MACA Limited and its Controlled Entities
ABN 42 144 745 782

ASX Preliminary Final Report
30 June 2018

Lodged with the ASX under
Listing Rule 4.3A

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Section 1 Commentary - FY18 Results

MACA Limited is pleased to report it has delivered a Net Profit After Tax attributable to members of $23.6 million for the full year to 30 June 2018. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was $78.8 million.

Results Summary

FY 2017 Full Year Results	30 June 2018	30 June 2017	Movement
Revenue	$562.6m	$497.9m	13%
EBITDA	$78.8m	$99.2m	(21%)
EBIT	$29.4m	$46.4m	(37%)
Net Profit Before Tax	$31.6m	$44.1m	(28%)
Net Profit After Tax (attributable to members)	$23.6m	$32.1m	(26%)
Contracted Work in Hand	$1,282m	$1,130m	13%
Net Cash position	$63.3m	$64.2m	(1%)
Operating Cash Flow	$8.7m	$68.1m	(87%)
Earnings per share - basic	9.1 cents	13.7 cents	(34%)
Dividends per share (fully franked)	6.5 cents	9.0 cents	(28%)

The MACA board has elected to pay a final dividend of 3.5 cents per share fully franked, taking the full year dividend to 6.5 cents per share fully franked.

The 2018 financial year was a challenging one in many respects, with significant one off items having a substantial impact on first half results. Further, and as flagged in February, the second half results were impacted by wet weather across all mining sites. Whilst wet weather is always encountered in the second half of the financial year, it is unusual to have impact across all Western Australia mining sites at the same time. Against that background the Group's core mining services business has continued to perform solidly. The other parts of our business are maturing and beginning to generate improved financial performance in line with our corporate group strategy.

Operational activities have continued to grow in gold, with MACA commencing new contracts with Ramelius Resources at Mount Magnet and Minjar Gold at Cue, and for Pilbara Minerals Pilgangoora Lithium project. During the period MACA continued operations at Rosemont, Garden Well and Moolart Well for Regis Resources, Abydos and Mt Dove for Atlas Iron, and at Matilda for Blackham Resources. Operations at Central Murchison for MetalsX, Browns Range for Northern Minerals, and Abydos for Atlas Iron were completed during the year. Subsequent to year end operations commenced on our crushing services contract for BHP at various sites within the Pilbara region, and works at Mt Dove for Atlas Iron ceased as at end of July 2018.

The commencement of both BHP crushing projects, being Mining Area C late in the first half and crushing of stemming material and other stockpiles at various sites in July 2018, will enable MACA to fully utilise our idle crushing equipment and importantly provide continued employment for personnel relocating from completed crushing projects.

Internationally, the copper project for Avanco Resources (now owned by Oz Minerals) at the Antas mine continues to perform satisfactorily given the challenges of remoteness. At year end MACA agreed a mutual termination of the contract with Beadell Resources at the Tucano project.

During FY2018 MACA Civil division 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. The project was completed on time and within budget and subsequently was awarded a further $11 million variation package on the tailings storage facility. With some elements of the Gruyere project coming to an end, some personnel were relocated onto a newly awarded road project with the MRWA being the Coongan Gorge realignment - a $30 million value of works. Other civil projects have also been undertaken in Victoria.

The Infrastructure division remains competitive in Victoria where we are still focussing on our exiting clientele in the maintenance of road assets whilst tendering further works as they arise.

MACA Interquip has now embedded new systems from its parent company and has over the last 6 months extended it work in hand position where we will see the business grow in revenue and have a meaningful impact on the bottom line for the total business.

MACA's total workforce (including contractors) remains in excess of 1,600 people. A strong culture and commitment to the MACA brand has contributed to the successful delivery of quality projects and financial performance. 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 2018 was $8.7 million. Capital expenditure for the financial year was $39.6 million relating to plant and equipment associated with sustaining capital and the commencement of the Pilgangoora project for Pilbara Minerals and some capital commitments for early works for the crushing project for BHP at Mining Area C. 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.

The operating cashflow in the half was significantly impacted by working capital adjustments as a result of repayment arrangements and extended terms provided on new projects. These include Support of Blackham Resources recapitalisation (refer ASX announcement 15th January 2018) for $14.9 million, and Termination of Tucano Mining Contract (refer ASX announcement 22 June 2018) where we have agreed a repayment plan with $6.2 million received since the end of the reporting period.

Final Dividend

The directors have determined to pay a fully franked final dividend of 3.5c per share with a record date of 6th September 2018 and payment date of 22nd September 2018. The total dividend paid during the year was $19 million (2017: $21 million).

Events Subsequent to Balance Date

Subsequent to the end of the reporting period MACA has been awarded an extension at Duketon South for Regis Resources (refer ASX announcement 31 July 2018) that will generate a further $590 million in revenue over a 5 year period from July 2018.

Other than the items listed above, no other matters or circumstances have arisen since the full year to June 2018 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments and Prospects

MACA is well placed to participate in the upswing in number of projects in both the mining and civil and infrastructure sectors. We are well advanced in negotiations on several mining projects where MACA has an exclusive relationship and expect to be awarded contracts on these projects imminently. This will further underpin our mining services business in potentially new jurisdictions and commodities. In addition, our Civil and Infrastructure businesses are starting to benefit from increased spending on road and asset management predominantly on the East Coast. Our work in hand for both the Civil and Infrastructure, and Interquip businesses stands at records levels at the start of the new financial year and we expect to see a further improvement in our financial returns from these businesses.

MACA has a strong work in hand position at $1.3 billion and a solid balance sheet to facilitate further growth in the business. At this stage, the Company expects revenue for FY2019 to increase from the current year to be approximately $620 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 2018	30th June 2017

2.1 Results for Announcement to the Market

	2018 $'000	2017 $'000	% change	
Revenue from ordinary activities	562,594	497,922	Up	13%
Profit after tax from ordinary activities attributable to members	21,667	31,193	Down	-31%
Net profit for the period attributable to members	23,595	32,057	Down	-26%
Dividends				
The final dividend for the year 30th June 2018 is $0.035 per share				
Record date for determining entitlements to the final dividend	6th September 2018			

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	20th September 2018	3.5 cents	3.5 cents	-
Previous year	22nd September 2017	4.5 cents	4.5 cents	-
Interim Dividend:				
Current year	22nd March 2018	3.0 cents	3.0 cents	-
Previous year	22nd March 2017	4.5 cents	4.5 cents	-
Special Dividend:				
Current year		-	-	-
Previous year		-	-	-
Total:				
Current year	-	6.5 cents	6.5 cents	-
Previous year	-	9.0 cents	9.0 cents	-

2.3 Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan

2.4 NTA backing

	30th June 2018	30th June 2017
Net tangible asset backing per ordinary security	118.80 cents	108.89 cents

2.5 Control gained over entities

Name of entity (or group of entities)	Nil
Date control gained	-

2.5.1 Loss of control over entities

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

2.6 Details of associates and joint venture entities

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

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 27th day of August 2018.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Section	2018 $'000	2017 $'000
Revenue	3.1(a)	562,594	497,922
Other Income	3.1(b)	29,086	23,906
Direct Costs		(543,805)	(456,406)
Finance Costs		(2,084)	(3,813)
Share Based Payment Expense		-	(103)
Impairment of Goodwill		(3,338)	-
Foreign Exchange Gains /(Losses)		2,552	(1,584)
Other Expenses from Ordinary Activities		(13,376)	(15,814)
Profit Before Income Tax		31,629	44,108
Income Tax Expense	3.6.1(a)	(9,962)	(12,915)
Profit for the Year		21,667	31,193
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations		(10,446)	(1,829)
Fair Value Gains/(Loss) on Available-For-Sale Financial Assets, Net of Tax		-	806
Total Comprehensive Income for the Year		11,221	30,170
Profit / (Loss) Attributable to:			
- Non-controlling Interest		(1,928)	(864)
- Members of the Parent Entity		23,595	32,057
		21,667	31,193
Total Comprehensive Income Attributable to:			
- Non-controlling Interest		(1,928)	(864)
- Members of the Parent Entity		13,149	31,034
		11,221	30,170
Earnings per Share:			
- Basic Earnings per Share (cents)	3.6.4	9.06	13.72
- Diluted Earnings per Share (cents)	3.6.4	8.95	13.62

The accompanying Sections form part of these Financial Statements

Consolidated Statement of Financial Position

As at 30 June 2018

	Section	2018 $'000	2017 $'000
Current Assets			
Cash and Cash Equivalents	5.1.1	108,239	112,008
Trade and Other Receivables	4.1	124,687	113,667
Loans to Other Companies	4.1	7,618	9,675
Inventory	4.2	13,649	13,647
Work In Progress	4.2	(2,023)	(345)
Financial Assets	4.1	2,257	-
Other Assets	4.2	1,395	1,756
Total Current Assets		255,822	250,408
Non Current Assets			
Trade and Other Receivables	4.1	39,165	-
Property, Plant and Equipment	4.4	114,785	128,905
Loans to Other Companies	4.1	19,975	-
Financial Assets	4.1	2,179	1,648
Goodwill	4.5	3,187	6,526
Deferred Tax Assets	3.6.2(a)	11,265	8,037
Total Non Current Assets		190,556	145,116
Total Assets		446,378	395,524
Current Liabilities			
Trade and Other Payables	4.6	64,620	64,042
Financial Liabilities	5.2.1	14,991	21,838
Current Tax Liabilities	3.6.2(b)	1,226	3,428
Short-Term Provisions	4.7	11,838	10,402
Total Current Liabilities		92,675	99,710
Non Current Liabilities			
Deferred Tax Liabilities	3.6.2(b)	2,958	107
Financial Liabilities	5.2.1	29,910	25,980
Total Non Current Liabilities		32,868	26,087
Total Liabilities		125,543	125,797
Net Assets		320,835	269,727
Equity			
Issued Capital	5.5	269,806	211,333
Reserves	5.6(b)	(17,948)	(7,502)
Retained Profits		67,661	62,652
Parent Interest		319,519	266,483
Non-Controlling Interest		1,316	3,244
Total Equity		320,835	269,727

The accompanying Sections form part of these Financial Statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

	Issued Capital	Retained Profits	Outside Equity Interest	General Reserves	Option Reserve	FX Reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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
Balance at 1 July 2017	211,333	62,652	3,244	(5,887)	590	(2,205)	269,727
Profit for the Period	-	23,595	(1,928)	-	-	-	21,667
SUB-TOTAL	211,333	86,247	1,316	(5,887)	590	(2,205)	291,394
Other Comprehensive Income:	-	-	-	-	-	-	-
Revaluation of Investment	-	-	-	-	-	(10,446)	(10,446)
SUB-TOTAL	211,333	86,247	1,316	(5,887)	590	(12,651)	280,948
Shares Issued	60,176	-	-	-	-		60,176
Options/Rights Issued	(1,703)	-	-	-	-	-	(1,703)
Options Issued Net of Options Exercised	-	-	-	-	-	-	-
Transactions with Non-controlling Interests	-	-	-	-	-	-	-
Acquisition of Non-controlling Interest	-	-	-	-	-	-	-
Dividends Paid	-	(18,586)	-	-	-	-	(18,586)
Balance at 30 June 2018	269,806	67,661	1,316	(5,887)	590	(12,651)	320,835

The accompanying Sections form part of these Financial Statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2018

	Section	2018 $'000	2017 $'000
Cash Flows form Operating Activities			
Receipts from Customers		529,526	482,742
Payments to Suppliers and Employees		(509,532)	(399,268)
Dividends Received		147	-
Interest Received		4,342	1,481
Interest Paid		(2,811)	(3,814)
Income Tax Paid		(12,990)	(12,999)
Net Cash Provided By Operating Activities	5.1.2	8,682	68,142
Cash Flow form Investing Activities			
Proceeds from Sale of Property, Plant and Equipment		5,633	3,175
Purchase of Property, Plant and Equipment		(38,769)	(21,909)
Loans Provided to Customers		(17,918)	-
Net Cash Consideration for Acquisition of Subsidiaries		-	(2,677)
Net Cash Used In Investing Activities		(51,054)	(21,411)
Cash Flow form Financing Activities			
Net Proceeds from Share Issue		58,473	-
Net movement in Borrowings		(694)	(27,105)
Dividends Paid by the Parent		(18,586)	(21,025)
Net Cash Provided by / (used in) Financing Activities		39,193	(48,130)
Net Increase/(Decrease) in Cash Held		(3,179)	(1,399)
Effect of Exchange Rate Changes on the Balance of Cash Held in Foreign Currencies		(590)	(2,195)
Cash and Cash Equivalents at the Beginning of the Year		112,008	115,602
Cash and Cash Equivalents at the End of Financial Year	5.1.1	108,239	112,008

The accompanying Sections form part of these Financial Statements

Sections to the Financial Statements

For the year ended 30 June 2018

Section 1 General Information

1.1 Reporting Entity

MLD is a limited company incorporated in Australia. The addresses of the Company's registered office and principal places of business are disclosed in the Corporate Directory. The Principal activities of the Company are described in the Directors' Report.

1.2 Statement of Compliance

These Financial Statements are general purpose Financial Statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Financial Statements comprise the consolidated Financial Statements of the Company. For the purposes of preparing the consolidated Financial Statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Financial Statements and Sections comply with International Financial Reporting Standards (“IFRS”).

The Financial Statements were authorised for issue by the Directors on 27 August 2018

1.3 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.

1.4 Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MACA Limited as at 30 June 2018 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.

Section 1 General Information (cont.)

1.5 New Accounting Standards for Application in Future Periods

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:

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 (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and 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.

Based on an assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

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).

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Based on an assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Group.

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: Revenue from Contracts with Customers. AASB 2014-5 is not expected to impact the Group's financial statements.

AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15

This Standard amends the mandatory effective date (application date) of AASB 15: Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Therefore, this Standard also defers the consequential amendments that were originally set out in AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018. This Standard amends Interpretation 1052: Tax Consolidation Accounting to update the cross-references to Standards and to remove the references to dividends and other distributions, so that the wording of Int 1052.45 is appropriate for annual reporting periods beginning on or after 1 January 2018. AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered "Application" paragraphs.

Section 1 General Information

1.5 New Accounting Standards for Application in Future Periods (Cont.)

AASB 2016-3 mandatorily applies to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from 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
- recognise revenue when (or as) the performance obligations are satisfied.

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.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 July 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 are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-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;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of 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 Group has established an AASB 16 project team and is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and lease type, the effect of AASB 16 is not expected to have a material effect on the Group. It is impracticable at this stage to provide a reasonable estimate of such impact.

1.6 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.

1.7 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.

Section 2 Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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 Company.

Key Estimates and Judgements

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.

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.

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.

Section 3 Results for the Year

This section focuses on the results and performance of the Company and includes disclosures explaining the Company's results for the year, segment information, capital and leasing commitments, taxation and EPS.

3.1 Revenue

Accounting Policies

Revenue Recognition

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

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).

The following is an analysis of the Company's revenue and other income for the year:

Section 3 Results for the Year

3.1 Revenue (Cont.)

3.1(a) Revenue from Operating Activities	2018 $'000	2017 $'000
Contract Trading Revenue	557,325	496,278
Interest Received	4,342	1,480
Other Revenue	927	164
Total Revenue from Operating Activities	562,594	497,922

3.1(b) Other Income	2018 $'000	2017 $'000
Profit / (Loss) on Disposal of Property, Plant and Equipment	1,312	1,125
Reversal of Earnout not payable	1,500	-
Reversal of Impairment - Crushing	2,217	-
Profit / (Loss) on Sale of Investments	1,060	-
Rebates	22,997	22,781
Total Other Income	29,086	23,906

3.2 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 in three business and two geographical segments, being the provision of civil, SMP 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.

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

Section 3 Results for the Year

3.2 Operating Segments (Cont.)

Consolidated - June 2018	Mining $'000	Civil / Infrastructure $'000	Interquip [1] $'000	Un-allocated $'000	Total $'000
Revenue					
Total Reportable Segment Revenue	398,368	138,243	20,714	-	557,325
Other Revenue	3,018	954	38	1,259	5,269
Total Revenue	401,386	139,197	20,752	1,259	562,594
Earnings Before Interest, Tax, Depreciation and Amortisation	77,793	2,921	(4,131)	-	76,583
Depreciation and Amortisation	(44,171)	(1,224)	(696)	-	(46,091)
Impairment	2,217	-	(3,338)	-	(1,121)
Interest Revenue	3,018	27	38	1,259	4,342
Finance Costs	(1,745)	(306)	(33)	-	(2,084)
Profit/(Loss) Before Income Tax Expense	37,112	1,418	(8,160)	1,259	31,629
Income Tax Expense					(9,962)
Profit After Income Tax Expense					21,667
Assets					
Segment Assets	288,788	41,382	18,181	97,762	446,113
Total Assets					446,378
Liabilities					
Segment Liabilities	93,391	24,524	5,215	2,148	125,278
Total Liabilities					125,543
Capital Expenditure	38,056	668	735	163	39,622

[1] Structural, Mechanical and Piping business

Consolidated - June 2017	Mining $'000	Civil / Infrastructure $'000	Unallocated $'000	Total $'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

Section 3 Results for the Year

3.2 Operating Segments (Cont.)

Consolidated - June 2017	Mining $'000	Civil / Infrastructure $'000	Unallocated $'000	Total $'000
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

Geographical Information	Revenue		Non-current Assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Australia	492,755	416,573	130,445	107,375
Brazil	69,839	81,349	60,111	37,741
Total	562,594	497,922	190,556	145,116

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 31.3%, 8.9% and 8.7% of external revenue. (2017: 40%, 15% and 13%). The next most significant client accounts for 8.0% (2017: 8%) of external revenue.

3.3 Operating Costs from Continuing Operations	Section	2018 $'000	2017 $'000
Expenses			
Depreciation and Amortisation			
– Plant and Equipment		44,989	50,356
– Motor Vehicles		789	1,560
– Other		313	183
Total Depreciation and Amortisation Expense		46,091	52,099
Total Employee Benefits Expense		173,341	132,936
Repairs, Service and Maintenance		50,870	55,436
Materials and Supplies		90,110	99,562

3.4 Capital and Leasing Commitments

Accounting Policies

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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.

Section 3 Results for the Year

3.4 Capital and Leasing Commitments (Cont.)

Leased assets are depreciated on a 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.

Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and a reduction of the liability.

(a) Operating Lease Commitments	2018 $'000	2017 $'000
Non-cancellable Operating Leases Contracted For but Not Capitalised in the Accounts:		
Payable — Minimum Lease Payments		
– Not Later Than 12 Months	1,650	1,578
– Between 12 Months and 5 Years	6,038	3,984
– Greater Than 5 Years	7,500	-
Total Operating Lease Commitments	15,188	5,562
(b) Finance Lease Commitments		
Payable — Minimum Lease Payments		
– Not Later Than 12 Months	16,405	24,079
– Between 12 Months and 5 Years	30,804	26,534
– Greater Than 5 Years	-	-
Minimum Lease Payments	47,209	50,613
Less: Future Finance Charges	(2,308)	(2,795)
Total Finance Lease Commitments	44,901	47,818
(b) Capital Expenditure Commitments		
Plant and Equipment Purchases	28,005	10,694
Payable		
– Not Later Than 12 Months	28,005	10,694
– Between 12 Months and 5 Years	-	-
– Greater Than 5 Years	-	-
Minimum Commitments	28,005	10,694

$28.0M of commitments for property, plant and equipment expenditure exist at 30 June 2018 (June 2017: $10.6M).

3.5 Auditors Remuneration

Auditor's Remuneration - Moore Stephens	2018 $'000	2017 $'000
Audit or Review of the Financial Report	165	166
Other Non-audit Services	-	-
Taxation Services	-	-
Total Auditor's Remuneration	165	166

Section 3 Results for the Year

3.6 Taxation

Accounting Policies

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.

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.

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.

3.6.1 Income Tax Expense	Section	2018 $'000	2017 $'000
(a) The Components of Tax Expense Comprise:			
Current		12,735	15,219
Deferred		(2,773)	(2,304)
		9,962	12,915

Section 3 Results for the Year

3.6.1 Taxation Tax Expense (Cont.)

(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% (2017: 30%)	9,489	13,232
Add Tax Effect of		
– Dividend Imputation	2,408	3,861
– Other Non-allowable Items	1,948	497
– Other Taxable Items	10,069	9,010
– Research & Development Credit	-	-
Less Tax Effect of		
– Franking Credits on Dividends Received	(8,028)	(12,871)
– Other Deductible Items (Losses Not Previously Brought to Account)	(5,924)	(814)
Income tax attributable to the entity	9,962	12,915
The Applicable Weighted Average Effective Tax Rate as	31.5%	29.3%

3.6.2 Current Tax Assets and Liabilities	Section	2018 $'000	2017 $'000
(a) Tax Assets			
Non Current			
Deferred Tax Assets comprise			
Provisions		3,980	3,611
Losses		6,585	3,596
Other		700	830
Total Current Tax Assets		11,265	8,037
(b) Tax Liabilities			
Current			
Income tax		1,226	3,428
Total Current Tax Liabilities		1,226	3,428
Non Current			
Deferred tax liability comprises:			
Depreciation		2,835	113
Other		123	(6)
Total Non Current Tax Liabilities		2,958	107

3.6.3 Reconciliations	Section	2018 $'000	2017 $'000
(a) Gross Movements			
The Overall Movement In the Deferred Tax Account is as Follows			
Opening Balance		7,930	5,620
(Charge)/Credit To Income Statement		739	2,310
(Charge)/Credit To Equity		(362)	-
Closing Balance		8,307	7,930

Section 3 Results for the Year

3.6.3 Reconciliations (Cont.)	Section	2018 $'000	2017 $'000
(b) Deferred Tax Liabilities			
The Movement In Deferred Tax Liabilities For Each Temporary Difference During the Year is as Follows:			
Other:			
Opening Balance		107	113
Charge / (Credit) To Income Statement		2,851	(6)
Charge / (Credit) To Equity		-	-
Closing Balance		2,958	107
(c) Deferred Tax Assets			
The Movement In Deferred Tax Assets For Each Temporary Difference During the Year is as Follows:			
Provisions:			
Opening Balance		3,611	3,012
Credit To Income Statement		369	599
Closing Balance		3,980	3,611
Losses:			
Opening Balance		3,596	2,019
(Charge) / Credit To Income Statement		2,989	1,577
Closing Balance		6,585	3,596
Other:			
Opening Balance		830	702
Charge / (Credit) To Income Statement		232	128
Charge / (Credit) To Equity		(362)	-
Closing Balance		700	830

3.6.4 Earnings per Share

Accounting Policies

Basic EPS

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares during the financial year.

Diluted EPS

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and performance rights for the effects of all dilutive potential ordinary shares.

Section 3 Results for the Year

3.6.4 Earnings per Share (Cont.)

	2018 Cents per Share	2017 Cents per Share
a. Reconciliation Of Earnings To Profit and Loss		
Profit	21,667	31,193
(Profit)/loss Attributable To Non-controlling Interest	1,928	864
Earnings Used To Calculate Basic EPS	23,595	32,057
Earnings Used in the Calculation of Dilutive EPS	23,595	32,057
b. Weighted Average Number (000) of Ordinary Shares Outstanding During the Year In Calculating Basic EPS	260,428	233,628
Weighted Average Number (000) of Dilutive Options Outstanding	3,115	1,802
Weighted Average Number (000) of Ordinary Shares Outstanding During the Year Used In Calculating Dilutive EPS	263,543	235,430

Section 4 Assets and Liabilities

This Section shows the assets used to generate the Company's trading performance and the liabilities incurred as a result. Liabilities relating to the Company's financing activities are addressed in Section 5. Current and deferred tax assets and liabilities are shown in Section 3.7.

4.1 Trade and Other Receivables

Accounting Policies

Trade and other receivables represent the asset outstanding at the end of the reporting period for goods and services provided by the Group during the reporting period which remain unpaid. The balance is recognised as a current asset with the amount normally being received within 30 to 45 days of recognition of the receivable.

Trade and Other Receivables	Section	2018 $'000	2017 $'000
Current			
Trade Debtors		116,502	113,667
Debtors subject to Payment Arrangements - Current		8,185	
Total Current		124,687	113,667
Debtors Subject to Payment Arrangements - Non-Current		39,165	-
Total Trade and Other Receivables		163,852	113,667
Loans to Other Companies			
Loans to Other Companies - Current		7,618	7,114
Loans to Other Companies - Non-current		19,975	883
Total Loans to Other Companies		27,593	7,997
Available For Sale Financial Assets			
Shares in Listed corporations at Fair Value - current		2,257	-
Shares in Listed corporations at Fair Value - non current		2,179	1,648
Total available For Sale Financial Assets		4,436	1,648

Section 4 Assets and Liabilities

4.1 Trade and Other Receivables (Cont.)

Credit risk

The Group has approximately 28.7% (2017: 32.1%) 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. Management of credit risk is discussed in Section 5.3 Financial Risk Management. 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	Past due and impaired	Past due but not impaired	Within initial trade terms
	$’000	$’000	$’000	$’000
30-Jun-18				
Trade and Term Receivables	124,687	-	5,301	119,386
Other Receivables	39,165	-	39,165	-
Total Trade and Term Receivables	163,852	-	44,466	119,386
30-Jun-17				
Trade and term receivables	113,667	-	25,625	88,042
Other receivables	-	-	-	-
Total Trade and Term Receivables	113,667	-	25,625	88,042

Financial Assets Classified as Loans and Receivables	Section	2018 $'000	2017 $'000
Trade and other receivables			
- Total current		124,687	113,667
- Total non-current		39,165	-
		163,852	113,667
Other loans			
- Total current	4.1	7,618	9,675
- Total non-current	4.1	19,975	-
		27,593	9,675

4.2 Inventories and Work In Progress (WIP)

Accounting Policies

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.

Inventories and Work In Progress (WIP)	2018 $'000	2017 $'000
Inventories	13,649	13,647
WIP	(2,023)	(345)
Total Inventories and Work in Progress (WIP)	11,626	13,302

4.3 Other Current Assets

Other Current Assets	2018 $'000	2017 $'000
Prepayments	544	103
Deposit	851	1,653
Total Other Current Assets	1,395	1,756

4.4 Property, Plant and Equipment

Accounting Policies

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% – 40.0%
Low Value Pool	18.75% – 37.5%
Motor Vehicles	18.75% – 50%

Section 4 Assets and Liabilities

4.4 Property, Plant and Equipment (Cont.)

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.

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.

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.

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	2018	2017
	$'000	$'000
PLANT AND EQUIPMENT		
Plant and Equipment – at Cost	479,623	472,703
Accumulated Depreciation and Impairment	(372,355)	(351,877)
	107,268	120,826
Motor Vehicles – at Cost	12,436	13,317
Accumulated Depreciation	(9,283)	(9,728)
	3,153	3,589
Land and Building – at cost	3,272	3,180
Accumulated Depreciation	(440)	(419)
	2,832	2,761
Leased Plant and Equipment – at Cost	-	1,080
Accumulated Depreciation	-	(1,080)
	-	-
Low Value Pool – at Cost	409	419
Accumulated Depreciation	(281)	(146)
	128	273
Leasehold Improvements – at Cost	2,529	2,400
Accumulated Depreciation	(1,125)	(944)
	1,404	1,456
Total plant and equipment	110,549	124,688
Total property, plant and equipment	114,785	128,905

Section 4 Assets and Liabilities

4.4 Property, Plant and Equipment (Cont.)

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 2018 there have been no indicators of impairment.

	Plant and Equipment	Motor Vehicles	Land and Buildings	Leased Plant and Equipment	Low Value Pool	Leasehold Improvements	Total
Consolidated:	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2016	146,850	3,897	1,930	-	57	1,433	154,167
Additions	28,548	1,948	853	-	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	(50,356)	(1,560)	(22)	-	(6)	(155)	(52,099)
Balance at 30 June 2017	120,826	3,589	2,761	-	273	1,456	128,905

	Plant and Equipment	Motor Vehicles	Land and Buildings	Leased Plant and Equipment	Low Value Pool	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2017	120,826	3,589	2,761	-	273	1,456	128,905
Additions	38,767	564	123	-	-	168	39,622
Additions through Business Combinations	-	-	-	-	-	-	-
Disposals	(6,589)	(211)	(31)	-	(74)	-	(6,905)
Reversal of Impairment	2,217	-	-	-	-	-	2,217
Foreign Currency movements	(2,963)	-	-	-	-	-	(2,963)
Depreciation expense	(44,990)	(789)	(21)	-	(71)	(220)	(46,091)
Balance at 30 June 2018	107,268	3,153	2,832	-	128	1,404	114,785

4.5 Intangible Assets

Accounting Policies

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.

Section 4 Assets and Liabilities

4.5 Intangible Assets (Cont.)

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.

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.

Goodwill and Other Tangibles	2018 $'000	2017 $'000
Carrying Value of Goodwill and Other Tangibles	3,187	6,525

Allocation of Goodwill to Cash Generating Unit

Goodwill is allocated to the Company's cash generating units identified according to operating segment. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. The carrying amount of goodwill was allocated to cash generating units as follows:

Goodwill and Other Tangibles		
MACA Infrastructure	3,187	3,187
MACA Interquip	-	3,338
Goodwill Carrying Amount	3,187	6,525

Impairment Test for Goodwill

The recoverable amount of the goodwill in each cash generating unit is based on value in use calculations. These calculations use cash flow projections based on the following year's budget and increased for growth at 2.5% for the forecast period being five years.

The key assumptions used in the value in use calculations as at 30 June 2018 and 30 June 2017 were as follows:

- growth rate used to extrapolate cash flows beyond the forecast period: 2.5% (2017: 2.0%);
- pre-tax discount rate: 16.6% (2017: 16.6%); and
- divisional Revenue, EBIT, working capital adjustments and maintenance capital expenditure.

Section 4 Assets and Liabilities

4.6 Trade and Other Payables

Accounting Policies

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 45 days of recognition of the liability.

Payables	2018 $'000	2017 $'000
Current		
Unsecured Liabilities:		
Trade Creditors	45,723	48,483
Sundry Creditors and Accruals	18,897	15,559
Total Trade and Other Payables	64,620	64,042

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		
Trade and Other Payables		
- Total Current	64,620	64,042
- Total Non-Current	-	-
Total Trade and Other Payables	64,620	64,042

4.7 Provisions

Accounting Policies

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.

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.

	2018 $'000	2017 $'000
Employee Entitlements	11,838	10,402
Movement in Provisions		
Opening Balance as at 1 July	10,402	9,954
Additional Provisions	13,236	11,066
Amounts Used	(11,800)	(10,618)
Closing balance as at 30 June	11,838	10,402

Section 5 Capital Structure and Financing Costs

This Section outlines how the Company manages its capital structure, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of MLD, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Company's activities both now and in the future. The Directors consider the Company's capital structure and dividend policy at least annually and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

During FY18, the Company complied with all the financial covenants of its borrowing facilities.

5.1 Cash and Cash Equivalents

Accounting Policies

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. The Company does not have any Bank overdraft facilities.

	2018	2017
5.1.1 Cash and Cash Equivalents	$'000	$'000
	108,239	112,008

		2018	2017
5.1.2 Cash Flow Information		$'000	$'000
Reconciliation of Cash Flow from Operations with Operating Profit After Tax			
Operating Profit After Income Tax		21,667	31,193
Non-cash Flows in Profit			
Depreciation and amortisation		46,092	52,099
Impairment		3,338	-
Net (Gain)/Loss on Disposal of Plant and Equipment	4.4	(2,010)	(1,125)
Net (Gain)/Loss on Disposal of Investments		212	-
Net (Gain)/Loss on Intangibles	4.5	-	-
Foreign Exchange Losses		(1,228)	1,584
Share Based Payment	5.6(a)	-	103
Total Non-Cash Flows in Profit		46,404	52,661
Movements in Working Capital			
(Increase)/Decrease in Trade and Other Receivables		(58,825)	(36,481)
(Increase)/Decrease in Other Assets		(746)	(490)
(Increase)/Decrease in Inventories and Work-In-Progress		654	1,189
Increase/(Decrease) in Trade and Other Payables		1,119	22,251
Increase/(Decrease) in Income Tax Payable		(3,222)	2,348
Increase/(Decrease) in Deferred Tax Payable		194	(2,433)
Increase/(Decrease) in Provisions		1,437	(2,096)
Total Working Capital Movements		(59,389)	(15,712)
Net Cash Increase/(Decrease) from Operating Activities		8,682	68,142

5.1.3 Non-Cash Financing and Investing Activities

During the year the economic entity acquired $19.5 million in plant and equipment (2017: $9.5M) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

Section 5 Capital Structure and Financing Costs

5.1 Cash and Cash Equivalents (Cont)

There were no acquisitions for the year ended 30 June 2018

	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)

Shares Issued

During 2018 233,506 performance rights vested to KMPs and other Executives for no consideration (2017: 261,830). On vesting, the performance rights converted into ordinary fully paid shares.

Insurance Bonding Facilities

The Company has an insurance bonding facility and bank guarantee facilities totalling $18.1 million. At 30 June 2018 the amount drawn on the facility was $14.9 million (2017: $8.3 million).

5.2 Interest Bearing Loans and Borrowings

Accounting Policies

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

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

	2018	2017
5.2.1 Financial Liabilities	$'000	$'000
Current		
Secured Liabilities		
Finance Lease Liability	14,991	21,838
Total Current Financial Liabilities	14,991	21,838

Section 5 Capital Structure and Financing Costs

5.2 Interest Bearing Loans and Borrowings (Cont.)

Non-current	2018 $'000	2017 $'000
Secured Liabilities		
Finance Lease liability	29,910	25,980
Total Non-current Financial Liabilities	29,910	25,980
Finance Lease Liability	44,901	47,818
Total Current and Non-current Secured Liabilities:	44,901	47,818
Carrying Amounts of Non-current Assets Pledged as Security	45,230	60,291

5.3 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:

Accounting 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.

Financial Assets	2018 $'000	2017 $'000
Cash and Cash Equivalents	108,239	112,008
Loans and Receivables		
— Trade and Other Receivables	163,852	113,667
— Other Loans	27,593	9,675
Available-for-Sale Financial Assets:		
— At Fair Value		
— Listed Investments	4,436	1,648
Total Financial Assets	304,120	236,998
Financial Liabilities		
Financial Liabilities at Amortised Cost		
— Trade and Other Payables	64,620	64,042
— Borrowings	44,901	47,818
Total Financial Liabilities	109,521	111,860

5.3 Financial Risk Management (Cont.)

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.

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 30 to 45 days from the invoice date.

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. 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.

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 Section 6.7 Parent Entity Disclosures for details).

The Group has approximately 28.7% (2017: 32.1%) 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 Section 4.1. 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.

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

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.

Section 5 Capital Structure and Financing Costs

5.3 Financial Risk Management (Cont.)

Liquidity Risk

Financial Liability and Financial Asset Maturity Analysis	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	'000	'000	'000	'000	'000	'000	'000	'000
Financial Liabilities Due for Payment								
Trade and Other Payables	64,620	64,042	-	-	-	-	64,620	64,042
Finance Lease Liabilities	14,991	21,838	29,910	25,980	-	-	44,901	47,818
Total Contractual Outflows	79,611	85,880	29,910	25,980	-	-	109,521	111,860
Total Expected Outflows	79,611	85,880	29,910	25,980	-	-	109,521	111,860
Financial Assets - Cash Flows Realisable								
Cash and Cash Equivalents	108,239	112,008	-	-	-	-	108,239	112,008
Trade, Term and Loans Receivables	124,687	123,342	39,165	-	-	-	163,852	123,342
Other Investments	9,875	-	22,154	1,648	-	-	32,029	1,648
Total Anticipated Inflows	242,801	235,350	61,319	1,648	-	-	304,120	236,998
Net (Outflow)/Inflow on Financial Instruments	163,190	149,470	31,409	(24,332)	-	-	194,599	125,138

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

Market Risk

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 market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Fixed Interest Rate				Non-interest Bearing		Total		Weighted Average Effective Interest Rate	
			Within 1 Year		1 to 5 Years							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	%	%
Financial Assets												
Cash	108,239	112,008	-	-	-	-	-	-	108,239	112,008	1.56	1.69
Trade and Other Receivables	-	-	8,185	-	39,165	-	116,502	124,990	163,852	124,990	6.8	N/A
Loans to other Companies	-	-	7,618	-	19,975	-	-	-	27,593	-	10	N/A
Total Financial Assets	108,239	112,008	15,803	-	59,140	-	116,502	124,990	299,684	236,998		
Financial Liabilities												
Finance Lease	-	-	14,991	21,838	29,910	25,980	-	-	44,901	47,818	4.66	4.97
Trade and Other Payables	-	-	-	-	-	-	64,620	64,042	64,620	64,042	N/A	N/A
Total Financial Liabilities	-	-	14,991	21,838	29,910	25,980	64,620	64,042	109,521	111,860		

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.

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. The original investment into the Brazilian subsidiary is exposed to fluctuations in the Brazilian Real. To the extent the fluctuations are unrealised they are taken to the foreign currency translation reserve until such time as they are realised. Upon realisation there is a potential negative impact to the profit and loss statement.

Section 5 Capital Structure and Financing Costs

5.3 Financial Risk Management (Cont.)

Summarised 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 2018		
+/- 2% in Interest Rates	+/- 1,266	+/- 1,515
+/- 10% in the Value of Listed Investments	+/- 443	+/- 443
+/- 10% in AUD/BRL Exchange Rate	+/- 407	+/- 4,650
+/- 10% in AUD/USD Exchange Rate	+/- 2,389	+/- 2,389
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

5.4 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

5.4 Financial Instruments (Cont.)

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).

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.

Section 5 Capital Structure and Financing Costs

5.5 Equity

Issued Capital	2018 $'000	2017 $'000
268,007,708 (2017: 234,343,334) Fully Paid Ordinary Shares With No Par Value	269,805	211,333

Ordinary Shares	No.	No.
At the Beginning of the Reporting Period	234,343,334	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
- 6 September 2017 Conversion of Performance Rights	233,506	
- 20 September 2017 Placement of Securities @ $1.80 per share	33,430,868	
Shares at Reporting Date	268,007,708	234,343,334

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.

Performance Rights

For information relating to performance rights, including details of performance rights issued, exercised and lapsed during the financial year, refer to Section 5.8.

Capital Management

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.

		2018 $'000	2017 $'000
Total Borrowings	5.2.1	44,901	47,818
Less Cash and Cash Equivalents	5.1.1	(108,239)	(112,008)
Net Debt		(63,338)	(64,190)
Total Equity		320,835	269,727
Total Capital		257,497	205,537
Gearing ratio		(25%)	(31%)

Section 5 Capital Structure and Financing Costs

5.6 Reserves

Accounting Policies

Equity Settled Employee Benefits Reserve

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.

Foreign Operations

The financial transactions of foreign operations whose functional currency is different from the presentation currency are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities are re-translated at the rates prevailing at that date. Income and expenses are re-translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the Consolidated Statement of Financial Position. These differences are recognised in profit and loss in the period in which the operation is disposed.

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled operations are taken to the exchange fluctuation reserve. Gains or losses accumulated in equity are recognised in the income statement when a foreign operation is disposed.

Reserves	Section	2018 $'000	2017 $'000
Equity-Settled Employee Benefits Reserve	5.6	591	591
Foreign Currency Translation Reserve	5.6(b)	(12,650)	(2,204)
Other Reserves	5.6(a)	(5,887)	(5,887)
Total Reserves		(17,946)	(7,500)
(a) Other Reserves			
Balance at the Beginning of the Year		(5,887)	(3,777)
Transactions with Members		-	(2,110)
Balance at the End of the Year		(5,887)	(5,887)
(b) Foreign Currency Translation Reserve			
Balance at the Beginning of the Year		(2,204)	(376)
Exchange Differences Arising on Translating the Foreign Operations		(10,446)	(1,828)
Balance at the End of the Year		(12,650)	(2,204)

Section 5 Capital Structure and Financing Costs

5.6 Reserves (cont)

The other reserves represent the cumulative effective portion of gains or losses arising on changes in fair value of forward foreign exchange contracts entered into for cash flow hedges, and interest rate swaps. The gain or loss that is recognised in the other reserve will be reclassified to profit or loss only when the transaction affects the profit or loss.

5.7 Dividends

In respect of FY18, the Directors declared the payment of a Final Dividend of 3.5 cents per share fully franked to the holders of fully paid ordinary shares on the Company's register at 6th September 2018 with payment date of 20th September 2018

The amount of the Final Dividend is $8.4 million. No provision has been made for the Final Dividend in the Financial Statements as the final dividend was not declared or determined by the Directors on or before the end of the financial year.

	2018		2017	
Distributions Paid	Cents Per Share	$'000	Cents Per Share	$'000
Interim Dividend in Respect of FY18/FY17	0.030	8,040	0.045	10,479
Final Dividend in Respect of FY17/FY16	0.045	10,546	0.045	10,470
Total	0.075	18,586	0.090	20,949
Balance of franking account at year end.		37,069		36,145

5.8 Share-Based Compensation

Options

There were no options issued for the year ended 30 June 2018. The weighted average fair value of options granted during the previous year was Nil.

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 2018 financial year 972,231 (2017: 1,196,083) performance rights were granted under the Group's Performance Rights Plan and334,637 (2017: 407,768) performance rights were forfeited. Subject to the achievement of designated performance hurdles, these performance rights will vest in June 2020. As at 30 June 2018 there were 2,014,485 (2017: 2,528,307) performance rights outstanding.

Section 5 Capital Structure and Financing Costs

5.8 Share-Based Compensation (Cont.)

The following performance rights arrangement were in existence at 30 June 2018:

	Number	Expiry Date
Unlisted Performance Rights	1,486,053	30-Jun-18
Unlisted Performance Rights	1,042,254	30-Jun-19
Unlisted Performance Rights	972,231	30-Jun-20

	2018 Number	2017 Number
Outstanding at the Beginning of the Year	3,096,450	2,569,967
Granted	972,231	1,196,083
Vested	(233,506)	(261,830)
Cancelled or Expired	(334,637)	(407,770)
Outstanding at the End of the Year	3,500,538	3,096,450
Vested at Year End	(1,486,053)	(568,143)

An independent valuation was completed on performance rights granted during the year. Market based vesting conditions were valued using a hybrid share option pricing model that simulates the share price of the Company as at the test date using a Monte-Carlo simulation model. For non-market based vesting conditions no discount was made to the underlying valuation model.

The weighted average fair value of the performance rights granted during the year ended 30 June 2018 was $0.90 per right. The total share based payment expense for the year ended 30 June 2018 relating to the grant of performance rights in the statement of profit or loss is $298k (2017: 103k). Inputs used to determine the fair value of performance rights granted during the year ended 30 June 2018 were:

- Share price $1.61 being the 30 day VWAP of the Company on the last trading day prior to 30 June 2017
- Exercise price: Nil
- Volatility: 46.4%
- Option life: 3 years
- Dividend yield: 5.2%
- Risk Free Rate 1.94%

Section 6 Other

6.1 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.

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

Refer 4.5 Intangible Assets for treatment and calculation of goodwill.

Section 6 Other

6.1 Business Combinations (Cont.)

BUSINESS COMBINATIONS

2018

There were no acquisitions during the year ended 30 June 2018

2017

On 15 December 2016 the Group acquired 60% of the issued capital in Interquip Pty Ltd, a company involved in Structural Mechanical and Piping Construction. The consideration consisted of $5.6M in cash, $2.4M in shares and an earn out agreement based 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	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

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.

6.2 Key Management Personnel

The total of remuneration paid to KMP's of the Company during the year was as follows:

	2018 $'000	2017 $'000
The Totals of Remuneration Paid to KMP of the Company and the Group During the Year was as follows:		
Short-Term Employee Benefits	4,186	4,221
Post-Employment Benefits	192	232
Other Long-Term Benefits	-	-
Share Based Payments	707	575
Total Remuneration	5,085	5,028

Section 6 Other

6.3 Controlled Entities

Details of the Company's subsidiaries at the end of the reporting period are as follows:

	Country of Incorporation	Percentage Owned (%)	
		2018	2017
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%	100%
Marniyarra Mining and Civils Pty Ltd	Australia	50%	50%
Interquip Pty Ltd	Australia	60%	60%

6.4 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Information regarding individual directors or executives remuneration is provided in the Remuneration Report included in the Director's Report.

Controlled Entities

Interests in controlled entities are set out Section 6.3.

During the year, funds have been advanced between entities within the Company for the purposes of working capital requirements.

Other Related Parties

Other related parties include entities over which key management personnel exercise significant influence.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

6.4 Related Party Transactions (Cont.)

Key Management Person and/or Related Party	Transaction	2018 $	2017 $
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.	1,598,815	1,589,382
Kirk Mining Consultants - a company controlled by current director Mr L.Kirk.	Expense - Mining consulting fees	47,720	8,780
Hensman Properties Pty Ltd - a company controlled by current director Mr R.Ryan.	Expense - Consulting fees	43,658	41,962
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.	2,381,300	1,922,082
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	-	-
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.		263,548	110,000

6.5 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 guarantees described below there were no contingent liabilities as at 30 June 2018 (2017: none).

Performance Guarantees

MLD has indemnified its bankers and insurance bond providers in respect of bank guarantees, insurance bonds and letters of credit to various customers and suppliers for satisfactory contract performance and warranty security, in the following amounts:

30 June 2018: $14.9 million
30 June 2017: $8.3 million

Claims

Certain claims arising out of engineering and construction contracts have been made by, or against, controlled entities in the ordinary course of business. The Directors do not consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the Company

6.6 Events After Balance Sheet Date

The Directors have recommended a final dividend payment of 3.5 cents per share. Refer to Section 5.7 for details.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

6.7 Parent Entity Disclosures

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	2018 $'000	2017 $'000
Assets		
Current Assets	85,310	193,917
Total Assets	375,420	313,732
Liabilities		
Current Liabilities	2,148	3,168
Total Liabilities	2,148	3,200

Section 6 Other

6.7 Parent Entity Disclosures

Equity	2018 $'000	2017 $'000
Issued Capital	362,212	303,740
Reserves	707	707
(Accumulated Losses) / Retained Profits	10,351	6,085
Total Equity	373,270	310,532

Statement of Financial Performance		
Profit For the Year (Including Interco Dividends)	22,852	21,142
Total Comprehensive Income	22,852	21,142

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.

Contractual Commitments

Plant and equipment		
Not longer than 1 year	46,060	32,532
Longer than 1 year and not longer than 5 years	36,842	25,980
Longer than 5 years	-	-
Total Contractual Commitments	82,902	58,512