MACA Limited and its Controlled Entities

ABN 42 144 745 782

Half Year Financial Report and Appendix 4D
31 December 2018

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Half Yearly Financial Report
31 December 2018

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Section 1 Commentary - HY19 accounts and Results Discussion

MACA Limited ('MACA') (ASX: MLD) advises that it has delivered a half year net profit after tax attributable to members at December 2018 of $8.1 million (down 32% on pcp) on revenue of $324 million (up 14% on pcp). The result is consistent with the previously advised after tax earnings guidance of $7 to $9 million. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was $27.6 million (down 28% on pcp).

Results Summary

FY18 Half Year Results	31 December 2018	31 December 2017	Movement
Revenue	$324m	$285m	14%
EBITDA	$27.6m	$38m	(27%)
EBIT	$10.1m	$14m	(28%)
Net Profit After Tax attributable to Members	$8.1m	$12m	(33%)
Contracted Work in Hand (Including letters of intent)	$2,025m	$1,198m	69%
Operating Cash Flow	$18.8m	$0.1m	
Earnings per share - basic	3.02 cents	4.73 cents	
Dividends per share (fully franked)	2.0 cents	3.5 cents	

The board has resolved to pay an interim dividend of 2.0 cents per share. This recognises the reduced profit for the period and expected cash needs of the business balanced with future funding requirements. Due to the significant capital investment made in the half, the Group is now in a modest net debt position. MACA expects a significant unwinding of the working capital position and therefore increased cashflow from operations in the second half of the year. The dividend will be fully franked and will be payable on 21 March 2019 to eligible shareholders who are recorded on the Company's register as at the record date of 7 March 2019.

Mining

During the half MACA continued contract mining operations for Regis Resources at the Duketon South and Moolart Well operations, for Ramelius Resources at the Mt Magnet operations, for Pilbara Minerals at the Pilgangoora project, for Blackham Resources at the Matilda project and for Minjar Gold at the Gossan Hill operation. Operations at Bluff Coal in North East Queensland for Carabella Resources commenced late in the half year. The performance of the mining division for the half year was impacted by plant and labour issues as previously disclosed. The significant capital investment in this division has enabled the retirement of some of the oldest fleet and reduced the demand on maintenance labour.

Internationally MACA has continued operations for Avanco Resources (now fully owned by Oz Minerals) at the Antas project in Brazil and subsequent to year end has been awarded by Emerald Resources (subject to board approval) the contract mining works in Cambodia at the Okvau mine for a period of seven years.

Crushing

In our crushing division the first half included the award of crushing and screening works for BHP at Area C for a period of three years (to commence in the first quarter of this calendar year) and crushing of stemming materials for BHP's Western Australian Iron Ore operations in the Pilbara. Subsequent to year end we have been awarded further crushing works at Eastern Ridge for BHP. Crushing works at the Atlas Iron Mt Dove operation ceased in September 2018 for both iron ore and lithium product.

Civil and Infrastructure

During the half MACA Civil in Western Australia completed the bulk earthworks contract at the Gruyere Gold project. The original contract value was $65 million and in the half we completed a further $12 million variation to complete the works in October 2018. It has been a successful project for MACA and has further demonstrated our civil capabilities with the scope including tailings dam, airstrip, access roads, resurfacing and bore fields. Other projects include the commencement of a $30 million road project of the Coongan Gorge road realignment for Main Roads of Western Australia, evaporating ponds for Western Areas, and the commencement of a JV for a road and bridge upgrade package for Albany Highway near Williams also with the Main Roads of Western Australia.

In Victoria the first half realised the award of a design and construct for an existing roundabout for the City of Whittlesea, a road intersection at O'Herns Road and Princess Hwy Upgrades for VicRoads, amongst many other projects for both road and shire authorities.

The infrastructure businesses in both Western Australia and Victoria (albeit smaller in revenue terms) continues to tender asset maintenance contracts with recurring revenue streams as a way to underpin the business in the longer term.

MACA Interquip

The recent award of works for the Kirkalocka project for Adaman Resources will add to the strong performance of this business in delivering on projects that have come to a completion in the first half - Panoramic Resources at the Savannah project, Sandfire Resources at Degrussa and AngloGold Ashanti at Tropicana. Interquip has also been awarded (subject to a LOI) mill refurbishment works at the Yandal Gold project for Echo Resources which would commence later this financial year.

Corporate

In December MACA signed a Letter of Intent (subject to a decision to mine or other investment decision to proceed with the development) for the Open Pit Mining Services Contract and for a Mill refurbishment Contract at the Yandal Gold project with Echo Resources. As part of this transaction MACA separately agreed to subscribe for $1.5M worth of Echo scrip as part of a broader placement.

MACA notes that shareholders of Beadell Resources and Great Panther Mining have approved a scheme of arrangement for Great Panther Mining to acquire Beadell. The merger of the two entities provides a stronger counterparty, with the debt owing to the Group to be reduced by more than half over the next 12 months.

MACA's total workforce (including contractors) has increased from 1,550 to over 2,200 people since the same time last year. Recruitment and training of this increased workforce is a great credit to our support team where experienced people are in short supply. A strong culture and commitment to the MACA brand has contributed to the successful delivery of quality projects.

MACA remains committed to providing all of its hard working employees and contractors with a safe place to work and we continually strive to ensure that maintaining a strong safety culture remains a core focus within the business.

Operating Cash Flow and Capital Expenditure

Operating cash flow for the period ending 31 December 2018 was $18.8 million. This was impacted by timing of payments at the end of the half with a significant decrease in working capital expected in the next half. Capital expenditure for the half year was $79.9 million relating to plant and equipment. The benefit of this outlay is expected to be realised over the coming years. Capital equipment purchases were funded by a combination of cash and equipment finance contracts.

Interim Dividend

The directors have determined to pay a fully franked interim dividend of 2.0c per share with a record date of 7 March 2019 and payment date of 21 March 2019. The total of dividends paid during the half was $9.3 million (2017: $10.5 million).

Events Subsequent to Balance Date

Subsequent to the end of the reporting period MACA has entered into a Memorandum of Understanding with a subsidiary of Emerald Resources for the provision of mining services as announced to the ASX on 30 January 2019.

Other than listed above there have been no other matters or circumstances have arisen since the half year to December 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

The first half performance was very disappointing with the previously strong performing mining division experiencing a decline in margins with a tightening labour market and slow delivery of new equipment. Significant capital has been outlaid with the purchase of both mobile equipment and crushing plants. This investment, combined with persistent focus on project delivery and the utilisation of existing idle crushing assets to support recent contract wins, is expected to lead to improved margins in the second half and beyond. Pleasingly the MACA Interquip business segment performed well and has a solid bank of work going into the next calendar year. We expect this business to continue to deliver on the solid performance over the last 6 months. Whilst not yet meeting our financial expectations, the Civil & Infrastructure businesses are delivering quality projects for clients and continuing to improve operating capability.

With recent crushing wins in the Pilbara, and 2 mining contracts (under Letters of Intent), the business currently has $2.2 billion Work In Hand. We now expect revenue for the full year to be approximately $640 million.

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

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
42 144 745 782	31-December-2018	31-December-2017

2.1 Results for Announcement to the Market

	% change	2018 $'000
Revenue from ordinary activities	Up 14%	323,993
Profit after tax from ordinary activities attributable to members	Down 32%	8,083
Total Comprehensive Income for the period attributable to members	Up 16%	11,959

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

2.2 Individual and Total Dividends Per Security

Dividends	Amount per Share	Franked amount per share
Final dividend for 2018	3.5 cents	3.5 cents
Interim dividend for 2019	2.0 cents	2.0 cents

The Directors have determined to pay an interim dividend based on the December 2018 half year result of 2.0c per share.

The Company paid a final fully franked dividend for the 2018 financial year of 3.5 cents per share on 20 September 2018.

The record date for entitlement to the interim dividend is 7 March 2019.

The payment date for the interim dividend is 21 March 2019.

2.3 Dividend Reinvestment Plans

There was no dividend reinvestment plan in place at 31 December 2018.

2.4 NTA backing

	31 December 2018	31 December 2017
Net tangible asset backing per ordinary security	119.90 cents	117.26 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	-

2.7 Commentary on results for the period

Refer covering commentary

2.8 Statement of compliance in regards to audit

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

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

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

N/A

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

N/A

Chris Tuckwell

Managing Director, CEO

Dated at PERTH this 25th day of February 2019.

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

As lead auditor for the review of MACA Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of February 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Report 31 December 2018

	Section	31 December 2018 $'000	31 December 2017 $'000
Revenue	3.1(a)	323,993	284,980
Other Income	3.1(b)	14,296	15,291
Direct Costs		(315,638)	(274,693)
Finance Costs		(899)	(913)
Impairment of Goodwill		-	(3,338)
Fair value gains/(loss) on Financial Assets		(870)	(406)
Foreign Exchange Gains /(Losses)		897	(670)
Other Expenses from Ordinary Activities		(8,847)	(6,212)
Profit Before Income Tax		12,932	14,039
Income Tax Expense		(3,881)	(3,979)
Profit for the period		9,051	10,060
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations		3,876	(1,655)
Fair Value Gains/(Loss) on Financial Assets, Net of Tax		-	-
Total Comprehensive Income for the period		12,927	8,405
Profit / (Loss) Attributable to:			
- Non-controlling Interest		968	(1,903)
- Members of the Parent Entity		8,083	11,963
		9,051	10,060
Total Comprehensive Income Attributable to:			
- Non-controlling Interest		968	(1,903)
- Members of the Parent Entity		11,959	10,308
		12,927	8,405
Earnings per Share:			
- Basic Earnings per Share (cents)	3.5	3.02	4.73
- Diluted Earnings per Share (cents)	3.5	2.97	4.67

The accompanying Sections form part of these Financial Statements

Condensed Consolidated Statement of Financial Position

As at the Half Year Report 31 December 2018

	Section	31 December 2018 $'000	30 June 2018 $'000
Current Assets			
Cash and Cash Equivalents	5.1	71,616	108,239
Trade and Other Receivables	4.1	145,708	124,687
Loans to Other Companies	4.1	19,103	7,618
Inventory	4.2	15,956	13,649
Work In Progress	4.2	(1,322)	(2,023)
Financial Assets	4.1	1,437	2,257
Other Assets	4.3	2,733	1,395
Total Current Assets		255,231	255,822
Non Current Assets			
Trade and Other Receivables	4.1	26,914	39,165
Property, Plant and Equipment	4.4	175,164	114,785
Loans to Other Companies	4.1	15,896	19,975
Financial Assets	4.1	2,045	2,179
Goodwill		3,188	3,187
Deferred Tax Assets		12,264	11,265
Total Non Current Assets		235,471	190,556
Total Assets		490,702	446,378
Current Liabilities			
Trade and Other Payables	4.5	72,751	64,620
Financial Liabilities	5.2	30,064	14,991
Current Tax Liabilities		(224)	1,226
Short-Term Provisions		12,346	11,839
Total Current Liabilities		114,937	92,675
Non Current Liabilities			
Deferred Tax Liabilities		3,335	2,958
Financial Liabilities	5.2	48,047	29,910
Total Non Current Liabilities		51,382	32,868
Total Liabilities		166,319	125,543
Net Assets		324,382	320,835
Equity			
Issued Capital	5.3	269,806	269,806
Reserves		(14,072)	(17,948)
Retained Profits		66,364	67,661
Parent Interest		322,098	319,519
Non-Controlling Interest		2,284	1,316
Total Equity		324,382	320,835

The accompanying Sections form part of these Financial Statements

Condensed Consolidated Statement of Changes in Equity
For the Half Year Report 31 December 2018

	Issued Capital $'000	Retained Profits $'000	Outside Equity Interest $'000	General Reserves $'000	Option Reserve $'000	FX Reserve $'000	Total $'000
Balance at 1 July 2017	211,333	62,652	3,244	(5,887)	590	(2,205)	269,727
Profit for the Period	-	11,963	(1,903)	-	-	-	10,060
SUB-TOTAL	211,333	74,615	1,341	(5,887)	590	(2,205)	279,787
Other Comprehensive Income:	-	-	-	-	-	-	-
Exchange difference in translating foreign operations	-	-	-	-	-	(1,655)	(1,655)
SUB-TOTAL	211,333	74,615	1,341	(5,887)	590	(3,860)	278,132
Shares Issued	60,176	-	-	-	-	-	60,176
Options/Rights Issued	(1,522)	-	-	-	-	-	(1,522)
Options Issued Net of Options Exercised	-	-	-	-	-	-	-
Dividends Paid	-	(10,545)	-	-	-	-	(10,545)
Balance at 31 December 2017	269,987	64,070	1,341	(5,887)	590	(3,860)	326,241
Balance at 1 July 2018	269,806	67,661	1,316	(5,887)	590	(12,651)	320,835
Profit for the Period	-	8,083	968	-	-	-	9,051
SUB-TOTAL	269,806	75,744	2,284	(5,887)	590	(12,651)	329,886
Other Comprehensive Income:	-	-	-	-	-	-	-
Exchange difference in translating foreign income	-	-	-	-	-	3,876	3,876
SUB-TOTAL	269,806	75,744	2,284	(5,887)	590	(8,775)	333,762
Shares Issued	-	-	-	-	-	-	-
Options/Rights Issued	-	-	-	-	-	-	-
Options Issued Net of Options Exercised Dividends	-	-	-	-	-	-	-
Paid	-	(9,380)	-	-	-	-	(9,380)
Balance at 31 December 2018	269,806	66,364	2,284	(5,887)	590	(8,775)	324,382

The accompanying Sections form part of these Financial Statements

Condensed Consolidated Statement of Cash Flows

For the Half Year Report 31 December 2018

	Section	31 December 2018 $'000	31 December 2017 $'000
Cash Flows from Operating Activities			
Receipts from Customers		311,246	277,273
Payments to Suppliers and Employees		(289,781)	(272,338)
Interest Received		3,780	1,263
Interest Paid		(506)	(913)
Income Tax Paid		(5,953)	(5,147)
Net Cash Provided By Operating Activities		18,786	138
Cash Flow from Investing Activities			
Proceeds from Sale of Investments		2,079	-
Proceeds from Sale of Property, Plant and Equipment		372	337
Purchase of Property, Plant and Equipment		(74,695)	(22,232)
Loans Provided to Customers		(6,900)	-
Payment for Investments		(1,500)	-
Net Cash Used In Investing Activities		(80,644)	(21,895)
Cash Flow from Financing Activities			
Net Proceeds from Share Issue		-	58,017
Net movement in Borrowings		33,211	(1,065)
Dividends Paid by the Parent		(9,380)	(10,545)
Net Cash Provided by / (used in) Financing Activities		23,831	46,407
Net Increase/(Decrease) in Cash Held		(38,027)	24,650
Effect of Exchange Rate Changes on the Balance of Cash Held in Foreign Currencies		1,404	(540)
Cash and Cash Equivalents at the Beginning of the Year		108,239	112,007
Cash and Cash Equivalents at the End of Financial Year		71,616	136,117

The accompanying Sections form part of these Financial Statements

Section 4 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 contained in the Annual Report for the year ended 30 June 2018 and the commentary to this report.

1.2 Statement of Compliance

These Financial Statements are general purpose Interim Financial Statements for half-year reporting period ended 31 December 2018 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 24th February 2019

1.3 Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest interim financial statements of MACA Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

1.4 Basis of Consolidation

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, exception noted at 1.5 below.

1.5 New Accounting Standards Applied during the period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

* AASB 9 Financial Instruments and related amending Standards
* AASB 15 Revenue from Contracts with Customers and related amending Standards

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives, which the Group has adopted.

AASB 9 requires an expected credit loss (ECL) model for trade receivables and loans as opposed to an incurred credit loss model under AASB 139. The ECL model requires the Group to account for expected credit losses in trade receivables and financial instruments at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that receivable or financial instrument has increased significantly since initial recognition, or if the receivable or financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Group is required to measure the loss allowance at an amount equal to 12 months ECL. AASB 9 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the application of AASB 9 has had no material impact on the Group's financial performance or position.

Section 1 General Information (cont.)

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards
In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

The Group has applied AASB 15 in accordance with the fully retrospective transitional approach. The Group's accounting policies for its revenue streams are disclosed in more detail in note 3.1

The directors of the Company have reviewed and assessed the Group's contracts with customers and determined that the application of AASB 15 has not had a material impact on the financial position and/or financial performance of the Group. There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

The adoption of AASB15 Revenue from contracts with customers has not resulted in any significant changes to accounting policies nor has it materially impacted on amounts recognised in the financial statements.

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 period

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

3.1 Revenue

Accounting Policies

Revenue recognition

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. The determination of when this occurs is detailed below.

Section 3.1 Revenue (cont.)

Construction revenue

The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. Under these performance obligations, customers simultaneously receive and consume the benefits as the Group performs, therefore contracted revenue is recognised over time based on stage of completion of the contract.

The new standard provides a higher threshold for recognition of variation, claims and incentives which only allows revenue from variations and claims to be recognised to the extent they are approved or enforceable under the contact. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur.

Services revenue

The Group performs maintenance, mining and other services for a variety of different industries. Typically under the performance obligations of a service contract, the customer consumes and receives the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

As with contract revenue the new standard provides higher thresholds for recognition of variations, claims and incentives which only allows revenue from variations and claims to be recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur.

Sale of goods

Revenue from the sale of goods is recognised a 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.

Other revenue

Other revenue primarily includes profit or loss on sale of assets or investments, dividends received, government rebates and interest income which is recognised on an accrual basis.

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

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

The following is an analysis of the Group's revenue and other income for the period:

	31 December 2018	31 December 2017
3.1(a) Revenue from Operating Activities	$'000	$'000
Contract Trading Revenue	320,129	282,937
Interest Received	3,780	1,263
Other Revenue	84	780
Total Revenue from Operating Activities	323,993	284,980

	2018	2017
3.1(b) Other Income	$'000	$'000
Profit / (Loss) on Disposal of Property, Plant and Equipment	251	396
Reversal of Earnout not payable	-	1,500
Reversal of Impairment - Crushing	-	2,218
Profit / (Loss) on Sale of Investments - Unrealised	545	-
Rebates	13,500	11,177
Total Other Income	14,296	15,291

3.2 Operating Segments

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 in Australia and Brazil, South America.

Section 3.2 Operating Segments (cont.)

Consolidated - December 2018	Mining $'000	Civil / Infra $'000	Interquip $'000	Un-allocated $'000	Total $'000
Revenue					
Total Reportable Segment Revenue	219,777	77,009	25,869	1,338	323,993
Other Revenue	13,759	(9)	1	545	14,296
Total Revenue	233,536	77,000	25,870	1,883	338,289
Earnings Before Interest, Tax, Depreciation and Amortisation	21,542	1,785	3,795	458	27,580
Depreciation and Amortisation	(16,693)	(493)	(344)	-	(17,530)
Impairment	-	-	-	-	-
Interest Revenue	2,416	10	17	1,338	3,781
Finance Costs	(792)	(96)	(11)	-	(899)
Profit/(Loss) Before Income Tax Expense	6,473	1,206	3,457	1,796	12,932
Income Tax Expense					(3,881)
Profit After Income Tax Expense					9,051
Assets					
Segment Assets	369,484	27,359	25,882	67,977	490,702
Total Assets					490,702
Liabilities					
Segment Liabilities	132,036	23,924	9,196	1,163	166,319
Total Liabilities					166,319
Capital Expenditure	79,147	405	390	-	79,942

Consolidated - December 2017	Mining $'000	Civil / Infra $'000	Interquip $'000	Un-allocated $'000	Total $'000
Revenue					
Total Reportable Segment Revenue	199,917	74,355	9,591	1,137	284,980
Other Revenue	13,791	-	1,500	-	15,291
Total Revenue	213,708	74,355	11,091	1,137	300,271
Earnings Before Interest, Tax, Depreciation and Amortisation	42,197	629	(5,010)	8	37,824
Depreciation and Amortisation	(21,862)	(759)	(394)	-	(23,015)
Impairment	2,218	-	(3,338)	-	(1,120)
Interest Revenue	570	-	9	684	1,263
Finance Costs	(799)	(95)	(19)	-	(913)
Profit/(Loss) Before Income Tax Expense -	22,324	(225)	(8,752)	692	14,039
Income Tax Expense					(3,979)
Profit After Income Tax Expense					10,060
Assets					
Segment Assets	249,685	27,115	18,043	141,200	436,043
Total Assets					436,043
Liabilities					
Segment Liabilities	74,212	19,238	14,691	1,662	109,803
Total Liabilities					109,803
Capital Expenditure	21,543	689	-	-	22,232

Section 3.2 Operating Segments (cont.)

Geographical Information	Revenue 2018 $'000	Revenue 2017 $'000	Non-current Assets 2018 $'000	Non-current Assets 2017 $'000
Australia	309,586	245,563	189,355	110,014
Brazil	14,407	39,417	46,115	34,355
Total	323,993	284,980	235,470	144,369

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 34.5%, 9.0% and 6.7% of external revenue. (2017: 31.3%, 8.9% and 8.7%). The next most significant client accounts for 6.7% (2017: 8.0%) of external revenue.

3.3 Operating Costs from Continuing Operations

	31 December 2018 $'000	31 December 2017 $'000
Expenses		
Depreciation and Amortisation		
– Plant and Equipment	17,053	21,857
– Motor Vehicles	347	1,142
– Other	130	16
Total Depreciation and Amortisation Expense	17,530	23,015
Total Employee Benefits Expense	141,185	105,636
Repairs, Service and Maintenance	27,679	27,643
Materials and Supplies	64,307	50,054

3.4 Capital and Leasing Commitments

Accounting Policies

Leases

AASB 16 Leases will replace the current leasing standard AASB 17 Leases, and contains significant changes to the accounting treatment of leases around how to recognise, measure and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, with exception of short term (less than 12 months) and low value leases. AASB 16 Leases applies to annual reporting periods beginning on or after 1 July 2019

The Group manages its owned and leased assets to ensure there is an appropriate level of equipment to meet its current obligations and to tender for new work. The decision as to whether to lease or purchase an asset is dependent on the finance available at the time and the residual risk of ownership following the anticipated completion of the project.

As at 31 December 2018, management has reviewed the current lease related business processes, controls, governance and the future state requirements. As a result, the Group has not yet quantified the impact of the new standard. Currently the only material lease identified as impacting the businesses financial statements relates to the commercial property lease at Welshpool. The following impacts are expected on implementation date:

- Total assets and total liabilities will increase, due to recognition of a "Right of Use Asset" and a "Lease Liability" grossing up the asset and liabilities in the Statement of Financial Position.
- Interest expense will increase due to the effective interest rate implicit in the lease, where the interest expense component is higher in early years on the lease:
- Depreciation charge will increase as the depreciation of the right to use assets is recognised:
- Management will no longer recognise provisions for operating leases assessed to be onerous and will instead include payments due under the lease in its liability and assess the right of use assets for impairment:
- Operating cash flows will be favourable as repayments of the principal portion of all leases liabilities will be classified as financing activities.

Section 3.4 Capital and Leasing Commitments (cont.)

AASB 16 Leases must be implemented retrospectively either, with restatement of comparatives or, under the modified retrospective approach, with the cumulative impact of initial application recognised as an adjustment to opening retained earnings as at 1 July 2019.

Under the modified retrospective approach, on a lease-by lease basis, the right of use of an asset may be deemed to be equivalent to the lease liability at transition or calculated retrospectively as at inception of the lease.

The Group is in the process of assessing available options for transition.

	December 2018 $'000	June 2018 $'000
(a) Operating Lease Commitments		
Non-cancellable Operating Leases Contracted For but Not Capitalised in the Accounts:		
Payable — Minimum Lease Payments		
– Not Later Than 12 Months	1,650	1,650
– Between 12 Months and 5 Years	6,038	6,038
– Greater Than 5 Years	6,675	7,500
Total Operating Lease Commitments	14,363	15,188
(b) Finance Lease Commitments		
Payable — Minimum Lease Payments		
– Not Later Than 12 Months	30,064	16,405
– Between 12 Months and 5 Years	48,047	30,804
– Greater Than 5 Years	-	-
Minimum Lease Payments	83,107	47,209
Less: Future Finance Charges	(4,996)	(2,308)
Total Finance Lease Commitments	78,111	44,901
(b) Capital Expenditure Commitments		
Plant and Equipment Purchases	25,064	28,005
Payable		
– Not Later Than 12 Months	25,064	28,005
– Between 12 Months and 5 Years	-	-
– Greater Than 5 Years	-	-
Minimum Commitments	25,064	28,005

$25.1M of commitments for property, plant and equipment expenditure exist at 31 December 2018 (June 2018: $28.0M).

3.5 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 3.5 Earnings per Share (cont.)

		31 December 2018 $'000	31 December 2017 $'000
a.	Reconciliation of earnings to profit and loss		
	Profit	9,051	10,060
	(Profit)/loss attributable to non-controlling interest	(968)	1,903
	Earnings used to calculate Basic EPS	8,083	11,963
	Earnings used in the calculation of Dilutive EPS	8,083	11,963
b.	Weighted average number (000) of ordinary shares outstanding during the year in calculating Basic EPS	268,008	253,160
	Weighted average number (000) of Dilutive options outstanding	4,322	2,757
	Weighted average number (000) of ordinary shares outstanding during the year used in calculating Dilutive EPS	272,330	255,917

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.

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	31 December 2018 $'000	30 June 2018 $'000
Current		
Trade Debtors	129,808	116,502
Debtors subject to Payment Arrangements - Current	15,900	8,185
Total Current	145,708	124,687
Debtors Subject to Payment Arrangements - Non-Current	26,914	39,165
Total Trade and Other Receivables	172,622	163,852
Loans to Other Companies		
Loans to Other Companies - Current	19,103	7,618
Loans to Other Companies - Non-current	15,896	19,975
Total Loans to Other Companies	34,999	27,593
Financial Assets - Fair Value through Profit or Loss		
Shares in Listed corporations at Fair Value - current	1,437	2,257
Shares in Listed corporations at Fair Value - non current	2,045	2,179
Total Financial Assets - Fair Value through Profit or Loss	3,482	4,436

Credit risk

The Group has approximately 24.8% (2017: 28.7%) 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. The classes of assets described as "trade and other receivables" and "loans to other companies" are considered to be the main source of credit risk related to the Group.

Section 4 Assets and Liabilities (cont.)

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)	31 December 2018 $'000	30 June 2018 $'000
Inventories	15,956	13,649
WIP	(1,322)	(2,023)
Total Inventories and Work in Progress (WIP)	14,634	11,626

4.3 Other Current Assets

Other Current Assets	31 December 2018 $'000	30 June 2018 $'000
Prepayments	2,055	544
Deposit	678	851
Total Other Current Assets	2,733	1,395

4.4 Property, Plant and Equipment

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:

	December 2018 $'000	June 2018 $'000
PLANT AND EQUIPMENT		
Plant and Equipment – at Cost	553,232	479,623
Accumulated Depreciation and Impairment	(385,494)	(372,355)
	167,738	107,268
Motor Vehicles – at Cost	12,623	12,436
Accumulated Depreciation	(9,473)	(9,283)
	3,150	3,153
Land and Building – at cost	3,272	3,272
Accumulated Depreciation	(452)	(440)
	2,820	2,832
Low Value Pool – at Cost	409	409
Accumulated Depreciation	(303)	(281)
	106	128
Leasehold Improvements – at Cost	2,572	2,529
Accumulated Depreciation	(1,222)	(1,125)
	1,350	1,404
Total plant and equipment	170,994	110,549
Total property, plant and equipment	175,164	114,785

Section 4 Assets and Liabilities (cont.)

4.5 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	31 December 2018 $'000	30 June 2018 $'000
Current		
Unsecured Liabilities:		
Trade Creditors	59,784	45,723
Sundry Creditors and Accruals	12,967	18,897
Total Trade and Other Payables	72,751	64,620

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	72,751	64,620
Total Trade and Other Payables	72,751	64,620

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 Group's activities both now and in the future. The Directors consider the Group’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 the half year to December 2018, the Group 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 Group does not have any Bank overdraft facilities.

5.1.1 Cash and Cash Equivalents	31 December 2018 $'000	30 June 2018 $'000
	71,616	108,239

There were no business combinations for the half year ended 31 December 2018

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 their intended use or sale.

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

Section 5.2 Interest Bearing Loans and Borrowings (cont.)

5.2.1 Financial Liabilities	31 December 2018 $'000	30 June 2018 $'000
Current		
Secured Liabilities		
Finance Lease Liability	30,064	14,991
Total Current Financial Liabilities	30,064	14,991

Non-current	31 December 2018 $'000	30 June 2018 $'000
Secured Liabilities		
Finance Lease liability	48,047	29,910
Total Non-current Financial Liabilities	48,047	29,910
Finance Lease Liability	78,111	44,901
Total Current and Non-current Secured Liabilities:	78,111	44,901
Carrying Amounts of Non-current Assets Pledged as Security	79,089	45,230

5.3 Equity

Issued Capital	31 December 2018 $’000	30 June 2018 $’000
268,007,708 (Dec 17: 268,007,708) Fully Paid Ordinary Shares With No Par Value	269,806	269,806
Ordinary Shares	No.	No.
At the Beginning of the Reporting Period	268,007,708	243,343,334
Shares Issued During the Period		
September 2017	-	33,664,334
Shares at Reporting Date	268,007,708	268,007,708

The Group 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.

Section 6 Other

6.1 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 Ltd.	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%

6.2 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. There were no contingent liabilities as at 31 December 2018.

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:

31 December 2018: $18.5 million   30 June 2018: $14.9 million

6.3 Events After Balance Sheet Date

Subsequent to the end of the reporting period MACA has entered into a Memorandum of Understanding with a subsidiary of Emerald Resources for the provision of mining services as announced to the ASX on 30 January 2019.

Other than the item listed above there has not been any other matter or circumstance occurring subsequent to the end of the period that has 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.

Director's Declaration

The directors of the company declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the accounting standards and giving a true and fair view of financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors

Chris Tuckwell

Managing Director

Dated at Perth this 25th day of February, 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MACA Limited which comprises the consolidated condensed statement of financial position as at 31 December 2018, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of MACA Limited's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MACA Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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

Conclusion

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

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of February 2019