MACA Limited and its Controlled Entities

ABN 42 144 745 782

ASX Preliminary Final Report
30 June 2017

Lodged with the ASX under
Listing Rule 4.3A

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Section 1 Commentary - FY17 Results

MACA Limited is pleased to report it has delivered a Net Profit After Tax attributable to members of $32.1 million for the full year to 30 June 2017. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was $99.2 million.

Financial and Operating Highlights

- Revenue of $497.9 million
- EBITDA of $99.2 million
- Net Profit After Tax attributable to members of $32.1 million
- Final dividend of 4.5 cents per share (fully franked) (Total for FY17 of 9.0 cps)
- Order book of $1.13 billion as at June 2017
- Strong balance sheet with a net cash position of $64.2 million
- Net operating cash flow of $68.1 million

Results Summary

FY 2017 Full Year Results	30 June 2017	30 June 2016	Movement
Revenue	$497.9m	$431.4m	15%
EBITDA	$99.2m	$90.7m	9%
EBIT	$46.4m	$34.3m	35%
Net Profit Before Tax	$44.1m	$33.6m	31%
Net Profit After Tax	$32.1m	$24.2m	33%
Contracted Work in Hand	$1,130m	$1,160m	(3%)
Operating Cash Flow	$68.1m	$64.1m	6%
Earnings per share - basic	13.7 cents	10.4 cents	32%
Dividends per share (fully franked)	9.0 cents	8.5 cents	6%

The MACA board has elected to pay a final dividend of 4.5 cents per share fully franked, taking the full year dividend to 9.0 cents per share fully franked.

The full year earnings result demonstrates the continued strength of MACA's business, despite what has been a demanding operating environment for the mining and civil sectors. Whilst the result is pleasing, it has been impacted by investment of both time and resources in existing business divisions and integration of acquisitions. The Company believes this investment will greatly assist in providing a robust platform to support sustained growth in line with our Corporate Strategy.

Operational activities have continued to grow in gold, with MACA commencing new contracts with Ramelius Resources at Mount Magnet and Bulk Earthworks for the Gruyere Joint Venture late in the period.

MACA continues to perform well across its broad spectrum of projects in the mining sector. During the period MACA continued operations at Rosemont, Garden Well and Moolart Well for Regis Resources, Abydos and Mt Dove for Atlas Iron, Central Murchison for MetalsX, Matilda for Blackham Resources and in Brazil for Beadell Resources Tucano project and Avanco's project at Antas. Operations at Mount Monger for Silverlake Resources, Golden Grove for MMG Mining, Deflector for Doray and Wodgina for Atlas Iron were completed during the year with MACA successfully deploying personnel and some equipment to other MACA projects.

MACA is also proud of its participation in the Contractor Collaboration Agreement across Abydos and Wodgina for Atlas. Whilst delivering positive profit results, it also ensured continued employment for many of our employees and contractors.

In the first half of FY 2017 MACA purchased the remaining 25% of the Services South East business and rebranded it MACA Infrastructure. MACA was awarded a Road and Asset Maintenance contract with Main Roads in the Kimberley Region in February of 2017 in line with our strategy of growing the Infrastructure division.

Further to this MACA has also won and commenced the Gruyere Gold project Site Bulk Earthworks, Access Roads, Airstrip and Tailings Storage Facility works, one of the largest civil projects awarded during the year within Western Australia.

In December 2016 MACA purchased 60% of Interquip, a privately owned business providing end to end processing solutions in Western Australia and the Northern Territory. The business has since been rebranded MACA Interquip. The acquisition has enabled MACA to establish a Structural, Mechanical and Piping (SMP) offering within the mining industry. The solid pipeline of opportunities supports the MACA's expectations of revenue and profit growth.

MACA's total workforce (including contractors) remains in excess of 1,200 people. A strong culture and commitment to the MACA brand has contributed to the successful delivery of quality projects and financial performance. The ongoing commitment to training through our Leadership Development Program, Engineering Graduate and Apprentice Programs continues to ensure we develop quality MACA employees. 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.

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 year ending 30 June 2017 was $68.1 million. Capital expenditure for the financial year was $31.5 million (excluding $5.7 million included in acquisitions) relating to plant and equipment associated with sustaining capital and the commencement of the Matilda Gold project for Blackham Resources. 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.

Final Dividend

The directors have determined to pay a fully franked final dividend of 4.5c per share with a record date of 7th September 2017 and payment date of 22nd September 2017. The total dividend paid during the year was $21 million (2016: $26.8 million).

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial 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.

Future Developments and Prospects

Whilst in the last 12 months market conditions have remained challenging, we are experiencing a noticeable 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. The Company similarly expects to benefit from its recent investments in its expanded civil and infrastructure operations through increased spending on road and asset management and maintenance services within the private sector and its aquisition of an end to end mineral processing solution provider. MACA has a strong work in hand position at $1.13 billion and a solid balance sheet to facilitate further growth in the business. At this stage, the Company expects revenue for FY2018 to increase from the current year to be approximately $560 million. MACA continues to selectively identify opportunities and is well positioned to deliver growth of its quality services to customers in the sectors in which it operates.

Section 2 Results for Announcement to the Market

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
42 144 745 782	30th June 2017	30th June 2016

2.1 Results for Announcement to the Market

	2017 $'000	2016 $'000	% change	
Revenue from ordinary activities	497,922	431,424	Up	15%
Profit after tax from ordinary activities attributable to members	32,057	24,163	Up	33%
Net profit for the period attributable to members	32,057	24,163	Up	33%
Dividends				
The final dividend for the year 30th June 2017 is $0.045 per share				
Record date for determining entitlements to the final dividend	7th September 2017			

2.2 Individual and Total Dividends Per Security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final Dividend:				
Current year	22nd September 2017	4.5 cents	4.5 cents	-
Previous year	26th September 2016	4.5 cents	4.5 cents	-
Interim Dividend:				
Current year	22nd March 2017	4.5 cents	4.5 cents	-
Previous year	23rd March 2016	4.0 cents	4.0 cents	-
Special Dividend:				
Current year		-	-	-
Previous year		-	-	-
Total:				
Current year	-	9.0 cents	9.0 cents	-
Previous year	-	8.5 cents	8.5 cents	-

2.3 Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan

2.4 NTA backing

	30th June 2017	30th June 2016
Net tangible asset backing per ordinary security	108.89 cents	106.08 cents

2.5 Control gained over entities

Name of entity (or group of entities)	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)	Marniyarra Mining and Civils Pty Ltd
Date of joint venture	31st January 2016

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	
		The accounts are in the process of being reviewed	
The accounts are in the process of being audited	x	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 28th day of August 2017.

Section 3

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Revenue	2	497,922	431,424
Other income	2	23,906	17,837
Direct costs		(456,406)	(394,978)
Finance costs		(3,813)	(2,558)
Share based payment expense		(103)	(277)
Foreign exchange losses		(1,584)	(85)
Other expenses from ordinary activities		(15,814)	(17,721)
Profit before income tax	3	44,108	33,642
Income tax expense	4	(12,915)	(9,411)
Profit for the year		31,193	24,231
Other comprehensive income:			
Exchange differences on translating foreign operations		(1,829)	2,428
Fair value gains/(loss) on available-for-sale financial assets, net of tax		806	203
Total comprehensive income for the year		30,170	26,862
Profit / (loss) attributable to:			
- Non-controlling interest		(864)	67
- Members of the parent entity		32,057	24,164
		31,193	24,231
Total comprehensive income attributable to:			
- Non-controlling interest		(864)	67
- Members of the parent entity		31,034	26,795
		30,170	26,862
Earnings per share:			
- Basic earnings per share (cents)	9	13.72	10.44
- Diluted earnings per share (cents)	9	13.62	10.41

The accompanying notes form part of these financial accounts

Section 4

Consolidated Statement of Financial Position

as at 30 June 2017

	Note	2017 $'000	2016 $'000
CURRENT ASSETS			
Cash and cash equivalents	10	112,008	115,602
Trade and other receivables	11	113,667	73,461
Loans to other companies	14	9,675	7,114
Inventory		13,647	10,068
Work in progress		(345)	89
Financial Assets	15	-	-
Other assets	12	1,756	2,144
TOTAL CURRENT ASSETS		250,408	208,479
NON CURRENT ASSETS			
Property, plant and equipment	13	128,905	154,167
Loan to other companies	14	-	883
Financial Assets	15	1,648	851
Goodwill	5	6,526	3,187
Deferred tax assets	16	8,037	5,733
TOTAL NON CURRENT ASSETS		145,116	164,821
TOTAL ASSETS		395,524	373,300
CURRENT LIABILITIES			
Trade and other payables	17	64,042	32,863
Financial liabilities	18	21,838	39,210
Current tax liabilities	16	3,428	1,028
Short-term provisions	19	10,402	9,954
TOTAL CURRENT LIABILITIES		99,710	83,055
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	107	113
Financial liabilities	18	25,980	34,499
TOTAL NON-CURRENT LIABILITIES		26,087	34,612
TOTAL LIABILITIES		125,797	117,667
NET ASSETS		269,727	255,633
EQUITY			
Issued capital	20	211,333	208,816
Reserves		(7,502)	(3,549)
Retained profits		62,652	50,814
Parent Interest		266,483	256,081
Non-controlling Interest		3,244	(448)
TOTAL EQUITY		269,727	255,633

The accompanying notes form part of these financial accounts

Section 5

Consolidated Statement of Changes in Equity

for the year ended 30 June 2017

	Issued Capital $'000	Retained Profits $'000	Outside Equity Interest $'000	General Reserves $'000	Option Reserve $'000	FX Reserve $'000	Total $'000
BALANCE AT 1 JULY 2015	209,016	53,409	-	(3,980)	327	(2,804)	255,968
Profit for the period	-	24,163	67	-	-	-	24,230
SUB-TOTAL	209,016	77,572	67	(3,980)	327	(2,804)	280,198
Other comprehensive income:	-	-	-	-	-	-	-
Revaluation of Investment	-	-	-	203	-	2,428	2,631
SUB-TOTAL	209,016	77,572	67	(3,777)	327	(376)	282,829
Shares issued	-	-	-	-	-	-	-
Capital raising costs	(200)	-	-	-	-	-	(200)
Options issued net of options exercised	-	-	-	-	277	-	277
Transactions with non-controlling interests	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	(515)	-	-	-	(515)
Dividends paid	-	(26,758)	-	-	-	-	(26,758)
BALANCE AT 30 JUNE 2016	208,816	50,814	(448)	(3,777)	604	(376)	255,633
BALANCE AT 1 JULY 2016	208,816	50,814	(448)	(3,777)	604	(376)	255,633
Profit for the period	-	32,057	(864)	-	-	-	31,193
SUB-TOTAL	208,816	82,871	(1,312)	(3,777)	604	(376)	286,826
Other comprehensive income:	-	-	-	-	-	-	-
Revaluation of Investment	-	806	-	-	-	(1,829)	(1,023)
SUB-TOTAL	208,816	83,677	(1,312)	(3,777)	604	(2,205)	285,803
Shares issued	2,400	-	-	-	-	-	2,400
Options/Rights Issued	-	-	-	-	103	-	103
Options issued net of options exercised	117	-	-	-	(117)	-	-
Transactions with non-controlling interests	-	-	448	-	-	-	448
Acquisition of non-controlling interest	-	-	4,108	(2,110)	-	-	1,998
Dividends paid	-	(21,025)	-	-	-	-	(21,025)
BALANCE AT 30 JUNE 2017	211,333	62,652	3,244	(5,887)	590	(2,205)	269,727

The accompanying notes form part of these financial accounts

Section 6

Consolidated Statement of Cash Flows

for the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		482,742	471,512
Payments to suppliers and employees		(399,268)	(395,172)
Dividends received		-	-
Interest received		1,481	1,929
Interest paid		(3,814)	(2,558)
Income tax paid		(12,999)	(11,578)
Net Cash Provided By Operating Activities	24(b)	68,142	64,133
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		-	1,303
Proceeds from sale of property, plant and equipment		3,175	3,336
Net Loans to other companies		-	9,019
Purchase of property, plant and equipment		(21,909)	(34,995)
Net cash consideration for acquisition of subsidiaries		(2,677)	(2,274)
Payment for investments		-	-
Net Cash Used In Investing Activities		(21,411)	(23,611)
CASH FLOW FROM FINANCING ACTIVITIES			
Net Proceeds from Share Issue		-	-
Net movement in borrowings		(27,105)	(17,768)
Dividends paid by the parent		(21,025)	(26,758)
Net Cash provided by / (used in) Financing Activities		(48,130)	(44,526)
Net increase/(decrease) in cash held		(1,399)	(4,004)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(2,195)	1,073
Cash and cash equivalents at the beginning of the year		115,602	118,533
Cash and cash equivalents at the end of financial year	24(a)	112,008	115,602

The accompanying notes form part of these financial accounts

Notes to the Financial Statements

for the year ended 30 June 2017

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements also comply with International Financial Reporting standards as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. These financial statements are presented in Australian dollars.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MACA Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended. MACA Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

c. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

c. Business Combinations (cont)

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

d. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

d. Income Tax (cont)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. Inventories

Inventories and work in progress are measured at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

f. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and other comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value or straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	2.50%
Plant and equipment	10% – 66.67%
Low value pool	18.75% – 37.5%
Motor vehicles	18.75% – 50%

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

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

f. Property, Plant and Equipment (cont)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

g. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing or straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

h. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

i. the amount at which the financial asset or financial liability is measured at initial recognition;

ii. less principal repayments;

iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

a. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

h. Financial Instruments (cont)

c. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

d. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

e. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

i. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

j. Foreign Currency Transactions and Balances (cont)

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

– assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at average exchange rates for the period; and

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

k. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options and performance rights are ascertained using a Black–Scholes pricing model and a Monte Carlo simulation respectively which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The impact of the revision of original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustment to the equity settled Option Reserve.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

n. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

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 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.

All revenue is stated net of the amount of goods and services tax (GST).

o. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

s. Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised in a separate reserve within equity.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

s. Changes in ownership interests (cont)

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

t. Critical Accounting Estimates and Judgements

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 assets 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 assets 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.

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.

u. Rounding of Amounts

The parent entity has applied the relief available to it under ASIC CI 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000.

	Note	2017 $'000	2016 $'000
NOTE 2. REVENUE AND OTHER INCOME			
Revenue from continuing operations			
Contract Trading Revenue		496,278	427,137
		496,278	427,137
Other revenue			
– Interest received		1,480	1,929
– Other revenue		164	2,358
		1,644	4,287
Total Revenue		497,922	431,424
Other Income:			
– Profit / (Loss) on sale of plant and equipment		1,125	697
– Profit / (Loss) on sale of investment		-	(540)
– Profit / (Loss) on revaluation of investment		-	(1,194)
– Rebates		22,781	18,873
Total Other Income		23,906	17,837

NOTE 3. PROFIT FOR THE YEAR			
Expenses:			
Depreciation and amortisation			
– Plant and equipment		50,356	54,970
– Motor vehicles		1,560	1,490
– Other		183	163
Total depreciation and amortisation expense		52,099	56,623
Total employee benefits expense		132,936	121,279
Repairs, service and maintenance		55,436	46,979
Materials and supplies		99,562	97,600

	Note	2017 $'000	2016 $'000

NOTE 4. INCOME TAX EXPENSE

	Note	2017 $'000	2016 $'000
(a) The components of tax expense comprise:			
Current		15,219	10,142
Deferred		(2,304)	(731)
		12,915	9,411
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%)		13,232	10,092
Add tax effect of:			
– dividend imputation		3,861	4,571
– other non allowable items		497	575
– Other taxable items		9,010	10,667
– Research & Development Credit		-	(1,256)
Less tax effect of:			
– franking credits on dividends received		(12,871)	(15,238)
– other deductible items		(814)	-
Income tax attributable to the entity		12,915	9,411
The applicable weighted average effective tax rate as		29.3%	27.9%

NOTE 5. BUSINESS COMBINATIONS

2017

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

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

Interquip Pty Ltd	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 and 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)
	10,270
Value of identifiable assets acquired and liabilities assumed	6,162
Goodwill on acquisition	3,338

NOTE 5. BUSINESS COMBINATIONS (cont)

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.

2016

On 31 January 2016 the Group acquired 100% of the issued capital in Alliance Contracting Pty Ltd, a company involved in contracting of mining and civil services.

On 5 April 2016 the Group acquired 75% of the issued capital in Services South East Pty Ltd, a company mostly involved in contracting of civil and road maintenance services.

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

Alliance Contracting Pty Ltd	Fair value at 31 January 2016 $'000
Purchase consideration - Cash:	4,703
Less:	
Cash and cash equivalents	4,172
Trade and other receivables	5,712
Other assets	1,087
Property, plant and equipment	11,828
Land and Building	1,820
Trade and other payables	(7,829)
Financial liabilities	(9,185)
Current tax liabilities	(19)
Provisions	(2,881)
Value of identifiable assets acquired and liabilities assumed	4,703
Gain/(Goodwill) on acquisition	-

Services South East Pty Ltd	Fair value at 5 April 2016 $'000
Purchase consideration - Cash:	1,642
Less:	
Cash and cash equivalents	(63)
Trade and other receivables	1,657
Other assets	918
Property, plant and equipment	7,173
Trade and other payables	(4,817)
Financial liabilities	(6,486)
Current tax liabilities	-
Provisions	(442)
Value of identifiable assets acquired and liabilities assumed	(1,545)
Gain/(Goodwill) on acquisition	3,187

	Note	2017 $'000	2016 $'000
NOTE 6. AUDITORS' REMUNERATION			
Remuneration of the parent entity auditors for:			
– Auditing or reviewing the financial report		166	160
NOTE 7. INTERESTS OF KEY MANAGEMENT COMPENSATION (KMP)			
The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:			
Short-term employee benefits		4,040	3,567
Post-employment benefits		245	215
Other long-term benefits		-	-
Share based payments		338	471
		4,623	4,253
NOTE 8. DIVIDENDS			
Distributions paid			
Interim fully franked ordinary dividend of $0.045 (2016: 0.040) per share franked at the tax rate of 30% (2016: 30%)		10,479	9,307
2016 final dividend (fully franked) of $0.045 per share paid in 2017 (2016: $0.075)		10,546	17,451
		21,025	26,758
Total dividends paid per share for the period $		0.090	0.115
Proposed final fully franked ordinary dividend of $0.045 (2016: $0.045) per share franked at the tax rate of 30% (2016: 30%)		10,545	10,479
Balance of franking account at year end.		36,145	22,312
NOTE 9. EARNINGS PER SHARE			
a. Reconciliation of earnings to profit and loss			
Profit		31,193	24,230
(Profit)/loss attributable to non controlling interest		864	(67)
Earnings used to calculate basic EPS		32,057	24,163
Earnings used in the calculation of dilutive EPS		32,057	24,163
b. Weighted average number (000) of ordinary shares outstanding during the year in calculating basic EPS		233,628	232,676
Weighted average number (000) of dilutive options outstanding		1,802	664
Weighted average number (000) of ordinary shares outstanding during the year used in calculating dilutive EPS		235,430	233,340
NOTE 10. CASH AND CASH EQUIVALENTS			
Cash at bank	20	112,008	115,602

	Note	2017 $'000	2016 $'000

NOTE 11. TRADE AND OTHER RECEIVABLES

	Note	2017 $'000	2016 $'000
CURRENT			
Trade debtors		113,667	73,461
Less – Impairment for doubtful debts		-	-
		113,667	73,461

a. Credit risk

The Group has approximately 32.1% (2016: 43.9%) of credit risk with a single counterparty or group of counterparties. Failure or default of a major counterparty would have a material on earnings. Management of credit risk is discussed at Note28 (a). The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of acceptable credit quality.

	Gross amount $'000	Past due and impaired $'000	Past due but not impaired $'000	Within initial trade terms $'000
30-Jun-17				
Trade and term receivables	113,667	-	25,265	88,402
Other receivables	-	-	-	-
Total	113,667	-	25,265	88,402
30-Jun-16				
Trade and term receivables	73,461	-	12,652	60,809
Other receivables	-	-	-	-
Total	73,461	-	12,652	60,809

	Note	2017 $'000	2016 $'000
b. Financial assets classified as loans and receivables			
Trade and other receivables			
- Total current		113,667	73,461
- Total non-current		-	-
		113,667	73,461
Other loans			
- Total current	14	9,675	7,114
- Total non-current	14	-	883
		9,675	7,997

	Note	2017 $'000	2016 $'000
NOTE 12. OTHER ASSETS			
CURRENT			
Prepayments		103	244
Deposit		1,653	1,900
		1,756	2,144
NOTE 13. PROPERTY, PLANT & EQUIPMENT			
PLANT AND EQUIPMENT			
Plant and equipment – at cost		472,703	462,646
Accumulated depreciation & impairment		(351,877)	(315,797)
		120,826	146,850
Motor vehicles – at cost		13,317	12,194
Accumulated depreciation		(9,728)	(8,297)
		3,589	3,897
Land and Building – at cost		3,180	2,327
Accumulated depreciation		(419)	(397)
		2,761	1,930
Leased plant and equipment – at cost		1,080	1,080
Accumulated depreciation		(1,080)	(1,080)
		-	-
Low value pool – at cost		419	163
Accumulated depreciation		(146)	(106)
		273	57
Leasehold improvements – at cost		2,400	2,102
Accumulated depreciation		(944)	(668)
		1,456	1,434
Total plant and equipment		124,688	150,804
Total property, plant and equipment		128,905	154,167

The Group monitors market conditions for indications of impairment of its operating assets. Where a trigger event occurs which indicates an impairment may have occurred, a formal impairment assessment is performed.

For the financial year ended 30 June 2017 there have been no indicators of impairment.

NOTE 13. PROPERTY, PLANT & EQUIPMENT (cont)

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land and Buildings	Plant and equipment	Motor Vehicles	Leased plant and equipment	Low value pool	Leasehold improvements	Total
Consolidated:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July 2015	-	155,400	1,646	-	61	1,457	158,564
Additions	110	34,601	-	-	-	130	34,841
Additions through Business Combinations	1,820	14,946	4,046	-	5	4	20,821
Disposals	-	(3,127)	(305)	-	-	(4)	(3,436)
Depreciation expense	-	(54,970)	(1,490)	-	(9)	(154)	(56,623)
Balance at 30 June 2016	1,930	146,850	3,897	-	57	1,433	154,167

	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2016	1,930	146,850	3,897	-	57	1,433	154,167
Additions	853	28,548	1,948	-	30	71	31,450
Additions through Business Combinations	-	5,321	174	-	192	107	5,794
Disposals	-	(9,537)	(870)	-	-	-	(10,407)
Foreign Currency movements	-	-	-	-	-	-	-
Depreciation expense	(22)	(50,356)	(1,560)	-	(6)	(155)	(52,099)
Balance at 30 June 2017	2,761	120,826	3,589	-	273	1,456	128,905

	Note	2017 $'000	2016 $'000
NOTE 14. LOANS TO OTHER COMPANIES			
Loans to Other Companies - current		9,675	7,114
Loans to Other Companies - non current		-	883
Includes short term loans to clients		9,675	7,997
NOTE 15. AVAILABLE FOR SALE FINANCIAL ASSETS			
Shares in Listed corporations at Fair Value - current		-	-
Shares in Listed corporations at Fair Value - non current		1,648	851
		1,648	851

	Note	2017 $'000	2016 $'000

NOTE 16. TAX

(a) Liabilities

CURRENT			
Income tax		3,428	1,028
NON-CURRENT			
Deferred tax liability comprises:			
Other		107	113
Total		107	113

(b) Assets

NON-CURRENT			
Deferred tax assets comprises:			
Provisions		3,611	3,012
Losses		3,596	2,019
Other		830	702
Total		8,037	5,733

(c) Reconciliations

i. Gross movements

The overall movement in the deferred tax account is as follows:

Opening balance		5,620	5,994
(Charge)/credit to income statement		2,310	(175)
(Charge)/credit to equity		-	(199)
Closing balance		7,930	5,620

ii. Deferred tax liabilities

The movement in deferred tax liabilities for each temporary difference during the year is as follows:

Other:			
Opening balance		113	94
Charge / (Credit) to income statement		(6)	19
Charge / (Credit) to equity		-	-
Closing balance		107	113

	Note	2017 $'000	2016 $'000
NOTE 16. TAX (cont)			
iii. Deferred tax assets			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Provisions:			
Opening balance		3,012	3,442
Credit to income statement		599	(430)
Closing balance		3,611	3,012
Losses:			
Opening balance		2,019	1,596
(Charge) / Credit to income statement		1,577	423
Closing balance		3,596	2,019
Other:			
Opening balance		702	503
(Charge) / Credit to income statement		128	398
(Charge) / Credit to equity		-	(199)
Closing balance		830	702

NOTE 17. TRADE AND OTHER PAYABLES

		2017 $'000	2016 $'000
PAYABLES			
CURRENT			
Unsecured Liabilities:			
Trade creditors		48,483	28,046
Sundry creditors and accruals		15,559	4,817
		64,042	32,863

Creditors are non-interest bearing and settled at various terms up to 45 days.

Financial liabilities at amortised cost classified as trade and other payables

		2017 $'000	2016 $'000
Trade and other payables			
- Total current		64,042	32,863
- Total non-current		-	-
		64,042	32,863

	Note	2017 $'000	2016 $'000
NOTE 18. FINANCIAL LIABILITIES			
CURRENT			
Secured Liabilities:			
Finance lease liability		21,838	39,210
		21,838	39,210
NON-CURRENT			
Secured Liabilities			
Finance lease liability		25,980	34,499
		25,980	34,499
a. Total current and non-current secured liabilities:			
Finance lease liability	20, 21	47,818	73,709
		47,818	73,709
b. The carrying amounts of non-current assets pledged as security are:			
Finance lease liability		60,291	98,842
		60,291	98,842

Insurance Bonding Facilities

The Company has an insurance bonding facility and bank guarantee facilities totalling $10.0 million. At 30 June 2017 the amount drawn on the facility was $8.3 million (2016: $2.4 million).

NOTE 19. PROVISIONS

	2017 $'000	2016 $'000
CURRENT		
Employee Entitlements	10,402	9,954

a. Movement in provisions:	**Employee entitlements**	**Total**
Consolidated:		
Opening balance as at 1 July	9,954	9,282
Additional provisions	11,066	11,619
Amounts used	(10,618)	(10,947)
Closing balance as at 30 June	10,402	9,954

b. Provision for employee benefits

A provision has been recognised for employee benefits relating to statutory leave for employees. The measurement and recognition criteria for employee benefits have been included in Note 1.

	Note	2017 $'000	2016 $'000

NOTE 20. ISSUED CAPITAL

234,343,334 (2016: 232,676,373) Fully paid ordinary shares with no par value		211,333	208,816

(a) Ordinary shares:		**No.**	**No.**
At the beginning of the reporting period		232,676,373	232,676,373
Shares issued during the year			
- 9 September 2016 Conversion of Performance Rights		196,373	-
- 15 December 2016 Consideration for Acquisition of Interquip		1,470,588	-
Shares at reporting date		234,343,334	232,676,373

The company has no authorised share capital. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the 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.

Management controls the capital of the Group in order to maintain a prudent debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Total borrowings	18	47,818	73,709
Less cash and cash equivalents	10	(112,008)	(115,602)
Net debt		(64,190)	(41,893)
Total equity		269,727	255,633
Total capital		205,537	213,739
Gearing ratio		(31%)	(20%)

NOTE 21. CAPITAL & LEASING COMMITMENTS

(a) Capital expenditure commitments

Capital expenditure commitments contracted for:			
Plant and equipment purchases		10,694	11,520
Payable			
– not later than 12 months		10,694	11,520
– between 12 months and 5 years		-	-
– greater than 5 years		-	-
Minimum Commitments		10,694	11,520

(b) Finance lease commitments

Payable — minimum lease payments			
– not later than 12 months		24,079	41,330
– between 12 months and 5 years		26,534	36,802
– greater than 5 years		-	-
Minimum lease payments		50,613	78,132
Less: Future Finance Charges		(2,795)	(4,423)
		47,818	73,709

	Note	2017 $'000	2016 $'000

NOTE 21. CAPITAL & LEASING COMMITMENTS (cont)

(c) Operating lease commitments

	Note	2017 $'000	2016 $'000
Non-cancellable operating leases contracted for but not capitalised in the accounts:			
Payable — minimum lease payments			
– not later than 12 months		1,578	1,576
– between 12 months and 5 years		3,984	4,467
– greater than 5 years		-	-
		5,562	6,043

NOTE 22. 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: 30 June 2017: $9.4 million (2016: $3.2 million)

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

NOTE 23. 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 two businesses and two geographical segments being the provision of civil and contract mining services throughout Australia and mining services to the mining industry in Brazil, South America.

Basis of Accounting for Purposes of Reporting by Operating Segments

Accounting Policies Adopted

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker, is in accordance with accounting policies that are consistent to those adopted in the financial statements of the Company.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognized at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

NOTE 23. OPERATING SEGMENTS (cont)

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Dividends, interest, head office and other administration expenditure

Consolidated - June 2017	Mining	Civil / Infrastructure / SMP[1]	Unallocated	Total
	$'000	$'000	$'000	$'000
Revenue				
Total reportable segment revenue	423,698	72,580	-	496,278
Other Revenue	480	99	1,065	1,644
Total revenue	424,178	72,679	1,065	497,922
Earnings before interest, tax, depreciation and amortisation	102,693	(3,186)	(966)	98,541
Depreciation and amortisation	(50,667)	(1,432)	-	(52,099)
Interest Revenue	384	31	1,065	1,480
Finance costs	(3,515)	(299)	-	(3,814)
Profit/(loss) before income tax expense	48,895	(4,886)	99	44,108
Income tax expense				(12,915)
Profit after income tax expense				31,193
Assets				
Segment assets	248,705	51,908	94,911	395,524
Total assets				395,524
Liabilities				
Segment liabilities	93,410	29,187	3,200	125,797
Total liabilities				125,797
Capital expenditure	23,171	8,279	-	31,450

[1] Structural, Mechanical and Piping business

NOTE 23. OPERATING SEGMENTS (cont)

Consolidated - June 2016	Mining $'000	Civil / Infrastructure $'000	Unallocated $'000	Total $'000
Revenue				
Total reportable segment revenue	396,209	30,927	-	427,137
Other Revenue	2,661	(98)	1,724	4,287
Total revenue	398,871	30,829	1,724	431,424
Earnings before interest, tax, depreciation, amortisation and impairments	95,597	(3,969)	(735)	90,893
Depreciation and amortisation	(56,356)	(267)	-	(56,623)
Impairment of assets (debtors and plant & equipment)	-	-	-	-
Interest Revenue	71	134	1,724	1,929
Finance costs	(2,558)	-	-	(2,558)
Profit/(loss) before income tax expense	36,754	(4,102)	989	33,641
Income tax expense				(9,411)
Profit after income tax expense				24,230
Assets				
Segment assets	255,906	18,246	99,148	373,300
Total assets				373,300
Liabilities				
Segment liabilities	91,818	11,572	14,277	117,667
Total liabilities				117,667
Capital expenditure	54,472	1,190	-	55,662

Geographical information	Revenue		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Australia	416,573	349,606	107,375	111,980
Brazil	81,349	81,818	37,741	52,841
Total	497,922	431,424	145,116	164,821

Major customers

The Group has a number of customers to whom it provides both products and services. The Group supplies 3 single external customers in the mining segment which account for 40%, 15% and 13% of external revenue. (2016: 35%, 19% and 16%). The next most significant client accounts for 8% (2016: 5%) of external revenue.

	2017 $'000	2016 $'000

NOTE 24. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2017 $'000	2016 $'000
Cash and cash equivalents	112,008	115,602
Bank overdraft	-	-
	112,008	115,602

(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax

	2017 $'000	2016 $'000
Operating profit after income tax	31,193	24,231
Non-cash flows in profit from ordinary activities		
Depreciation and amortization	52,099	56,623
Net (gain)/loss on disposal of plant and equipment	(1,125)	(697)
Net (gain)/loss on disposal of investments	-	1,734
Foreign exchange losses	1,584	85
Share based payment	103	277
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(36,481)	23,143
(Increase)/decrease in other assets	(490)	931
(Increase)/decrease in inventories & WIP	1,189	(2,451)
Increase/(decrease) in trade and other payables	22,251	(39,310)
Increase/(decrease) in income tax payable	2,348	(1,857)
Increase/(decrease) in deferred tax payable	(2,433)	374
Increase/(decrease) in provisions	(2,096)	1,050
	68,142	64,133

(c) Non-cash financing and Investing Activities

During the year the economic entity acquired $9.5 million in plant and equipment (2016: $nil) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

NOTE 24. CASH FLOW INFORMATION (cont)

(d) Acquisition of Entities

During the year the economic entity funded a portion of the acquisition of Interquip using shares to the value of $2.4million (2016: nil).

	2017 $'000
Interquip Pty Ltd (Interquip)	
On 15 December 2016, MACA acquired 60% of the ordinary share capital and voting rights in Interquip as described in note 5:	
Purchase consideration:	
Non Cash Consideration	(3,900)
Cash Consideration exchanged	(5,600)
Total consideration	(9,500)
Cash acquired:	
Cash held by Interquip at date of acquisition	3,073
Cash out-flow on acquisition	(2,527)
Assets and liabilities held at acquisition date (excluding cash) excluded from the consolidated statement of cash flow:	
Trade and other receivables	5,995
WIP and 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)
Other Liabilities	(3,570)

NOTE 25. SHARE-BASED PAYMENTS

(a) Options

There were no options issued for the year ended 30 June 2017. The weighted average fair value of options granted during the previous year was Nil.

(b) Performance Rights

The Company issues performance rights to Senior executives in accordance with the terms of the Long-Term Incentive Plan and the Performance Rights Plan as approved by Shareholders. When vested, each performance right is converted into one ordinary share for no consideration. Performance rights granted carry no dividend or voting rights.

During the 2017 financial year 1,196,083 performance rights were granted under the Group's Performance Rights Plan and 1,042,254 are intended to be issued after the end of the financial year, and 407,768 performance rights were forfeited. Subject to the achievement of designated performance hurdles, these performance rights will vest in June 2019 (2016:1,955,782). As at 30 June 2017 there were 2,528,307 performance rights outstanding of which 1,486,053 had been issued.

NOTE 26. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial 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.

	Country of Incorporation	Percentage Owned (%)*	
		2017	**2016**
NOTE 27. CONTROLLED ENTITIES			
Parent entity:			
MACA Limited	Australia	-	-
Subsidiaries:			
MACA Mining Pty Ltd	Australia	100%	100%
MACA Plant Pty Ltd	Australia	100%	100%
MACA Crushing Pty Ltd	Australia	100%	100%
MACA Civil Pty Ltd	Australia	100%	100%
Riverlea Corporation Pty Ltd	Australia	100%	100%
MACA Mineracao e Construcao Civil Ltda	Brazil	100%	100%
Alliance Contracting Pty Ltd	Australia	100%	100%
MACA Infrastructure Pty Ltd	Australia	100%	75%
Marniyarra Mining and Civils Pty Ltd	Australia	50%	60%
Interquip Pty Ltd	Australia	60%	-

* Percentage of voting power in proportion to ownership

	Note	2017 $'000	2016 $'000

NOTE 28. FINANCIAL RISK MANAGEMENT

Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, loans to other companies and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	Note	2017 $'000	2016 $'000
Financial Assets			
Cash and cash equivalents	10	112,008	115,602
Loans and receivables			
— Trade and other receivables	11(b)	113,667	73,461
— Other Loans	14	9,675	7,997
Available-for-sale financial assets:			
— At fair value			
— Listed investments	15	1,648	851
Total Financial Assets		236,998	197,911
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	17	64,042	32,863
— Borrowings	18	47,818	73,709
Total Financial Liabilities		111,860	106,572

Financial Risk Management Policies

The Board of Directors ("the Board") is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through insurance, title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries (refer Note 29 for details).

The Group has approximately 32.1% (2016: 43.9%) of credit risk with a single counterparty or group of counterparties. Failure or default of a major counterparty would have a material impact on earnings. Details with respect to credit risk of Trade and Other Receivables are provided in Note 11(a). MACA carries a credit risk insurance policy. The amount of cover varies on a client by client basis dependant on the counterparty.

Trade and other receivables that are neither past due or impaired are considered to be of acceptable quality. Aggregates of such amounts are as detailed in Note 11(a).

Credit risk related to balances held with banks and other financial institutions are only invested with counterparties with a Standard & Poors rating of at least AA-.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cashflow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure that all lease agreements entered into, are over a period that will ensure that adequate cash flows will be available to meet repayments.

The tables below reflect an undiscounted (except for finance lease liabilities) contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	'000	'000	'000	'000	'000	'000	'000	'000
Financial liabilities due for payment								
Trade and other payables	64,042	32,863	-	-	-	-	64,042	32,863
Finance lease liabilities	21,838	39,210	25,980	34,499	-	-	47,818	73,709
Total contractual outflows	85,880	72,073	25,980	34,499	-	-	111,860	106,572
Total expected outflows	85,880	72,073	25,980	34,499	-	-	111,860	106,572
Financial assets - cash flows realisable								
Cash and cash equivalents	112,008	115,602	-	-	-	-	112,008	115,602
Trade, term and loans receivables	123,342	80,575	-	883	-	-	123,342	81,458
Other investments	-	-	1,648	851	-	-	1,648	851
Total anticipated inflows	235,350	196,177	1,648	1,734	-	-	236,998	197,911
Net (outflow)/inflow on financial instruments	149,470	124,104	(24,332)	(32,765)	-	-	125,138	91,339

Financial assets pledged as collateral. No financial assets have been pledged as security for debt.

NOTE 28. FINANCIAL RISK MANAGEMENT (cont)

c. Market Risk

i. Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in

	Floating Interest Rate		Fixed Interest Rate: Within 1 Year		Fixed Interest Rate: 1 to 5 Years		Non-interest Bearing		Total		Weighted Average Effective Interest Rate	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
Financial Assets:												
Cash	112,008	115,602	-	-	-	-	-	-	112,008	115,602	1.69	2.09
Trade and other receivables	-	-	-	-	-	-	123,342	81,458	123,342	81,458	N/A	N/A
Total Financial Assets	112,008	115,602	-	-	-	-	123,342	81,458	235,350	197,060		
Financial Liabilities:												
Finance lease	-	-	21,838	39,210	25,980	34,499	-	-	47,818	73,709	4.97	4.55
Trade and other payables	-	-	-	-	-	-	64,042	32,863	64,042	32,863	N/A	N/A
Total Financial Liabilities	-	-	21,838	39,210	25,980	34,499	64,042	32,863	111,860	106,572		

ii. Price Risk

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms. The risk associated with these investments has been assessed as reasonably not having a significant impact on the Group.

iii. Foreign exchange risk

The group is exposed to fluctuations in foreign currencies. The currency exposure relates to Brazilian Real and a USD lease facility. The USD lease facility is offset by cash held in a USD bank account equal to the total of the lease. Brazilian Real is unhedged.

Sensitivity Analysis

The following illustrates sensitivities to the Group's exposures to changes in interest rates, and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of the other variables.

	Profit $'000	Equity $'000
Year ended 30 June 2017		
+/- 2% in interest rates	+/- 1,213	+/- 1,213
+/- 10% in the value of listed investments	+/- 165	+/- 165
+/- 10% in AUD/BRL exchange rate	+/- 952	+/- 2,503
+/- 10% in AUD/USD exchange rate	+/- 1,410	+/- 1,410
Year ended 30 June 2016		
+/- 2% on interest rates	+/- 1,110	+/- 1,110
+/- 10% in listed investments	+/- 81	+/- 81
+/- 10% in AUD/BRL exchange rate	+/- 300	+/- 1,971
+/- 10% in AUD/USD exchange rate	+/- 0	+/- 0

NOTE 28. FINANCIAL RISK MANAGEMENT (cont)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial assets and financial liabilities approximate the carrying values in the financial statements.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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

Included within 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	2017 $'000	2016 $'000
NOTE 29. PARENT INFORMATION			
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.			
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Current assets		193,917	200,461
Non Current assets		119,815	107,566
TOTAL ASSETS		313,732	308,027
LIABILITIES			
Current liabilities		3,168	319
		32	38
TOTAL LIABILITIES		3,200	357
EQUITY			
Issued capital		303,740	301,339
Reserves		707	604
(Accumulated losses)/ Retained profits		6,085	5,727
TOTAL EQUITY		310,532	307,670
STATEMENT OF FINANCIAL PERFORMANCE			
Profit for the year (including interco dividends)		21,142	27,747
Total comprehensive income		21,142	27,747

	2017 $'000	2016 $'000

NOTE 29. PARENT INFORMATION (cont)

Guarantees

MACA Limited has entered into guarantees for certain equipment finance facilities in the current financial year, in relation to the debts entered into by its subsidiaries.

Contingent liabilities

On the 4th of July 2017 the liquidators of Kimberley Diamond Company Pty Ltd filed a claim for an unfair preference payment in the amount of $1.4 million. The company is vigorously defending the claim. Other than this legal action and the gurantees described in note 22 there were no contingent liabilities as at 30 June 2017 (2016: none).

Contractual commitments

	2017 $'000	2016 $'000
Plant and equipment		
Not longer than 1 year	32,532	50,730
Longer than 1 year and not longer than 5 years	25,980	34,499
Longer than 5 years	-	-
Total	58,512	85,229

NOTE 30. COMPANY DETAILS

The registered office is:	The principal place of business is:
MACA Limited	MACA Limited
45 Division Street	45 Division Street
Welshpool, Western Australia 6106	Welshpool, Western Australia, 6106

NOTE 31. RELATED PARTY TRANSACTIONS

Key management person and/or related party	Transaction	2017 $	2016 $
Partnership comprising entities controlled by current director Mr G.Baker and former directors Mr J.Moore, Mr D.Edwards & Mr F.Maher.	Expense - Rent on Division St Business premises.	1,589,382	1,530,560
Kirk Mining Consultants - a company controlled by current director Mr L.Kirk.	Expense - Mining consulting fees	8,780	37,070
Hensman Properties Pty Ltd - a company controlled by current director Mr R.Ryan.	Expense - Consulting fees	41,962	74,498
Gateway Equipment Parts & Services Pty Ltd - a company controlled by director Mr G.Baker and former directors Mr D.Edwards, Mr F.Maher and Mr J.Moore.	Expense - hire of equipment and purchase of equipment, parts and services.	1,922,082	894,052
Gateway Equipment Parts & Services Pty Ltd - a company controlled by current director Mr G.Baker and former directors Mr D.Edwards, Mr F.Maher and Mr J.Moore.	Revenue - sale of equipment	-	320,320
Alliance Contracting Pty Ltd: Mr G.Baker was a 15% shareholder in Alliance Contracting Pty Ltd.	Acquisition of 100% of equity on 31 January 2016	-	4,703,253
Amounts payable at year end arising from the above transactions (Receivables Nil)			
Gateway Equipment Parts & Services Pty Ltd - a company controlled by current director Mr G.Baker and former directors Mr D.Edwards, Mr F.Maher and Mr J.Moore.		110,000	21,330

NOTE 32. RESERVES

a. General Reserve

The general reserve records funds associated with the acquisition of non-controlling interests of a controlled entity from previous years.

b. Option Reserve

The option reserve records items recognised as share based payments/expenses on valuation of employee share options or performance rights.

c. FX Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

(i) AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting. The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The Directors do not anticipate that the adoption of AASB 9 will have any significant impact on the Group's financial statements.

(ii) AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The Directors do not anticipate that the adoption of AASB 15 will have any significant impact on the Group's financial statements.

(iii) AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Directors do not anticipate that the adoption of AASB 16 will have any significant impact on the Group's financial statements. The Company has an operating lease in relation to the business premises it conducts business from. All other operating leases currently held by the Company are immaterial.

NOTE 33. New Accounting Standards for Application in Future Periods (cont)

(v) AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor’s interest. The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group’s financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.