		4,122	(448)
TOTAL EQUITY		265,711	255,633

The accompanying notes form part of these financial accounts

Section 5

Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2016

	Issued Capital	Retained Profits	Outside Equity Interest	General Reserves	Option Reserve	FX Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
BALANCE AT 1 JULY 2015	209,016	53,409	(203)	(3,777)	327	(2,804)	255,968
Profit for the period	-	12,414	-	-	-	-	12,414
SUB-TOTAL	209,016	65,823	(203)	(3,777)	327	(2,804)	268,382
Other comprehensive income:							
Revaluation of Investment	-	-	(1,647)	-	-	-	(1,647)
Exchange difference in translating foreign operations	-	-	-	-	-	(8,823)	(8,823)
SUB-TOTAL	209,016	65,823	(1,850)	(3,777)	327	(11,627)	257,912
Shares issued	-	-	-	-	-	-	-
Capital raising costs	200	-	-	-	-	-	200
Share based payment	-	-	-	-	139	-	139
Exercise of options	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-
Dividends paid	-	(17,451)	-	-	-	-	(17,451)
BALANCE AT 31 DECEMBER 2015	209,216	48,372	(1,850)	(3,777)	466	(11,627)	240,800
BALANCE AT 1 JULY 2016	208,816	50,814	(448)	(3,777)	604	(376)	255,633
Profit for the period	-	16,579	14	-	-	-	16,593
SUB-TOTAL	208,816	67,393	(434)	(3,777)	604	(376)	272,226
Other comprehensive income:							
Revaluation of investment	-	657	-	-	-	-	657
Exchange difference in translating foreign operations	-	-	-	-	-	(1,599)	(1,599)
SUB-TOTAL	208,816	68,050	(434)	(3,777)	604	(1,975)	271,284
Shares issued	2,400	-	-	-	-	-	2,400
Capital raising costs	-	-	-	-	-	-	-
Share based payment	-	-	-	-	61	-	61
Exercise of options	117	-	-	-	(117)	-	-
Acquisition of non-controlling interest	-	-	4,122	-	-	-	4,122
Transactions with non-controlling interests	-	-	434	(2,111)	-	-	(1,677)
Dividends paid	-	(10,479)	-	-	-	-	(10,479)
BALANCE AT 31 DECEMBER 2016	211,333	57,571	4,122	(5,888)	548	(1,975)	265,711

The accompanying notes form part of these financial accounts

Section 6

Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2016

Note	31 December 2016 \$'000	31 December 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	235,782	242,272
Payments to suppliers and employees	(186,563)	(203,224)
Interest received	616	1,136
Interest paid	(866)	(1,409)
Income tax paid	(5,354)	(8,125)
Net Cash Provided By Operating Activities	43,615	30,650
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	16	-
Proceeds from sale of property, plant and equipment	2,186	1,240
Loans to other companies	1,028	2,715
Purchase of property, plant and equipment	(14,475)	(30,104)
Net cash consideration for acquisition of subsidiaries	(2,677)	-
Net Cash Used In Investing Activities	(13,922)	(26,149)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Share Issue	-	-
Net movement in borrowings	(14,099)	(7,364)
Dividends paid by the parent	(10,479)	(17,451)
Net Cash provided by / (used in) Financing Activities	(24,578)	(24,815)
Net increase/(decrease) in cash held	5,115	(20,314)
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,188	-
Cash and cash equivalents at the beginning of the year	115,602	118,533
Cash and cash equivalents at the end of financial period	121,905	98,219

The accompanying notes form part of these financial accounts

Section 7

Notes to the Financial Statements for the half year ended 31 December 2016

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of MACA Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year.

b. Principles of Consolidation

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

c. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

d. Critical Accounting Estimates and Significant Judgements Used In Applying Accounting Policies

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The value in use calculations with respect to property, plant and equipment require an estimation of the future cash flows expected to arise from each cash generating unit and a suitable discount rate to apply to these cash flows to calculate net present value. The Directors have determined that there is no adjustment required to the carrying value of property, plant and equipment in the current reporting period.

ii. Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on best estimates. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Group's understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that best estimate, pending an assessment by the Australian Taxation Office.

iii. Estimation of Useful Lives of Assets

The estimation of the useful lives of property, plant and equipment is based on historical experience and is reviewed on an ongoing basis. The condition of the assets is assessed at least annually against the remaining useful life with adjustments made when considered necessary.

iv. Revenue

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. Contract costs incurred shall be recognised as an expense in the period in which they are incurred. An expected loss on a contract is recognised as an expense immediately.

Key judgments

i. Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

	Note	31 December 2016 \$'000	31 December 2015 \$'000
NOTE 2. PROFIT BEFORE INCOME TAX			
Revenue from continuing operations			
Contract Trading Revenue		241,870	207,326
		241,870	207,326
Other revenue			
– Interest received		616	1,135
– Other revenue		39	43
		655	1,178
Total Revenue		242,525	208,504
Other Income:			
– Profit / (Loss) on sale of plant and equipment		871	168
– Profit / (Loss) on sale of investment		16	-
– Rebates		11,617	10,202
Total Other Income		12,504	10,370
Expenses:			
Depreciation and amortisation			
– Plant and equipment		25,005	25,682
– Motor vehicles		1,056	759
– Other		6	5
Total depreciation and amortisation expense		26,067	26,446
Total employee benefits expense		68,543	55,783
Rental expenses relating to operating leases		718	697
Repairs, service and maintenance		21,382	20,148
Materials and supplies		51,253	47,016

	Note	31 December 2016 \$'000	31 December 2015 \$'000
NOTE 3. EARNINGS PER SHARE			
Basic earnings per share		7.12	5.34
Diluted earnings per share		7.07	5.33
a. Reconciliation of earnings to profit and loss			
Profit/(loss) for the period attributable to members of the parent entity		16,579	12,414
Profit/(loss) attributable to non controlling interest		14	-
		<u>16,593</u>	<u>12,414</u>
b. Weighted average number (000) of ordinary shares outstanding during the year in calculating basic EPS			
		232,926	232,676
Weighted average number (000) of dilutive options outstanding		<u>1,446</u>	<u>664</u>
Weighted average number (000) of ordinary shares outstanding during the year used in calculating dilutive EPS		<u>234,372</u>	<u>233,340</u>
NOTE 4. DIVIDENDS			
Interim fully franked ordinary dividend of 4.5 cents (2015: 4 cents) per share franked at the tax rate of 30% (2015: 30%)		<u>10,479</u>	<u>17,451</u>

**NOTE 5. BUSINESS COMBINATIONS
2016**

On 15 December 2016 the Group acquired 60% of the issued capital in Interquip Pty Ltd, a company involved in Structural Mechanical and Piping Construction. The consideration consisted of \$5.6M in cash, \$2.4M in shares and an earn out agreement based EBIT targets for FY 2017 and FY 2018. The earnout has been valued at \$1.5M based upon expected outcomes.

The major classes of assets and liabilities comprising the acquisition of each Company as at the date of the acquisition are as follows:

Interquip Group	Fair value at 15 December 2016 \$'000
Purchase consideration - Cash:	5,600
- Shares	2,400
- Deferred Consideration (Earn Out)	1,500
Less:	
Cash and cash equivalents	3,073
Trade and other receivables	5,995
WIP & Inventory	4,334
Other assets	74
Property, plant and equipment	5,687
Land and Building	107
Trade and other payables	(4,216)
Financial liabilities	(1,214)
Advance Payment	(3,000)
Current tax liabilities	(140)
Provisions	(430)
	<u>10,270</u>
Value of identifiable assets acquired and liabilities assumed	<u>6,162</u>
Goodwill on acquisition	<u>3,338</u>

NOTE 5. BUSINESS COMBINATIONS - CONTINUED**Services South East Pty Ltd**

On 31 October 2016 the Group acquired 25% of the issued capital in Services South East Pty Ltd which it did not already own for cash payment of \$150,000 and forgiveness of a related party debt and assumption of liabilities. The total consideration for the remaining 25% amounted to \$1.662M.

2015

There were no business combinations for the half year ended 31 December 2016

	Note	31 December 2016 \$'000	30 June 2016 \$'000
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NOTE 6. LOANS TO OTHER COMPANIES

Loan to Beadell Resources		8,140	7,997
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NOTE 7. OTHER ASSETS

Prepayments		197	244
Deposit		1,450	1,900
		1,647	2,144

NOTE 8. ISSUED CAPITAL

234,343,334 (2016: 232,676,373) Fully paid ordinary shares with no par value

	No.	No.
At the beginning of the reporting period	232,676	232,676
Shares issued during the year	1,667	613.00
Shares at reporting date	234,343	233,289

All of these shares were eligible to participate in dividends from the date of issue.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Groups' financial assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis are as follows:

31 December 2016	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Financial Assets - listed investments - current	-	-	-	-
Financial Assets - listed investments - non-current	1,506	-	-	1,506
	<u>1,506</u>	<u>-</u>	<u>-</u>	<u>1,506</u>
30 June 2016	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Financial Assets - listed investments - current	-	-	-	-
Financial Assets - listed investments - non-current	851	-	-	851
	<u>851</u>	<u>-</u>	<u>-</u>	<u>851</u>

Methods and valuation techniques

Included with Level 1 for the current and previous reporting periods are listed investments. The fair value of these assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs. The Group does not have other material instruments within the fair value hierarchy.

NOTE 10. OPERATING SEGMENTS

The group information presented in the financial report is the information that is reviewed by the Board of Directors (Chief operating decision maker) in assessing performance and determining the allocation of resources.

Identification of Reportable Segment

The Group identifies its operating segments based on internal reports that are reviewed and used by the Board of Directors (Chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates predominantly in three businesses and two geographical segments being the provision of civil and contract mining services and mineral processing services to the mining industry throughout Australia, and contract mining services to the mining industry in Brazil, South America.

Consolidated - December 2016	Mining	Civil/ Infrastructure	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
Total reportable segment revenue	222,252	19,657	616	242,525
Other Revenue	11,989	515	-	12,504
Total revenue	234,241	20,172	616	255,029
Earnings before interest, tax, depreciation, amortisation and impairments	53,095	(1,382)	478	52,191
Depreciation and amortisation	(25,679)	(388)	-	(26,067)
Interest Revenue	49	3	564	616
Finance costs	(1,633)	(125)	-	(1,758)
Profit/(loss) before income tax expense	25,176	(1,892)	1,042	24,982
Income tax expense				(8,389)
Profit after income tax expense				16,593
Assets				
Segment assets	274,052	17,604	107,685	399,341
Total assets				399,341
Liabilities				
Segment liabilities	118,172	12,294	3,164	133,630
Total liabilities				133,630
Capital expenditure	15,901	598	-	16,499

Consolidated - December 2015	Mining \$'000	Civil \$'000	Unallocated \$'000	Total \$'000
Revenue				
Total reportable segment revenue	186,889	20,479	1,136	208,504
Other Revenue	10,370	-	-	10,370
Total revenue	197,259	20,479	1,136	218,874
Earnings before interest, tax, depreciation and amortisation	45,168	(2,921)	553	42,800
Depreciation and amortisation	(26,310)	(136)	-	(26,446)
Interest Revenue	43	79	1,014	1,136
Finance costs	(1,409)	-	-	(1,409)
Profit/(loss) before income tax expense	17,492	(2,978)	1,567	16,081
Income tax expense				(3,667)
Profit after income tax expense				12,414
Assets				
Segment assets	244,767	12,885	83,850	341,502
Total assets				341,502
Liabilities				
Segment liabilities	97,283	2,273	1,147	100,703
Total liabilities				100,703
Capital expenditure	27,636	6	-	27,642

Geographical information	Revenue		Non-current assets	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Australia	211,895	180,708	110,508	111,958
Brazil	43,134	38,166	46,018	47,272
Total	255,029	218,874	156,526	159,230

NOTE 11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Performance Guarantees

MACA has indemnified its bankers and insurance bond providers in respect of bank guarantees and insurance bonds to various customers for satisfactory contract performance and warranty security in the following amounts: 31 Dec 2016: \$4.413 million (30 June 2016: \$3.236 million)

There are no contingent assets or liabilities other than those listed above.

	Country of Incorporation	Percentage Owned (%)*	
		2016	2015

NOTE 12. CONTROLLED ENTITIES

Information about Principal Subsidiaries

Set out below are the Groups' subsidiaries as at 31 December 2016. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the group. Each subsidiary's country of incorporation is also its principal place of business.

Name of Subsidiary	Principal place of business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		As at 31 Dec 2016	As at 30 June 2016	As at 31 Dec 2016	As at 30 June 2016
Subsidiaries:					
MACA Mining Pty Ltd	Australia	100%	100%	Nil	Nil
MACA Plant Pty Ltd	Australia	100%	100%	Nil	Nil
MACA Crushing Pty Ltd	Australia	100%	100%	Nil	Nil
MACA Civil Pty Ltd	Australia	100%	100%	Nil	Nil
Riverlea Corporation Pty Ltd	Australia	100%	100%	Nil	Nil
MACA Mineracao e Construcao Civil Ltda	Brazil	100%	100%	Nil	Nil
Alliance Contracting Pty Ltd	Australia	100%	100%	Nil	Nil
MACA Infrastructure Pty Ltd ¹	Australia	100%	75%	Nil	25%
Marniyarra Mining and Civil Pty Ltd JV	Australia	60%	60%	40%	40%
Interquip Construction Pty Ltd ²	Australia	60%	-	40%	-
Interquip Pty Ltd ²	Australia	60%	-	40%	-

¹ Formerly Services South East Pty Ltd

² Percentage of voting power in proportion to ownership

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 13. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Section 8 Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 19 are in accordance with the Corporations act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Chris Tuckwell', written in a cursive style.

Chris Tuckwell
Managing Director, CEO

DATED at PERTH this 20th day of February 2017

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2 The Esplanade, Perth, WA 6000

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MACA LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MACA Limited which comprises the consolidated condensed statement of financial position as at 31 December 2016, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of MACA Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of MACA Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MACA Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

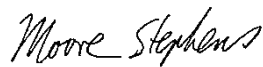
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MACA Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 20th day of February 2017