



MACA Limited and its Controlled Entities

ABN 42 144 745 782

ASX Preliminary Final Report

30 June 2019

Lodged with the ASX under

Listing Rule 4.3A



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MACA Limited

Commentary

For the Year Ended 30 Jun 2019

Commentary - FY19 Results

MACA Limited is pleased to report it has delivered a Net Profit After Tax attributable to members of \$20.6 million for the full year to 30 June 2019. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was \$70.7 million.

Results Summary

FY 2019 Full Year Results	30 June 2019	30 June 2018	Movement
Revenue	\$665.7m	\$562.6m	18%
EBITDA*	\$70.7m	\$78.8m	(10%)
EBIT	\$28.1m	\$29.4m	(4%)
Net Profit Before Tax	\$32.0m	\$31.6m	1%
Net Profit After Tax (attributable to members)	\$20.6m	\$23.6m	(13%)
Work in Hand**	\$2,110m	\$1,282m	65%
Net Debt (Cash) position	\$82.8m	(\$63.3m)	
Operating Cash Flow	\$57.5m	\$8.7m	
Earnings per share - basic	7.7 cents	9.1 cents	
Dividends per share (fully franked)	4.5 cents	6.5 cents	

* FY19 EBTDA of \$74.7m excluding addback of net interest income

** Refer page 5 of Investor Presentation for further detail

The MACA board has elected to pay a final dividend of 2.5 cents per share, taking the full year dividend to 4.5 cents per share. The dividend will be fully franked and will be payable on 20th September 2019 to eligible shareholders who are recorded on the Company's register as at the record date of 5th September 2019.

Overview

As forecast at the half year result, the second half has delivered stronger mining margins and cashflow from operations on the back of significant capital investment. This capital outlay for new projects and growth within existing projects that have been extended provides a solid platform for MACA of work going forward. The significant capital investment into the business has been achieved with a prudent and modest level of gearing supported by a strong focus on cash management.

The debt repayment plan with Beadell Resources and Great Panther Mining has seen the debt reduce from the original \$60M to \$27M as of the date of this report. MACA has exercised 3 debt for equity conversions of \$5 million each realising \$14M in cash with over \$1.5M in equity still held. Further to this MACA has received \$2.3M from the recent capital raising completed by Great Panther Mining.

MACA recognises the importance of providing a work environment that focuses on safety and the health and wellbeing of our employees. This focus has been further strengthened with the recent appointment of Linda Devereaux as General Manager of People and Safety into our executive management team. We recognise the benefits of good leadership and continue to invest in our people with a record number of employees participating in our leadership program in 2019.

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For the Year Ended 30 Jun 2019

MACA highly values its hard working and loyal employees. With a strong culture and commitment to the MACA brand, and a total workforce (including contractors) in excess of 1600 people, all have contributed to the successful delivery of quality projects and the financial performance for the business. The Board would like to extend its thanks to them and all of our stakeholders who remain an essential part of our success.

Mining

Operational activities have continued to grow in gold, with MACA renewing its long term contract at the beginning of the year with Regis Resources at the Duketon South operations for another 5 year period. Our current operations with Ramelius Resources at Mount Magnet, Blackham Resources at the Matilda project and for Pilbara Minerals at the Pilgangoora project continued throughout the full year. In the first half MACA commenced in a new geographic area and commodity when commencing the Bluff Coal project for Carabella Resources in the Blackwater region of Queensland. This is a significant project for MACA both in terms of scale and tenure (a 10 year life of mine contract) which is now beginning to generate solid returns.

International

Internationally we continue to operate at OZ Minerals' Antas copper mine in the state of Para in Brazil. MACA also executed a Memorandum of understanding with Emerald Resources to provide contract mining services at the Okvau Gold Project in Cambodia.

Crushing

MACA was awarded 3 crushing contracts by BHP Iron Ore division during the year. These included a 2 year contract to crush blast-hole stemming material across Western Australian Iron Ore (WAIO) operations and a 3 year contract to crush and screen up to 12Mtpa at the Mining Area C operation, which commenced in March 2019. MACA was also awarded a contract to crush and screen up to 5Mtpa at the Eastern Ridge operations which commenced subsequent to year end.

Civil

During 2019 the Civil division completed bulk earthworks at the Gruyere Gold project and the Coongan Gorge realignment for MainRoads of WA. In addition, a number of small mine based infrastructure projects were completed for mining clients and internally for our Crushing Division. In Victoria, a number of projects for VicRoads between \$2M and \$10M were completed with the business growing in scale and capability.

The second half financial performance of the Civil and Infrastructure Division was disappointing, reflecting cost overruns in some civil projects in both Western Australia and Victoria. Whilst this result was accentuated to some extent by the impact on claims recognition through application of the new revenue recognition standard, it has reinforced the need to enhance our project delivery and financial monitoring processes and these are key areas of focus to drive improved returns in this Division.

Infrastructure

In both Western Australia and Victoria smaller long term infrastructure works involving road maintenance were extended.

MACA Limited

Commentary

For the Year Ended 30 Jun 2019

Interquip (SMP)

MACA Interquip commenced the Kirkalocka gold project for Adaman Resources during the year - this included installation of a new semi-autogenous (SAG) mill and the refurbishment of an existing processing plant. This project commenced in February of 2019 and will be completed in the first half of FY2020. In addition to this MACA Interquip is actively pursuing maintenance services. Other projects completed during the period included the construction of crushing plants for MACA Mining at BHP and a secondary mill upgrade for AngloGold Ashanti at the Tropicana project.

Operating Cash Flow and Capital Expenditure

Operating cash flow for the year ended 30 June 2019 was \$57.5 million. Capital expenditure for the financial year was \$165.9 million. This is largely associated with growth capex for the Bluff Project, the Duketon South 5 year extension and the Crushing Division. Capital equipment purchases were funded by a combination of cash and equipment finance contracts.

The operating cashflow of \$57.5 million was largely in line with the EBITDA result. The working capital position is expected to unwind in the current half with significant collections post balance date.

Final Dividend

The directors have determined to pay a fully franked final dividend of 2.5c per share with a record date of 5th September 2019 and payment date of 20th September 2019. The total dividend paid during the year was \$14 million (2018: \$19 million).

Events Subsequent to Balance Date

Subsequent to the end of the reporting period MACA has been awarded stage 3 of the Karratha / Tom Price road. This is a Construct Only contract for 45km of roadworks for MainRoads WA in the Pilbara region (see ASX announcement 19th August 2019).

Other than the items listed above, no other matters or circumstances have arisen since the full year to 30 June 2019 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.

MACA Limited

Commentary

For the Year Ended 30 Jun 2019

Future Developments and Prospects

The improved performance of the Mining Division in the second half of FY19 is expected to continue into the coming year as the full benefits of the capital investment are realised. Increased activity within the mining sector is expected to support future growth within this segment.

The Civil and Infrastructure businesses, through increased scale and a heightened focus on improved project delivery, is expected to benefit from a very large infrastructure spend on the East Coast and opportunities in WA increasing on the back of significant capital works programs in the mining industry. MACA Interquip continues to build its reputation and is now starting to deliver on the potential identified at the time of acquisition.

MACA enters the year with a work in hand position of \$2.1 billion as at 31 August 2019. This together with strong prospects has the business poised to grow both revenue and profitability. At this stage, the Company expects revenue for FY20 to increase from the current year to approximately \$720 million of which over \$500m relates to Mining and Crushing. MACA continues to selectively identify mining and construction opportunities and is well positioned to deliver growth of its quality services to customers in the sectors in which it operates.

Results for Announcement to the Market

ABN or equivalent company reference

42 144 745 782

Financial year ended ('current period')

30th June 2019

Financial year ended ('previous period')

30th June 2018

2.1 Results for Announcement to the Market

	2019 \$'000	2018 \$'000	% change
Revenue from ordinary activities	665,719	562,594	Up 18%
Profit after tax from ordinary activities attributable to members	20,574	23,595	Down (13%)
Net profit for the period attributable to members	20,574	23,595	Down (13%)
Dividends			
The final dividend for the year 30 th June 2019 is \$0.025 per share			
Record date for determining entitlements to the final dividend	5 th September 2019		

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	20 th September 2019	2.5 cents	2.5 cents	-
Previous year	20 th September 2018	3.5 cents	3.5 cents	-
Interim Dividend:				
Current year	21 st March 2019	2.0 cents	2.0 cents	-
Previous year	22 nd March 2018	3.0 cents	3.0 cents	-
Special Dividend:				
Current year		-	-	-
Previous year		-	-	-
Total:				
Current year	-	4.5 cents	4.5 cents	-
Previous year	-	6.5 cents	6.5 cents	-

2.3 Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan

2.4 NTA backing

	30 th June 2019	30 th June 2018
Net tangible asset backing per ordinary security	119.51 cents	118.80 cents

2.5 Control gained over entities

Name of entity (or group of entities)	OPMS (Cambodia) Co. Ltd
Date control gained	6 March 2019

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 26th day of August 2019.

MACA Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 Jun 2019

		30 June 2019 \$'000	30 June 2018 \$'000
	Section		
Revenue	3.1(a)	665,719	562,594
Other Income	3.1(b)	31,274	29,086
Direct Costs		(645,869)	(543,805)
Finance Costs		(4,109)	(2,084)
Impairment of Goodwill		-	(3,338)
Fair Value Gains/(Losses) on Financial Assets		(404)	-
Foreign Exchange Gains/(Losses)		1,721	2,552
Other Expenses from Ordinary Activities		(16,327)	(13,376)
Profit Before Income Tax		32,005	31,629
Income Tax Expense	3.6.1(a)	(9,590)	(9,962)
Profit for the Year		22,415	21,667
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations		4,155	(10,446)
Total Comprehensive Income for the Year		26,570	11,221
Profit / (Loss) Attributable to:			
- Non-controlling Interest		1,841	(1,928)
- Members of the Parent Entity		20,574	23,595
		22,415	21,667
Total Comprehensive Income Attributable to:			
- Non-controlling Interest		1,841	(1,928)
- Members of the Parent Entity		24,729	13,149
		26,570	11,221
Earnings per Share:			
- Basic Earnings per Share (cents)	3.7	7.68	9.06
- Diluted Earnings per Share (cents)	3.7	7.60	8.95

The accompanying Sections form part of these Financial Statements

MACA Limited

Consolidated Statement of Financial Position

As at 30 Jun 2019

		30 June 2019 \$'000	30 June 2018 \$'000
Current Assets	Section		
Cash and Cash Equivalents	5.1.1	59,292	108,239
Trade and Other Receivables	4.1	175,649	124,687
Loans to Other Companies	4.1	22,300	7,618
Inventory	4.2	14,306	13,649
Work In Progress	4.2	1,717	(2,023)
Financial Assets	4.1	7,076	2,257
Other Assets	4.3	1,815	1,395
Total Current Assets		282,155	255,822
Non-Current Assets			
Trade and Other Receivables	4.1	15,139	39,165
Property, Plant and Equipment	4.4	238,280	114,785
Loans to Other Companies	4.1	25,655	19,975
Financial Assets	4.1	6,514	2,179
Goodwill	4.5	3,187	3,187
Deferred Tax Assets	3.6.2(a)	13,513	11,265
Total Non-Current Assets		302,288	190,556
Total Assets		584,443	446,378
Current Liabilities			
Trade and Other Payables	4.6	87,942	64,620
Financial Liabilities	5.2.1	42,272	14,991
Current Tax Liabilities	3.6.2(b)	3,732	1,226
Short-Term Provisions	4.7	13,657	11,838
Total Current Liabilities		147,602	92,675
Non-Current Liabilities			
Deferred Tax Liabilities	3.6.2(b)	4,325	2,958
Financial Liabilities	5.2.1	99,848	29,910
Total Non-Current Liabilities		104,174	32,868
Total Liabilities		251,776	125,543
Net Assets		332,666	320,835
Equity			
Issued Capital	5.5	269,806	269,806
Reserves	5.6	(13,793)	(17,948)
Retained Profits		73,496	67,661
Parent Interest		329,509	319,519
Non-Controlling Interest		3,157	1,316
Total Equity		332,666	320,835

The accompanying Sections form part of these Financial Statements

MACA Limited

Consolidated Statement of Changes of Equity

For the Year Ended 30 Jun 2019

	Issued Capital \$'000	Retained Profits \$'000	Outside Equity Interest \$'000	General Reserves \$'000	Option Reserve \$'000	FX Reserve \$'000	Total \$'000
Balance at 1 Jul 2017	211,333	62,652	3,244	(5,887)	590	(2,205)	269,727
Profit/(Loss) 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:							
Forex in Translating Foreign Operations	-	-	-	-	-	(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)
Dividends Paid	-	(18,586)	-	-	-	-	(18,586)
Balance at 30 Jun 2018	269,806	67,661	1,316	(5,887)	590	(12,651)	320,835
Balance at 1 Jul 2018	269,806	67,661	1,316	(5,887)	590	(12,651)	320,835
Profit for the Period	-	20,574	1,841	-	-	-	22,415
SUB-TOTAL	269,806	88,235	3,157	(5,887)	590	(12,651)	343,251
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	4,155	4,155
SUB-TOTAL	269,806	88,235	3,157	(5,887)	590	(8,496)	347,406
Shares Issued	-	-	-	-	-	-	-
Options/Rights Issued	-	-	-	-	-	-	-
Dividends Paid	-	(14,740)	-	-	-	-	(14,740)
Balance at 30 Jun 2019	269,806	73,496	3,157	(5,887)	590	(8,496)	332,666

The accompanying Sections form part of these Financial Statements

MACA Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 Jun 2019

		30 June 2019 \$'000	30 June 2018 \$'000
	Section		
Cash Flows from Operating Activities			
Receipts from Customers		629,567	529,526
Payments to Suppliers and Employees		(568,027)	(509,532)
Dividends Received		-	147
Interest Received		8,055	4,342
Interest Paid		(4,109)	(2,811)
Income Tax Paid		(7,965)	(12,990)
Net Cash Provided By Operating Activities	5.1.2	57,521	8,682
Cash Flow from Investing Activities			
Proceeds from Sale of Investments		10,348	-
Proceeds from Sale of Property, Plant and Equipment		1,620	5,633
Purchase of Property, Plant and Equipment		(89,318)	(38,769)
Net Loans Provided to Customers		(19,925)	(17,918)
Purchase of Investments		(19,755)	-
Net Cash Used In Investing Activities		(117,030)	(51,054)
Cash Flow from Financing Activities			
Net Proceeds from Share Issue		-	58,473
Proceeds from Borrowings		47,965	-
Repayment of Borrowings		(27,337)	(694)
Dividends Paid by the Parent		(14,740)	(18,586)
Net Cash Provided by Financing Activities		5,887	39,193
Net Increase/(Decrease) in Cash Held		(53,622)	(3,179)
Effect of Forex Rate Changes on Translating Foreign Operations		4,676	(590)
Cash and Cash Equivalents at the Beginning of the Period		108,239	112,008
Cash and Equivalents at the End of Period	5.1.1	59,292	108,239

The accompanying Sections form part of these Financial Statements

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

Section 1 General Information

1.1 Reporting Entity

MACA Limited (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

The consolidated financial statements and notes represent those of Maca Limited and Controlled Entities (the Group).

The Financial Statements comprise the consolidated Financial Statements of the Group. 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").

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 (the 'Company') as at 30 June 2019 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 'Group'.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it 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 Group. They are de-consolidated from the date that control ceases.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

1.4 Basis of Consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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 Group. Losses incurred by the Group are attributed to the non-controlling interest in full.

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

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 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.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

1.5 New Accounting Standards Applied during the period (continued)

In summary AASB 9 introduced new requirements for:

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

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.

1.6 New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Group but applicable in future reporting periods.

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

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases. The accounting for the Group's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Group from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the Group has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

1.6 New Accounting Standards for Application in Future Periods (continued)

The Group's non-cancellable operating lease commitments amount to \$16.1m as at the reporting date, see section 3.4(a). The Group intends to adopt the short term lease exception for leases with terms of less than 12 months, which would equate to rental expense of approximately \$1m. All impacts are based on current estimates which are subject to finalisation prior to final implementation.

Based on a preliminary assessment, the Group has estimated that on 1 July 2019, a right-of-use asset of approximately \$12.1m and lease liabilities of approximately \$12.7m will be required to be recognised.

The Group expects that net profit after tax will decrease by approximately \$0.3m for 2020 as a result of adopting the new standard. Adjusted EBITDA used to measure segment results is expected to increase by approximately \$1.5m as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows by approximately \$1.85m.

Given that the Group's activities as a lessor will not be materially impacted by this new Standard, the Group does not expect any significant impact on its financial statement from a lessor perspective. Nonetheless, starting from 2020, additional disclosures will be required.

1.7 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.

1.8 Rounding of Amounts

The Company 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.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

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 Group.

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 Group and includes disclosures explaining the Group's results for the year, segment information, capital and leasing commitments, taxation and EPS.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

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 instrument.

All dividends received are 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 Group's revenue and other income for the year:

		30 June 2019 \$'000	30 June 2018 \$'000
3.1(a) Revenue from Operating Activities	Section		
Contract Trading Revenue		657,270	557,325
Interest Received		8,055	4,342
Other Revenue		394	927
Total Revenue from Operating Activities	3.2	665,719	562,594

		30 June 2019 \$'000	30 June 2018 \$'000
3.1(b) Other Income			
Profit / (Loss) on Disposal of Property, Plant and Equipment		630	1,312
Reversal of Earnout not payable		-	1,500
Reversal of Impairment - Crushing		-	2,217
Profit / (Loss) on Sale of Investments		188	1,060
Rebates		30,456	22,997
Total Other Income		31,274	29,086

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

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 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, are in accordance with accounting policies that are consistent to those adopted in the financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised 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 and expense 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

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

3.2 Operating Segments (continued)

Consolidated - June 2019	Mining \$'000	Civil/ Infrastructure \$'000	Interquip \$'000	Unallocated \$'000	Total \$'000
Revenue					
Reportable Segment Revenue	467,883	138,906	50,481	-	657,270
Other Revenue	5,579	15	48	2,807	8,449
Total Revenue	473,462	138,920	50,530	2,807	665,719
EBITDA*					
EBITDA*	65,574	(1,405)	5,761	792	70,722
Depreciation and Amortisation	(40,849)	(1,041)	(772)	-	(42,663)
Impairment	-	-	-	-	-
Interest Revenue	5,185	15	48	2,807	8,055
Finance Costs	(3,910)	(179)	(19)	-	(4,109)
Net Profit/(Loss) Before Tax	26,000	(2,611)	5,018	3,599	32,005
Income Tax Expense					(9,590)
Net Profit After Tax					22,415
*EBITDA is Earnings Before Income Tax, Depreciation and Amortisation					
Assets					
Segment Assets	451,635	31,233	26,785	74,789	584,443
Total Assets					584,443
Liabilities					
Segment Liabilities	214,136	24,219	8,903	4,518	251,776
Total Liabilities					251,776
Capital Expenditure	164,675	491	754	-	165,920

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

3.2 Operating Segments (continued)

Consolidated - June 2018	Mining	Civil/ Infrastructure	Interquip	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
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
EBITDA*	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)
Net Profit/(Loss) Before Tax	37,112	1,418	(8,160)	1,259	31,629
Income Tax Expense					(9,962)
Net Profit After Tax					21,667
*EBITDA is Earnings Before Income Tax, Depreciation and Amortisation					
Assets					
Segment Assets	288,788	41,382	18,181	98,027	446,378
Total Assets					446,378
Liabilities					
Segment Liabilities	93,391	24,524	5,215	2,413	125,543
Total Liabilities					125,543
Capital Expenditure	38,056	668	735	163	39,622

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Sections to the Financial Statements

For the Year Ended 30 Jun 2019

3.2 Operating Segments (continued)

Geographical Information	Revenue		Non-current Assets	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Australia	639,948	492,755	266,492	130,445
Brazil	25,772	69,839	35,796	60,111
Total	665,719	562,594	302,288	190,556

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 35.6%, 9% and 7.9% of external revenue. (2018: 31.3%, 8.9% and 8.7%). The next most significant client accounts for 7.2% (2018: 8%) of external revenue.

3.3 Operating Costs from Continuing Operations

Expenses	Section	30 June	30 June
		2019	2018
		\$'000	\$'000
Depreciation and Amortisation			
– Plant and Equipment		41,753	44,989
– Motor Vehicles		662	789
– Other		248	313
Total Depreciation and Amortisation Expense	4.4	42,663	46,091
Employee Benefits Expense		279,015	219,851
Repairs, Service and Maintenance		59,335	50,870
Materials and Supplies		128,938	105,843

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

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.

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.

		30 June 2019 \$'000	30 June 2018 \$'000
(a) Operating Lease Commitments	Section		
Non-cancellable Operating Leases			
Payable — Minimum Lease Payments			
– Not Later Than 12 Months		2,979	1,650
– Between 12 Months and 5 Years		8,816	6,038
– Greater Than 5 Years		4,268	7,500
Total Operating Lease Commitments		16,064	15,188
(b) Finance Lease Commitments			
Payable — Minimum Lease Payments			
– Not Later Than 12 Months		47,892	16,405
– Between 12 Months and 5 Years		106,865	30,804
– Greater Than 5 Years		-	-
Minimum Lease Payments		154,758	47,209
Less: Future Finance Charges		(12,637)	(2,308)
Total Finance Lease Commitments	5.2.1	142,120	44,901
(c) Capital Expenditure Commitments			
Plant and Equipment Purchases		21,100	28,005
Payable			
– Not Later Than 12 Months		21,100	28,005
– Between 12 Months and 5 Years		-	-
– Greater Than 5 Years		-	-
Total Minimum Commitments		21,100	28,005

\$21.1M of commitments for property, plant and equipment expenditure existed at 30 June 2019 (2018: \$28M).

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Sections to the Financial Statements

For the Year Ended 30 Jun 2019

3.5 Auditors Remuneration

	30 June 2019 \$'000	30 June 2018 \$'000
Auditor's Remuneration - Moore Stephens		
Audit or Review of the Financial Report	230	220
Other Non-audit Services	-	-
Taxation Services	-	-
Total Auditor's Remuneration	230	220

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.

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For the Year Ended 30 Jun 2019

3.6 Taxation (continued)

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.

	30 June 2019 \$'000	30 June 2018 \$'000
3.6.1 Income Tax Expense		
Section		
(a) The Components of Tax Expense Comprise:		
Current	10,491	12,735
Deferred	(901)	(2,773)
Income Tax Expense	9,590	9,962
(b) Reconciliation:		
Prima Facie Tax Payable on Profit From Ordinary Activities Before Income Tax at 30% (2018: 30%)	9,602	9,489
Add Tax Effect of		
– Dividend Imputation	1,895	2,408
– Other Non-allowable Items	124	1,948
– Other Taxable Items	4,286	10,069
– Research & Development Credit	-	-
Less Tax Effect of		
– Franking Credits on Dividends Received	(6,317)	(8,028)
– Other Deductible Items (Losses Not Previously Brought to Account)	-	(5,924)
Income tax attributable to the Group	9,590	9,962
The Applicable Weighted Average Effective Tax Rate as	30.0%	31.5%

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3.6 Taxation (continued)

		30 June 2019 \$'000	30 June 2018 \$'000
3.6.2 Tax Assets and Liabilities	Section		
(a) Tax Assets			
Non-Current			
Deferred Tax Assets comprise			
Provisions	3.6.3(c)	4,671	3,980
Losses	3.6.3(c)	8,293	6,585
Other	3.6.3(c)	549	700
Total Non-Current Tax Assets		13,513	11,265
(b) Tax Liabilities			
Current			
Income tax		3,732	1,226
Total Current Tax Liabilities		3,732	1,226
Non-Current			
Deferred tax liability comprises:			
Depreciation		4,305	2,835
Other		20	123
Total Non-Current Tax Liabilities	3.6.3(b)	4,325	2,958

3.6.3 Reconciliations

(a) Gross Movements

The Overall Movement In the Deferred Tax Account is as Follows

Opening Balance	8,307	7,930
(Charge)/Credit To Income Statement	882	739
(Charge)/Credit To Equity	-	(362)
Closing Balance	9,189	8,307

(b) Deferred Tax Liabilities

The Movement In Deferred Tax Liabilities For Each Temporary Difference During the Year is as Follows:

Depreciation and Other:

Opening Balance	2,958	107
Charge/(Credit) To Income Statement	1,367	2,851
Charge/(Credit) To Equity	-	-
Closing Balance	4,325	2,958

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For the Year Ended 30 Jun 2019

3.6 Taxation (continued)

(c) Deferred Tax Assets

The Movement In Deferred Tax Assets For Each Temporary Difference During the Year is as Follows:

Provisions:

Opening Balance		3,980	3,611
Credit To Income Statement		691	369
Closing Balance	3.6.2(a)	4,671	3,980

Losses:

Opening Balance		6,585	3,596
(Charge)/Credit To Income Statement		1,708	2,989
Closing Balance	3.6.2(a)	8,293	6,585

Other:

Opening Balance		700	830
(Charge)/Credit To Income Statement		(151)	232
Charge/(Credit) To Equity		-	(362)
Closing Balance	3.6.2(a)	549	700

3.7 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.

	30 June 2019 \$'000	30 June 2018 \$'000
a. Reconciliation Of Earnings To Profit and Loss		
Profit	22,415	21,667
(Profit)/loss Attributable To Non-controlling Interest	(1,841)	1,928
Earnings Used To Calculate Basic EPS	20,574	23,595
Earnings Used in the Calculation of Dilutive EPS	20,574	23,595
Weighted Avg. No. of Ord. Shares Outstanding During the Year (Basic EPS)	268,008	260,428
Weighted Average Number of Dilutive Options Outstanding	2,592	3,115
Weighted Avg. No. of Ord. Shares Outstanding During the Year (Dilutive EPS)	270,600	263,543

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Section 4 Assets and Liabilities

This Section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 5. Current and deferred tax assets and liabilities are shown in Section 3.6.

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 60 days of recognition of the receivable.

		30 June 2019 \$'000	30 June 2018 \$'000
Trade and Other Receivables	Section		
Trade Debtors - Current		155,405	116,502
Debtors subject to Payment Arrangements - Current		20,244	8,185
Total Current		175,649	124,687
Debtors Subject to Payment Arrangements - Non-Current		15,139	39,165
Total Trade and Other Receivables	5.3	190,787	163,852
Loans to Other Companies			
Loans to Other Companies - Current		22,300	7,618
Loans to Other Companies - Non-Current		25,655	19,975
Total Loans to Other Companies	5.3	47,955	27,593
Available For Sale Financial Assets			
Shares in Listed corporations at Fair Value - Current		7,076	2,257
Shares in Listed corporations at Fair Value - Non-Current		6,514	2,179
Total Available For Sale Financial Assets	5.3	13,590	4,436

Credit risk

The Group has approximately 23.4% (2018: 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. Management of credit risk is discussed in Section 5.3 Financial Risk Management. The class 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. The Group holds first ranking security over the assets of both Blackham Resources Ltd and Carabella Resources Pty Ltd.

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4.1 Trade and Other Receivables (continued)

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

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

	Gross amount \$'000	Past due and impaired \$'000	Past due but not impaired \$'000	Within initial trade terms \$'000
30-Jun-2019				
Trade and Term Receivables	175,649	-	30,686	144,963
Other Receivables	15,139	-	15,139	-
Total Trade and Other Receivables	190,787	-	45,825	144,963

30-Jun-2018				
Trade and Term Receivables	124,687	-	5,301	119,386
Other Receivables	39,165	-	39,165	-
Total Trade and Other Receivables	163,852	-	44,466	119,386

	30 June 2019 \$'000	30 June 2018 \$'000
Financial Assets Classified as Loans and Receivables		
Trade and Other Receivables		
- Total Current	175,649	124,687
- Total Non-Current	15,139	39,165
	190,787	163,852

Other loans		
- Total Current	22,300	7,618
- Total Non-Current	25,655	19,975
	47,955	27,593

MACA Limited

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For the Year Ended 30 Jun 2019

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.

	30 June 2019 \$'000	30 June 2018 \$'000
Inventories and Work In Progress (WIP)		
Inventories	14,306	13,649
WIP	1,717	(2,023)
Total Inventories and Work in Progress (WIP)	16,023	11,626

4.3 Other Current Assets

	30 June 2019 \$'000	30 June 2018 \$'000
Other Current Assets		
Prepayments	894	544
Deposit	921	851
Total Other Current Assets	1,815	1,395

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.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

4.4 Property, Plant and Equipment (continued)

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 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 profit and loss statement 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 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%

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.

MACA Limited

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For the Year Ended 30 Jun 2019

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 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.

4.4 Property, Plant and Equipment (continued)

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 period are as follows:

	30 June 2019 \$'000	30 June 2018 \$'000
Plant and Equipment – at Cost	634,613	479,623
Accumulated Depreciation and Impairment	(403,198)	(372,355)
	231,415	107,268
Motor Vehicles – at Cost	10,005	12,436
Accumulated Depreciation	(7,311)	(9,283)
	2,694	3,153
Land and Building – at cost	3,272	3,272
Accumulated Depreciation	(464)	(440)
	2,808	2,832
Low Value Pool – at Cost	466	409
Accumulated Depreciation	(372)	(281)
	94	128
Leasehold Improvements – at Cost	2,591	2,529
Accumulated Depreciation	(1,322)	(1,125)
	1,269	1,404
Total plant and equipment	234,203	110,549
Total property, plant and equipment	238,280	114,785

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

4.4 Property, Plant and Equipment (continued)

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. The following trigger events have occurred at 30 June 2019:

- The carrying amount of the Group's net assets exceed the Company's market capitalisation

As a result, an assessment has been made of the recoverable amounts of each of the Mining and Crushing Cash Generating Units (CGU's) as at 30 June 2019 on a value in use basis. Both CGUs form part of the Group's core Mining Services operating segment. For this purpose, cash flows have been projected for 5 years from the continuing use of assets within each CGU as well as the disposal of any assets, and have been discounted using a pre-tax discount rate that reflects the assessed risks specific to the CGU's. Projected future cash flows from the continuing use of assets have been based on the current contracted work in hand plus, in the case of the Mining CGU, a modest allowance for estimated new work. No terminal growth rate has been applied to the Crushing CGU cash flows and a 2.3% terminal growth rate (beyond FY2024) has been applied to the Mining CGU cash flows. The pre-tax discount rates which have been applied to each of these CGU's are 16.6% and 17.7% respectively.

The assessment has resulted in no impairment to the plant and equipment employed both the Crushing CGU within the Mining CGU.

Key Assumptions used for value in use calculations

- EBITDA Margin
- Discount Rates
- Growth rates used to extrapolate cash flows beyond the forecast period
- Capital expenditure

The EBITDA Margin is based on management's best estimate taking into account past performance and expected market conditions. Working Capital has been adjusted to reflect the required working capital for the forecast future cashflows.

Capital expenditure has considered both required replacement capital and idle equipment which could be utilised to sustain the current Work in Hand schedule. Capital expenditure has been matched to depreciation levels in the terminal year.

Growth rates and discount rates applied are shown below.

Growth Rate

CGU	FY20	FY21	FY22	FY23	FY24	Terminal Year
Crushing	331.60%	6.80%	3.50%	2.90%	2.70%	0.00%
Mining	14.80%	2.30%	2.30%	2.30%	2.30%	2.00%

Discount Rate

CGU	Post-Tax Discount Rate	Pre-Tax Discount rate
Crushing	14.00%	16.60%
Mining	13.00%	17.72%

MACA Limited

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For the Year Ended 30 Jun 2019

4.4 Property, Plant and Equipment (continued)

Mining CGU

This CGU is included in the Mining Segment. The impairment test conducted at 30 June 2019 did not result in an impairment as the recoverable amount of the CGU exceeded the carrying value.

Sensitivity Analysis.

As disclosed above management have made judgements and estimates in respect of impairment testing of plant and equipment. Any adverse changes to key assumptions may result in a further impairment in the future. The sensitivities are as follows

- Revenue would need to decrease by 12% from the estimate used in the Value in Use calculation before Mining CGU plant and equipment would be impaired; or
- The discount rate would need to increase by 33% before Mining CGU plant and equipment would be impaired.

Crushing CGU

This CGU is included in the Mining Segment. The impairment test conducted at 30 June 2019 did not result in the CGU being impaired as the recoverable amount of the CGU exceeded the carrying value

Sensitivity Analysis.

As disclosed above management have made judgements and estimates in respect of impairment testing of plant and equipment. As the assets of the Crushing CGU have been written down to their carrying value, the sensitivities are as follows;

- Revenue would need to decrease by 39% from the estimate used in the Value in Use calculation before Crushing CGU plant and equipment would be impaired; or
- The discount rate would need to increase by 39% before Crushing CGU plant and equipment would be impaired.

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Sections to the Financial Statements

For the Year Ended 30 Jun 2019

4.4 Property, Plant and Equipment (continued)

	Plant and Equipment	Motor Vehicles	Land and Buildings	Leased Plant and Equipment	Low Value Pool	Leasehold Improv.	Total
Consolidated:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 Jul 17	120,826	3,589	2,761	-	273	1,456	128,905
Additions	38,767	564	123	-	-	168	39,622
Disposals	(6,589)	(211)	(31)	-	(74)	-	(6,905)
Reversal of Impairment	2,217	-	-	-	-	-	2,217
Forex movements	(2,963)	-	-	-	-	-	(2,963)
Depreciation expense	(44,990)	(789)	(21)	-	(71)	(220)	(46,091)
Balance at 30 Jun 18	107,268	3,153	2,832	-	128	1,404	114,785

	Plant and Equipment	Motor Vehicles	Land and Buildings	Leased Plant and Equipment	Low Value Pool	Leasehold Improv.	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 Jul 18	107,268	3,153	2,832	-	128	1,404	114,785
Additions	165,431	427	-	-	-	62	165,920
Disposals	(769)	(225)	-	-	(6)	-	(1,000)
Reversal of Impairment	-	-	-	-	-	-	-
Forex movements	1,238	-	-	-	-	-	1,238
Depreciation expense	(41,753)	(662)	(24)	-	(28)	(197)	(42,663)
Balance at 30 Jun 19	231,415	2,694	2,808	-	94	1,269	238,280

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.

MACA Limited

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For the Year Ended 30 Jun 2019

4.5 Intangible Assets (continued)

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.

	30 June 2019 \$'000	30 June 2018
Goodwill and Other Tangibles		
Carrying Value of Goodwill and Other Tangibles	3,187	3,187

Allocation of Goodwill to Cash Generating Unit

Goodwill is allocated to the Group'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	-	-
Goodwill Carrying Amount	3,187	3,187

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For the Year Ended 30 Jun 2019

4.5 Intangible Assets (continued)

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 2019 and 30 June 2018 were as follows:

- growth rate used to extrapolate cash flows beyond the forecast period: 2.5% (2018: 2.5%);
- pre-tax discount rate: 16.3% (2018: 16.6%); and
- divisional Revenue, EBIT, working capital adjustments and maintenance capital expenditure.

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.

		30 June 2019 \$'000	30 June 2018 \$'000
Payables	Section		
Current			
Unsecured Liabilities:			
Trade Creditors		69,263	45,723
Sundry Creditors and Accruals		18,679	18,897
Total Trade and Other Payables		87,942	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		87,942	64,620
- Total Non-Current		-	-
Total Trade and Other Payables	5.3	87,942	64,620

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.

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4.7 Provisions (continued)

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.

	30 June 2019 \$'000	30 June 2018 \$'000
Employee Entitlements	13,657	11,838
Movement in Provisions		
Opening Balance	11,838	10,402
Additional Provisions	8,598	13,236
Amounts Used	(6,779)	(11,800)
Closing balance	13,657	11,838

Section 5 Capital Structure and Financing Costs

This Section outlines how the Group 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 FY19, the Group complied with all the financial covenants of its borrowing facilities.

MACA Limited

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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.

		30 June 2019 \$'000	30 June 2018 \$'000
5.1.1 Cash and Cash Equivalents	Section		
	5.5	59,292	108,239
5.1.2 Cash Flow Information	Section		
Reconciliation of Cash Flow from Operations with Operating Profit After Tax			
Operating Profit After Income Tax		22,415	21,667
Non-cash Flows in Profit			
Depreciation and amortisation	3.3	42,663	46,092
Impairment		-	3,338
Net (Gain)/Loss on Disposal of Plant and Equipment		(630)	(2,010)
Net (Gain)/Loss on Disposal of Investments		216	212
Net (Gain)/Loss on Intangibles		-	-
Foreign Exchange (Gains)/Losses		(1,721)	(1,228)
Total Non-Cash Flows in Profit		40,528	46,404
Movements in Working Capital			
(Increase)/Decrease in Trade and Other Receivables		(27,372)	(58,825)
(Increase)/Decrease in Other Assets		(420)	(746)
(Increase)/Decrease in Inventories and Work-In-Progress		(4,397)	654
Increase/(Decrease) in Trade and Other Payables		23,322	1,119
Increase/(Decrease) in Income Tax Payable		2,506	(3,222)
Increase/(Decrease) in Deferred Tax Payable		(881)	195
Increase/(Decrease) in Provisions		1,818	1,437
Total Working Capital Movements		(5,423)	(59,389)
Net Cash Increase/(Decrease) from Operating Activities		57,521	8,682

5.1.3 Non-Cash Financing and Investing Activities

During the year the Group acquired \$76.6 million in plant and equipment (2018: \$19.5M) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

There were no business combinations for the year ended 30 June 2019 and 30 June 2018.

Shares Issued

During 2019 no shares were issued as a result of performance rights vesting to KMPs and other Executives (2018: 233,506). 1,486,053 performance rights vested via the MACA ERT Trust

Insurance Bonding and Bank Guarantee Facilities

The Group has insurance bonding and bank guarantee facilities totalling \$42 million. At 30 June 2019 the amount drawn on the facility was \$15.4 million (2018: \$14.9 million).

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

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 the statement of profit and loss in the period in which they are incurred.

		30 June 2019 \$'000	30 June 2018 \$'000
5.2.1 Financial Liabilities	Section		
Current			
Secured Liabilities			
Finance Lease Liability		42,272	14,991
Total Current Financial Liabilities	5.3	42,272	14,991
Non-Current			
Secured Liabilities			
Finance Lease liability		99,848	29,910
Total Non-Current Financial Liabilities	5.3	99,848	29,910
Finance Lease Liability		142,120	44,901
Total Current and Non-Current Secured Liabilities:	3.4(b)	142,120	44,901
Carrying Amounts of Non-Current Assets Pledged as Security		161,695	45,230

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, liquidity risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the 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 (if any), credit risk policies and future cash flow requirements.

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For the Year Ended 30 Jun 2019

5.3 Financial Risk Management (continued)

		30 June 2019 \$'000	30 June 2018 \$'000
Financial Assets	Section		
Cash and Cash Equivalents	5.1.1	59,292	108,239
Loans and Receivables			
— Trade and Other Receivables	4.1	190,787	163,852
— Other Loans	4.1	47,955	27,593
Available-for-Sale Financial Assets:			
— Listed Investments	4.1	13,590	4,436
Total Financial Assets		311,624	304,120
Financial Liabilities			
— Trade and Other Payables	4.6	87,942	64,620
— Borrowings	5.2.1	142,120	44,901
Total Financial Liabilities		230,062	109,521

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 60 days from the invoice date. The Group considers various debt recovery methodologies and has entered into repayment arrangements with Beadell Resources Ltd (Great Panther Mining Ltd) and Blackham Resources Ltd. Since the commencement of the arrangement in June 2018, Beadell Resources Ltd has reduced debt by \$33million as at the date of this report.

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 credit 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. In addition MACA is a secured debt holder of Blackham Resources Ltd and Carabella Resources Ltd. 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 6.6 Parent Entity Disclosures for details).

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For the Year Ended 30 Jun 2019

5.3 Financial Risk Management (continued)

The Group has approximately 23.4% (2018: 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. 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 remain within initial trade terms 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 & Poors 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 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.

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5.3 Financial Risk Management (continued)

Liquidity Risk (continued)

Financial Liability and Financial Asset Maturity Analysis		Within 1 Year		1 to 5 Years		Over 5 Years		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
	Section	'000	'000	'000	'000	'000	'000	'000	'000
Financial Liabilities Due for Payment									
Trade and Other Payables	4.6	87,942	64,620	-	-	-	-	87,942	64,620
Finance Lease Liabilities	5.2.1	42,272	14,991	99,848	29,910	-	-	142,120	44,901
Total Contractual Outflows		130,214	79,611	99,848	29,910	-	-	230,062	109,521
Total Expected Outflows		130,214	79,611	99,848	29,910	-	-	230,062	109,521
Financial Assets - Cash Flows Realisable									
Cash and Cash Equivalents	5.1.1	59,292	108,239	-	-	-	-	59,292	108,239
Trade and Other Receivables	4.1	175,649	124,687	15,139	39,165	-	-	190,787	163,852
Other Investments	4.1	29,376	9,875	32,169	22,154	-	-	61,545	32,029
Total Anticipated Inflows		264,317	242,801	47,308	61,319	-	-	311,624	304,120
Net (Outflow)/Inflow on Financial Instruments		134,103	163,190	(52,541)	31,409	-	-	81,562	194,599

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							
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	%	%
Financial Assets												
Cash	59,292	108,239	-	-	-	-	-	-	59,292	108,239	0.80	1.56
Trade, Other Receivables	-	-	20,244	8,185	15,139	39,165	155,405	116,502	190,787	163,852	6.4	6.8
Loans to Other Companies	-	-	22,300	7,618	25,655	19,975	-	-	47,955	27,593	9.5	10
Total Financial Assets	59,292	108,239	42,544	15,803	40,793	59,140	155,405	116,502	298,034	299,684		
Financial Liabilities												
Finance Lease	-	-	42,272	14,991	99,848	29,910	-	-	142,120	44,901	4.00	4.66
Trade and Other Payables	-	-	-	-	-	-	87,942	64,620	87,942	64,620	N/A	N/A
Total Financial Liabilities	-	-	42,272	14,991	99,848	29,910	87,942	64,620	230,062	109,521		

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5.3 Financial Risk Management (continued)

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.

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	Equity
	\$'000	\$'000
Year ended 30 Jun 2019		
+/- 2% in Interest Rates	+/- 10	+/- 10
+/- 10% in the Value of Listed Investments	+/- 1,359	+/- 1,359
+/- 10% in AUD/BRL Exchange Rate	+/- 1	+/- 451
+/- 10% in AUD/USD Exchange Rate	+/- 1,042	+/- 1,042
Year ended 30 Jun 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

5.4 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group 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.

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5.4 Financial Instruments (continued)

Classification and subsequent measurement

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

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

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

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

a. Financial assets at fair value through profit or loss

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

b. Loans and receivables

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

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

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.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

5.4 Financial Instruments (continued)

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.

5.5 Equity

	30 June 2019 \$'000	30 June 2018 \$'000
Issued Capital		
268,007,708 (2018: 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	234,343,334
Shares Issued During the Year		
- 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	268,007,708

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

5.5 Equity (continued)

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.

		30 June 2019 \$'000	30 June 2018 \$'000
	Section		
Total Borrowings	5.2.1	142,120	44,901
Less Cash and Cash Equivalents	5.1.1	(59,292)	(108,239)
Net Debt/(Cash)		82,828	(63,338)
Total Equity		332,666	320,835
Total Capital		415,494	257,497
Gearing ratio		20%	(25%)

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

5.6 Reserves

Accounting Policies

Equity Settled Employee Benefits Reserve

The equity-settled employee benefits reserve relates to performance rights granted by the Company to its Executives and employees under its Employee Long-Term Incentive Plan. Rights granted during the year were made via an Employee Share Trust and as a result there was no movement in the Equity Settled Employee Benefits 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.

Other Reserves

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.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

5.6 Reserves (continued)

		30 June 2019	30 June 2018
Reserves	Section	\$'000	\$'000
Equity-Settled Employee Benefits Reserve		590	590
Foreign Currency Translation Reserve	5.6(b)	(8,496)	(12,651)
Other Reserves	5.6(a)	(5,887)	(5,887)
Total Reserves		(13,793)	(17,948)
(a) Other Reserves			
Balance at the Beginning of the Year		(5,887)	(5,887)
Transactions with Members		-	-
Balance at the End of the Year		(5,887)	(5,887)
(b) Foreign Currency Translation Reserve			
Balance at the Beginning of the Year		(12,651)	(2,205)
Exchange Differences Arising on Translating the Foreign Operations		4,155	(10,446)
Balance at the End of the Year		(8,496)	(12,651)

5.7 Dividends

In respect of FY19, the Directors declared the payment of a Final Dividend of 2.5 cents per share fully franked to the holders of fully paid ordinary shares on the Company's register at 5th September 2019 with payment date of 20th September 2019

The amount of the Final Dividend is \$6.7 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.

	30 June 2019		30 June 2018	
Distributions Paid	Cents Per Share	\$'000	Cents Per Share	\$'000
Interim Dividend in Respect of FY19/FY18	0.020	5,360	0.030	8,040
Final Dividend in Respect of FY19/FY18	0.025	6,700	0.035	9,380
Total	0.045	12,060	0.065	17,421
Balance of franking account at year end		44,576		37,069

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

5.8 Share-Based Compensation

Options

There were no options issued for the year ended 30 June 2019. 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 2019 financial year 1,473,586 (2018: 972,231) performance rights were granted under the Group's Performance Rights Plan and 209,941 (2018: 334,637) performance rights were forfeited. Subject to the achievement of designated performance hurdles, these performance rights will vest in June 2021. As at 30 June 2019 there were 2,235,877 (2018: 2,014,485) performance rights outstanding.

The following performance rights arrangement was in existence at 30 June 2019:

	Number	Expiry Date
Unlisted Performance Rights	972,231	30-Jun-20
Unlisted Performance Rights	1,263,646	30-Jun-21
	2019	2018
	Number	Number
Outstanding at the Beginning of the Year	2,014,485	3,096,450
Granted	1,473,586	972,231
Vested	-	(233,506)
Cancelled or Expired	(1,252,194)	(1,820,690)
Outstanding at the End of the Year	2,235,877	2,014,485

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 2019 was \$0.66 per right. Payments were made to the MACA ERT Trust for delivery of shares under the Performance Rights Plan. Inputs used to determine the fair value of performance rights granted during the year ended 30 June 2019 were:

- Share price \$1.19 being the 30 day VWAP of the Company on the last trading day prior to 30 June 2018
- Exercise price: Nil
- Volatility: 44.08%
- Option life: 3 years
- Dividend yield: 5.1%
- Risk Free Rate 2.07%

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

Section 6 Other

6.1 Business Combinations

Accounting Policies

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.

Refer 4.5 Intangible Assets for treatment and calculation of goodwill.

There were no business combinations during the year ended 30 June 2019 and 30 June 2018.

6.2 Controlled Entities

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

	Country of Incorporation	Percentage Owned (%)	
		30 June	30 June
		2019	2018
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%
OPMS Cambodia Co Ltd	Cambodia	100%	-

MACA Limited

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For the Year Ended 30 Jun 2019

6.3 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 will be provided in the Remuneration Report included in the Director's Report in the 2019 Annual Report.

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

	30 June 2019 \$'000	30 June 2018 \$'000
Short-Term Employee Benefits	4,187	4,186
Post-Employment Benefits	196	192
Other Long-Term Benefits	-	-
Long-Term Incentive Payments	798	707
Total Remuneration	5,181	5,085

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

6.3 Related Party Transactions (Cont)

Controlled Entities

Interests in controlled entities are set out Section 6.2.

During the year, funds have been advanced between entities within the Group 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.

Key Management Person and/or Related Party	Transaction	30 June 2019 \$'000	30 June 2018 \$'000
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.	1,520	1,599
Kirk Mining Consultants - a company controlled by current director Mr L.Kirk.	Expense - Mining consulting fees	10	48
Hensman Properties Pty Ltd - a company controlled by current director Mr R.Ryan.	Expense - Consulting fees	5	44
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.	2,702	2,381
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

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.	195	264
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MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

6.4 Contingent Liabilities

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 Jun 2019:	\$15.4 million	30 Jun 2018:	\$14.9 million
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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 Group.

6.5 Events After Balance Sheet Date

The Directors have recommended a final dividend payment of 2.5 cents per share. Refer to Section 5.7 for details.

Subsequent to the year end, the following major contracts have been awarded to the Group:

- Award of Karratha / Tom Price Road Contract by Main Roads Western Australia which is expected to generate revenue of \$81 million; and
- Award of Shepparton Alternative Route Roundabout Upgrades Contract by VicRoads which is expected to generate revenue of \$10 million.

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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

MACA Limited

Sections to the Financial Statements

For the Year Ended 30 Jun 2019

6.6 Parent Entity Disclosures

The following information has been extracted from the books and records of the Company and has been prepared in accordance with Accounting Standards

	30 June 2019 \$'000	30 June 2018 \$'000
Statement of Financial Position		
Assets		
Current Assets	46,761	85,310
Total Assets	380,157	375,418
Liabilities		
Current Liabilities	4,498	2,148
Total Liabilities	4,498	2,148
Equity		
Issued Capital	362,212	362,212
Reserves	707	707
(Accumulated Losses) / Retained Profits	12,739	10,351
Total Equity	375,659	373,270
Statement of Financial Performance		
Profit For the Year (Including Interco Dividends)	17,128	22,852
Total Comprehensive Income	17,128	22,852

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.