



MACA Limited and its Controlled Entities
ABN 42 144 745 782

Half Year Financial Report and Appendix 4D
31 December 2019



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ABN 42 144 745 782

Half Yearly Financial Report
31 December 2019

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Section 1 Commentary - HY20 Accounts and Results Discussion

MACA Limited ('MACA') (ASX: MLD) is pleased to advise that it has delivered a half year net profit after tax attributable to members at December 2019 of \$12.0 million (up 48% on pcp) on revenue of \$364 million (up 12% on pcp). Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was \$54.4 million (up 97% on pcp). The result is consistent with the previously advised FY20 EBITDA guidance of \$104 to \$110 million (excluding the impact of forex losses).

Results Summary

FY20 Half Year Results	31 December 2019	31 December 2018	Movement
Revenue	\$363.5m	\$324m	12%
EBITDA	\$54.4m	\$27.6m	97%
EBIT	\$17.6m	\$10.1m	74%
Net Profit After Tax attributable to Members	\$12.0m	\$8.1m	48%
Contracted Work in Hand (Including MOU)	\$2.4b*	\$2.0b	19%
Operating Cash Flow	\$29.4m	\$18.8m	56%
Earnings per share - basic	4.47 cents	3.02 cents	48%
Dividends per share (fully franked)	2.5 cents	2 cents	25%

*as at Feb20

The board has resolved to pay an interim dividend of 2.5 cents per share. This recognises the expected cash needs of the business balanced with future funding requirements. The dividend will be fully franked and will be payable on 19 March 2020 to eligible shareholders who are recorded on the Company's register as at the record date of 9 March 2020.

Mining

During the half MACA continued contract mining operations for Regis Resources at the Duketon South and Duketon North operations, for Ramelius Resources at the Mt Magnet operations, for Pilbara Minerals at the Pilgangoora project, for Blackham Resources at the Matilda project and at Bluff Coal in North East Queensland for Carabella Resources. Subsequent to award in November 2019 of the Ravensthorpe project for FQM Nickel Australia, mobilisation is substantially complete and mining operations have commenced.

Internationally MACA has ceased operations for Avanco Resources (now fully owned by Oz Minerals) at the Antas project in Brazil and is currently working on disposing of and relocating of assets to other operations. Development of the Okvau mine for Emerald Resources in Cambodia continues with MACA preparing to gear up for a commencement nearing the end of CY20.

Crushing

In our crushing division the first half included continuation of crushing and screening works for BHP at Mining Area C and Eastern Ridge and crushing of stemming materials for BHP's Western Australian Iron Ore operations in the Pilbara. Atlas Iron awarded MACA a contract for the provision of crushing and screening at their Mt Webber operations.

Civil and Infrastructure

During the half MACA Civil in Western Australia was awarded and commenced the Karratha / Tom Price Road for Main Roads Western Australia. The project is expected to generate revenue of \$81m for MACA and is due to be completed in 2020. The scope of work includes the construction and sealing of a 45km section of road. MACA was also awarded the Bulk Earthworks for Access Roads and Infrastructure contract for the Iron Bridge Magnetite Project, a joint venture between Fortescue Metals Group Ltd subsidiary FMG Iron Bridge and Formosa Steel IB Pty Ltd. The contract is expected to generate revenue of \$26m for MACA, and includes general earthworks for camp expansion, construction of a 26km mine access road, construction of the explosive facility and access road and a further 23km of road upgrade.

MACA's Victorian-based Civil and Infrastructure business was awarded numerous contracts in the 1H 20 period, including a \$10m construction contract for the Shepparton Alternative Route Roundabout Upgrade, a \$10m construction contract for the Bacchus Marsh Road Stage 2A Safety Improvements, the Midland Hwy – Buninyong Road "Towards Zero" package and additional minor works contracts with VicRoads and Local Victorian shires totalling approximately \$10m. Subsequent to the period end, further works in Victoria have been awarded including a \$17m Civil and Safety Barrier Works package on the Princes Highway.

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

MACA Interquip

In September MACA Interquip completed the installation of a new semi-autogenous grinding (SAG) mill and refurbishment of an existing processing plant for Adaman Resources at Kirkalocka– value of works \$30 million. MACA Interquip has entered into a longer term contract for the provision of maintenance services at this site. Tank upgrade works were carried out for Saracen Minerals at the Carosue operations and the design, build and successful trial of a water vapour dust machine used for dust suppression at several BHP sites is creating interest.

MACA Interquip refurbished and installed the Mt Webber crushing circuit (2 Mtpa) and was awarded the Atlas Iron Safety Award for the 6 week build programme.

Working Capital

MACA notes that the Great Panther debt as at December 2019 is now \$19.8m with 16 monthly repayments remaining. The working capital facility and secured loan provided to Blackham Resources matures at the end of February 2020 which is expected to deliver an improvement to working capital in the second half. The \$25m working capital facility with Carabella Resources remains outstanding and is repayable from free cashflows from the project. As a result of a depressed PCI coal price MACA also extended trading terms to Carabella. The client has committed to an equity injection which, together with an improved PCI coal price will result in a working capital unwind in the second half of FY20. Both the working capital facility and the receivables amount are secured over the project assets and subject to a parent company guarantee (refer Section 4.4).

MACA's cash balance as at December 2019 was \$76.9m with net debt of \$81.8m (which includes \$13.0m of operating leases recognised under AASB 116).

People

MACA's total workforce (including contractors) has increased from 1,741 to over 1,950 people at December 2019. Recruitment and training of this increased workforce is a credit to our support team where experienced people are in short supply, with 11% of our workforce currently enrolled in formal training programs, including apprenticeships, traineeships and leadership and graduate programs. A strong culture and commitment to the MACA brand has contributed to the successful delivery of quality projects.

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

Operating Cash Flow and Capital Expenditure

Operating cash flow for the period ending 31 December 2019 was \$29.4 million. Operating cashflow is expected to be stronger in the second half of FY20 as client loan positions unwind. Capital expenditure for the first half of FY20 was \$42 million relating to plant and equipment. Capital commitments for the second half of FY20 are currently \$52.1m, predominately relating to the Ravensthorpe project. Capital equipment purchases were funded by a combination of cash and equipment finance contracts.

Interim Dividend

The directors have determined to pay a fully franked interim dividend of 2.5c per share with a record date of 9 March 2020 and payment date of 19 March 2020. The total of dividends paid during the half was \$6.7 million (2018: \$9.3 million).

Events Subsequent to Balance Date

Subsequent to the end of the reporting period MACA has made the following announcements to the market.

- The closure of Brazilian operations resulting in a \$2m impairment included in the half year result (refer to ASX announcement dated 21 January 2020).
- The appointment of Mike Sutton as Chief Executive Officer following the resignation of Chris Tuckwell, and the appointment of Chris Sutherland as a Non-Executive Director (refer ASX announcement "Board and Management Changes" dated 20 February).

In addition to the above, MACA announces the award of the Greenfinch open pit mining contract by Ramelius Resources. MACA will provide load and haul and drill and blast services to Ramelius Resources, which is expected to generate \$41m of revenue over the 16 month term with operations commencing in March 2020.

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

Future Developments and Prospects

Activity within the mining sector remains strong and MACA believes it is well placed to benefit from the opportunities available and consolidation within the contracting space. With the current Work In Hand position at \$2.4 billion and near term tendered opportunities we expect to be able to continue to grow in the coming years. The Civil and Infrastructure divisions are expected to deliver significant revenue growth in the second half, with improved operational delivery to contribute to profitability. MACA is selectively identifying further development opportunities and is well positioned to deliver quality services to customers in the mining, civil and infrastructure and SMP sectors.

With the recent mining services win in the Goldfields Esperance region with FQM Australia Nickel at Ravensthorpe, further civil construction awards in Victoria and with Work In Hand now at \$2.4 billion, we reaffirm the previous revenue guidance of \$770 million and EBITDA guidance of \$104 - \$110M for the full year.

Closing Remarks

In leaving the business I would like to take this opportunity to personally thank all of our clients present and past as they are important stakeholders in this business, the shareholders we have had since listing in 2010, and the dedicated executive team and staff that make MACA a great business and great place to be.

Yours sincerely

Chris Tuckwell

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

ABN or equivalent company reference

42 144 745 782

Half year ended ('current period')

31-December-2019

Half year ended ('previous period')

31-December-2018

2.1 Results for Announcement to the Market

	% change	2019 \$'000
Revenue from ordinary activities	Up 12%	363,514
Profit after tax from ordinary activities attributable to members	Up 48%	11,975
Total Comprehensive Income for the period attributable to members	Up 14%	13,656

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

2.2 Individual and Total Dividends Per Security

Dividends	Amount per Share	Franked amount per share
Final dividend for 2019	2.5 cents	2.5 cents
Interim dividend for 2020	2.5 cents	2.5 cents

The Directors have determined to pay an interim dividend based on the December 2019 half year result of 2.5c per share.

The Company paid a final fully franked dividend for the 2019 financial year of 2.5 cents per share on 20 September 2019.

The record date for entitlement to the interim dividend is 9 March 2020.

The payment date for the interim dividend is 19 March 2020.

2.3 Dividend Reinvestment Plans

There was no dividend reinvestment plan in place at 31 December 2019.

2.4 NTA backing

	31 December 2019	31 December 2018
Net tangible asset backing per ordinary security	121.85 cents	119.90 cents

2.5 Control gained over entities

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

2.5.1 Loss of control over entities

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

2.6 Details of associates and joint venture entities

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

2.7 Commentary on results for the period

Refer covering commentary

2.8 Statement of compliance in regards to audit

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

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

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

N/A

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

N/A



Managing Director, CEO

Dated at PERTH this 24th day of February 2020.

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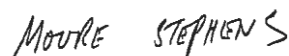
**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF MACA LIMITED**

As lead auditor for the review of MACA Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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



SL TAN
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2020

MACA Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half-Year Ended 31 December 2019

		31 December 2019 \$'000	31 December 2018 \$'000
	Section		
Revenue	3.1(a)	363,514	323,993
Other Income	3.1(b)	20,414	14,296
Direct Costs		(346,692)	(315,638)
Finance Costs		(2,916)	(899)
Impairment Brazil		(2,000)	-
Fair Value Gains / (Losses) on Financial Assets		(113)	(870)
Foreign Exchange Gains / (Losses)		(2,913)	897
Other Expenses from Ordinary Activities		(11,775)	(8,847)
Profit Before Income Tax		17,519	12,932
Income Tax Expense		(5,201)	(3,881)
Profit for the period		12,318	9,051
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations		1,681	3,876
Total Comprehensive Income for the period		13,999	12,927
Profit / (Loss) Attributable to:			
- Non-Controlling Interest		343	968
- Members of the Parent Entity		11,975	8,083
		12,318	9,051
Total Comprehensive Income Attributable to:			
- Non-Controlling Interest		343	968
- Members of the Parent Entity		13,656	11,959
		13,999	12,927
Earnings per Share:			
- Basic Earnings per Share (cents)	3.5	4.47	3.02
- Diluted Earnings per Share (cents)	3.5	4.40	2.97

The accompanying Sections form part of these Financial Statements

MACA Limited

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

		31 December 2019 \$'000	30 June 2019 \$'000
Current Assets	Section		
Cash and Cash Equivalents	5.1	76,855	59,292
Trade and Other Receivables	4.1	198,064	175,649
Loans to Other Companies	4.1	5,925	22,300
Inventory	4.2	15,741	14,306
Work In Progress	4.2	4,658	1,717
Financial Assets	4.1	653	7,076
Other Assets	4.3	3,034	1,815
Total Current Assets		304,930	282,155
Non-Current Assets			
Trade and Other Receivables	4.1	8,275	15,139
Property, Plant and Equipment*	4.4	257,119	238,280
Loans to Other Companies	4.1	26,841	25,655
Financial Assets	4.1	-	6,514
Goodwill		3,187	3,187
Deferred Tax Assets		9,868	13,513
Total Non-Current Assets		305,290	302,288
Total Assets		610,220	584,443
Current Liabilities			
Trade and Other Payables	4.5	94,110	87,942
Interest Bearing Liabilities	5.2	45,286	42,272
Current Tax Liabilities		3,225	3,732
Short-Term Provisions		14,596	13,658
Total Current Liabilities		157,217	147,604
Non-Current Liabilities			
Deferred Tax Liabilities		290	4,325
Interest Bearing Liabilities	5.2	113,393	99,848
Total Non-Current Liabilities		113,683	104,173
Total Liabilities		270,900	251,777
Net Assets		339,320	332,666
Equity			
Issued Capital	5.3	269,806	269,806
Reserves		(12,112)	(13,793)
Retained Profits		78,168	73,496
Parent Interest		335,862	329,509
Non-Controlling Interest		3,458	3,157
Total Equity		339,320	332,666

*Includes Right-Of-Use Assets

The accompanying Sections form part of these Financial Statements

MACA Limited

Condensed Consolidated Statement of Changes in Equity

For The Half-Year Ended 31 December 2019

	Issued Capital	Retained Profits	Outside Equity Interest	General Reserves	Option Reserve	FX Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Jul 2018	269,806	67,661	1,316	(5,887)	590	(12,651)	320,835
Profit / (Loss) for the Period	-	8,083	968	-	-	-	9,051
SUBTOTAL	269,806	75,744	2,284	(5,887)	590	(12,651)	329,886
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	3,876	3,876
SUBTOTAL	269,806	75,744	2,284	(5,887)	590	(8,775)	333,762
Shares Issued	-	-	-	-	-	-	-
Options / Rights Issued	-	-	-	-	-	-	-
Dividends Paid	-	(9,380)	-	-	-	-	(9,380)
Balance at 31 Dec 2018	269,806	66,364	2,284	(5,887)	590	(8,775)	324,382
Balance at 1 Jul 2019	269,806	73,496	3,157	(5,887)	590	(8,496)	332,666
Effect of AASB16	-	(603)	(42)	-	-	-	(645)
Restated Balance at 1 Jul 2019	269,806	72,893	3,115	(5,887)	590	(8,496)	332,021
Profit/(Loss) for the Period	-	11,975	343	-	-	-	12,318
SUBTOTAL	269,806	84,868	3,458	(5,887)	590	(8,496)	344,339
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	1,681	1,681
SUBTOTAL	269,806	84,868	3,458	(5,887)	590	(6,815)	346,020
Shares Issued	-	-	-	-	-	-	-
Options / Rights Issued	-	-	-	-	-	-	-
Dividends Paid	-	(6,700)	-	-	-	-	(6,700)
Balance at 31 Dec 2019	269,806	78,168	3,458	(5,887)	590	(6,815)	339,320

The accompanying Sections form part of these Financial Statements

MACA Limited

Condensed Consolidated Statement of Cash Flows

For The Half-Year Ended 31 December 2019

		31 December 2019 \$'000	31 December 2018 \$'000
	Section		
Cash Flows from Operating Activities			
Receipts from Customers		343,665	311,246
Payments to Suppliers and Employees		(306,903)	(289,781)
Dividends Received		-	-
Interest Received		1,672	3,780
Interest Paid		(2,916)	(506)
Income Tax Paid		(6,098)	(5,953)
Net Cash Provided By / (Used In) Operating Activities		29,420	18,786
Cash Flow from Investing Activities			
Proceeds from Sale of Investments		19,634	2,079
Proceeds from Sale of Property, Plant and Equipment		3,527	372
Purchase of Property, Plant and Equipment*		(20,354)	(74,695)
Net Loans Repaid by / (Provided to) Customers		16,593	(6,900)
Net Cash Consideration for Acquisition of Subsidiaries		-	-
Purchase of Investments		(5,435)	(1,500)
Net Cash Provided by / (Used In) Investing Activities		13,965	(80,644)
Cash Flow from Financing Activities			
Net Proceeds from Share Issue		-	-
Proceeds from Borrowings*		3,462	43,957
Repayment of Borrowings		(22,662)	(10,746)
Dividends Paid by the Parent		(6,700)	(9,380)
Net Cash Provided by / (Used in) Financing Activities		(25,900)	23,831
Net Increase / (Decrease) in Cash Held		17,485	(38,027)
Effect of Forex Rate Changes on Cash and Cash Equivalents		78	1,404
Cash and Cash Equivalents at the Beginning of Financial Period		59,292	108,239
Cash and Cash Equivalents at the End of Financial Period	5.1	76,855	71,616

* Non-Cash Financing Activities

During the half year ended 31 December 2019 the Group acquired \$22 million in plant and equipment by means of finance leases. These acquisitions were not reflected above.

The accompanying Sections form part of these Financial Statements

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Reporting Entity

MLD is a limited company incorporated in Australia. The addresses of the Company's registered office and principal places of business are disclosed in the Corporate Directory. The principal activities of the Company are described in the Directors' Report contained in the Annual Report for the year ended 30 June 2019 and the commentary to this report.

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest interim financial statements of MACA Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

All figures shown are rounded to the nearest thousand and therefore minor discrepancies may arise from addition of these amounts.

These interim financial statements were authorised for issue on 24th Feb 2020.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for those as described in the note below.

New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

a. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group, where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

a. Leases (continued)

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

b. Initial Application of AASB 16: Leases

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 and as such has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising under AASB 16 are therefore recognised in the opening balance sheet on 1 July 2019.

The Group has recognised a lease liability and right-of-use asset for all leases, except for the short-term and low-value leases which are recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured at the carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019.

The right-of-use assets for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

b. Initial Application of AASB 16: Leases (continued)

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4%.

The effect of the application of AASB 16 in respect to the operating lease under AASB 117 on the statement of financial position on 1 July 2019 was as follows:

	1 July 2019 \$'000
Right-of-Use Assets (net of accumulated depreciation of \$3.04m)	13,138
Total impact on assets	13,138
Lease Liabilities	13,783
Total impact on liabilities	13,783
Net impact on retained earnings	(645)

Refer to Sections 3.4, 4.4 and 5.2 for details of the impact on the financial statements.

Critical Accounting Estimates and Judgements

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

Key Estimates and Judgements

Impairment - Property, Plant and Equipment

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.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Key Estimates and Judgements (continued)

Impairment - Trade and Other Receivables and Loans to Other Companies

As at 31 December 2019, the Group's trade and other receivables and loans to other companies amounted to \$239.11m.

Based on the Group's historical credit loss experience, trade receivables and loans to other companies exhibit different loss patterns for each revenue segment. Where the Group has common customers across the different geographical regions it applies credit evaluations firstly by segment. Receivables identified within each revenue segment, are then evaluated on an individual basis, where payment profiles exceed 12 months. There were no receivables exceeding 12 months that were considered material and impaired.

Further, management has determined that there were no receivables less than 12 months that were considered impaired. In the assessment of loans to other companies, no overdue payments were outstanding for greater than 12 months and loans to both Carabella Resources Pty Ltd and Blackham Resources Ltd have first ranking securities over the respective company assets. Refer section 4.1.

No impairment for trade and other receivables nor loans to other companies was recognised as at 31 December 2019.

Impairment - Brazil

The Group has announced, subsequent to the half-year ended 31 December 2019, it will cease operations in Brazil. The full financial impact of the cessation of operations will be reported in the 30 June 2020 annual financial statements. The Group has assessed an impairment of approximately \$2m as at 31 December 2019, in relation to the inventory and property, plant and equipment.

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.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 3 Results for the period

3.1 Revenue

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

Accounting Policies

Revenue recognition

Under AASB 15, revenue is recognised when the performance obligations are considered met, which can be at a point in time, or over time, depending on the various service offerings. Major activities of the Group are detailed below.

Contract Services

Contracts for services includes contract mining, drill and blast, excavation, earthmoving, crushing, infrastructure and road construction and maintenance.

The relevant performance obligations are fulfilled over time as the Group enhances assets which the customer controls, for which the Group does not have an alternative use and for which the Group has a right to payment for performance to date and as such revenue is recognised over time.

Revenue is measured and recognised monthly using the outputs method, either based on units of production (typically for contract mining services, which is the largest segment in the Group) or on the achievement of milestones (generally for civil and infrastructure projects) at agreed contract rates that are aligned with the stand alone selling prices for each performance obligation. The majority of the Group's revenue (i.e. in respect of mining services) is paid one month in arrears and therefore gives rise to a process of invoicing or accruing revenue monthly, based on the achievement of contractually agreed production related measures, as noted above.

For rental of equipment, as the customer simultaneously receives and consumes the benefits, the Group has an enforceable right to payment, based on agreed contract rates, and as such the performance obligation is fulfilled over time.

The total transaction price for contract services may include variable consideration. Variable consideration is only recognised and recorded in the accounts to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Sale of Inventory

Revenue recognised at a point in time is only 1% of the Group's trading revenue. This is noted under note 3.2 Operating Segments and refers only to Interquip revenues of which 23% of their trading revenues comprise the sale of inventory. At the point of recognising the revenue the Group has agreed the price of the transaction, transferred the physical asset and the customer has accepted control of the asset and its intended use of the asset.

Other revenue

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

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

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

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 3.1 Revenue (continued)

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

	31 December	31 December
	2019	2018
	\$'000	\$'000
3.1(a) Revenue from Operating Activities		
Contract Trading Revenue	358,823	320,129
Interest Received	2,859	3,780
Other Revenue	1,832	84
Total Revenue from Operating Activities	363,514	323,993
3.1(b) Other Income		
Profit / (Loss) on Disposal of Property, Plant and Equipment	2,529	251
Reversal of Impairment	-	-
Profit / (Loss) on Sale of Investments	1,341	545
Rebates	16,544	13,500
Total Other Income	20,414	14,296

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 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.

During the reporting period, the Group operated in three business and two geographical segments, being the provision of civil, SMP and contract mining services in Australia and Brazil, South America. Subsequent to the end of the reporting period, the Group has ceased the operations in Brazil.

Consolidated - 31 December 2019	Mining \$'000	Civil / Infra \$'000	Interquip \$'000	Unallocated \$'000	Total \$'000
Revenue					
Total Reportable Segment Revenue	280,692	59,180	21,846	1,796	363,514
Other Revenue	19,033	-	2	1,379	20,414
Total Revenue	299,725	59,180	21,848	3,175	383,928
EBITDA*					
Depreciation and Amortisation	(33,651)	(650)	(499)	-	(34,800)
Impairment	(2,000)	-	-	-	(2,000)
Interest Revenue	1,506	8	4	1,341	2,859
Finance Costs	(2,797)	(83)	(24)	(12)	(2,916)
Profit / (Loss) Before Income Tax Expense	14,008	355	1,184	1,972	17,519
Income Tax Expense					(5,201)
Profit After Income Tax Expense					12,318
Assets					
Segment Assets	479,877	53,681	25,852	50,810	610,220
Total Assets					610,220
Liabilities					
Segment Liabilities	232,013	27,693	7,090	4,104	270,900
Total Liabilities					270,900
Capital Expenditure	41,405	650	274	-	42,329

*EBITDA is Earnings Before Income Tax, Depreciation and Amortisation

23% of Interquip segment revenue has been derived at a point in time. This represents only 1% of the Group's total trading revenue. All other Group revenue is derived over time.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 3.2 Operating Segments (continued)

Consolidated - 31 December 2018	Mining \$'000	Civil / Infra \$'000	Interquip \$'000	Unallocated \$'000	Total \$'000
Revenue					
Total Reportable Segment Revenue	219,777	77,009	25,869	1,338	323,993
Other Revenue	13,759	(9)	1	545	14,296
Total Revenue	233,536	77,000	25,870	1,883	338,289
EBITDA*	21,542	1,785	3,795	458	27,580
Depreciation and Amortisation	(16,693)	(493)	(344)	-	(17,530)
Impairment	-	-	-	-	-
Interest Revenue	2,416	10	17	1,338	3,781
Finance Costs	(792)	(96)	(11)	-	(899)
Profit / (Loss) Before Income Tax Expense	6,473	1,206	3,457	1,796	12,932
Income Tax Expense					(3,881)
Profit After Income Tax Expense					9,051
Assets					
Segment Assets	369,484	27,359	25,882	67,977	490,702
Total Assets					490,702
Liabilities					
Segment Liabilities	132,036	23,924	9,196	1,163	166,319
Total Liabilities					166,319
Capital Expenditure	79,147	405	390	-	79,942
Geographical Information	Revenue		Non-Current Assets		
	2019	2018	2019	2018	
	\$'000	\$'000	\$'000	\$'000	
Australia	353,268	309,586	279,058	189,355	
Brazil	10,246	14,407	26,232	46,116	
Total	363,514	323,993	305,290	235,471	

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 3.2 Operating Segments (continued)

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 36.2%, 13.2% and 7.3% of external revenue. (2018: 34.5%, 9% and 6.7%). The next most significant client accounts for 6.6% (2018: 6.7%) of external revenue.

3.3 Operating Costs from Continuing Operations	31 December 2019 \$'000	31 December 2018 \$'000
Expenses		
Depreciation and Amortisation		
– Plant and Equipment	33,552	17,053
– Motor Vehicles	229	347
– Other	1,019	130
Total Depreciation and Amortisation Expense	34,800	17,530
Total Employee Benefits Expense	142,873	141,185
Repairs, Service and Maintenance	28,026	27,679
Materials and Supplies	54,054	64,307

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 3.4 Capital and Leasing Commitments

Accounting Policies

Leases

AASB 16 Leases has been adopted by the Group at 1 July 2019 and contains significant changes to the accounting treatment of leases around how to recognise, measure and disclose. These are detailed in the Changes in Accounting Policies Note, Note 4.4 and 5.2. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, with exception of short term (less than 12 months) and low value leases.

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

	31 December	30 June
	2019	2019
	\$'000	\$'000
(a) Operating Lease Commitments		
Non-cancellable Operating Leases Contracted For but Not Capitalised in the accounts:		
Payable — Minimum Lease Payments		
– Not Later Than 12 Months	36	2,979
– Between 12 Months and 5 Years	-	8,816
– Greater Than 5 Years	-	4,268
Total Operating Lease Commitments	36	16,063
(b) Capital Expenditure Commitments		
Plant and Equipment Purchases	52,126	21,100
Payable		
– Not Later Than 12 Months	52,126	21,100
– Between 12 Months and 5 Years	-	-
– Greater Than 5 Years	-	-
Minimum Commitments	52,126	21,100

\$52.13M of commitments for plant and equipment expenditure existed at 31 December 2019 (30 June 2019: \$21.1M).

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

3.5 Earnings per Share

Accounting Policies

Basic EPS

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

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.

	31 December 2019 \$'000	31 December 2018 \$'000
a. Reconciliation of earnings to profit / (loss)		
Profit for the period	12,318	9,051
(Profit) / loss attributable to Non-Controlling Interest	(343)	(968)
Earnings used to calculate Basic EPS	11,975	8,083
Earnings used in the calculation of Dilutive EPS	11,975	8,083
b. Weighted Avg. No. of Ord. Shares Outstanding During the Period (Basic EPS)	268,008	268,008
Weighted Avg. No. of Dilutive Options Outstanding During the Period	4,142	4,322
Weighted Avg. No. of Ord. Shares Outstanding During the Period (Dilutive EPS)	272,150	272,330

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 4 Assets and Liabilities

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

4.1 Trade and Other Receivables, Loans to Other Companies and Financial Assets

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.

	31 December 2019 \$'000	30 June 2019 \$'000
Trade and Other Receivables		
Current		
Trade Debtors	185,125	155,405
Debtors subject to Payment Arrangements - Current	12,939	20,244
	198,064	175,649
Non-Current		
Debtors Subject to Payment Arrangements - Non-Current	8,275	15,139
Total Trade and Other Receivables	206,339	190,788
Loans to Other Companies		
Loans to Other Companies - Current	5,925	22,300
Loans to Other Companies - Non-Current	26,841	25,655
Total Loans to Other Companies	32,766	47,955
Financial Assets - Fair Value Through Profit or Loss		
Shares in Listed corporations at Fair Value - Current	653	7,076
Shares in Listed corporations at Fair Value - Non-Current	-	6,514
Total Financial Assets - Fair Value Through Profit or Loss	653	13,590

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

4.1 Trade and Other Receivables, Loans to Other Companies and Financial Assets (continued)

Credit risk

The Group has approximately 33% (30 June 2019: 23.4%) of credit risk with a single counterparty or group of counterparties. Failure or default of a major counterparty would have a material impact on earnings. The classes of assets described as Trade and Other Receivables and Loans to Other Companies are considered to be the main source of credit risk related to the Group.

The total receivables amount owing from Carabella Resources Pty Ltd ("Carabella") as at 31 December 2019 was \$52m. The additional \$25m working capital facility with Carabella remains outstanding and is repayable from free cashflows from the project. As a result of the depressed PCI Coal Price MACA has extended the trading terms to Carabella. Directors of Carabella and its parent company have committed to an equity injection which will result in a working capital unwind in the second half of FY2020. Both the loan and receivables are secured over the project assets and subject to its parent company guarantee, which is expected to be sufficient to cover the exposure of receivables and the loan.

The Group also holds first ranking security over the assets of Blackham Resources Ltd, which is expected to be sufficient to cover the exposure in respect of the Trade Receivables and Loans to Other Companies totalling \$22m.

The Group applies the simplified approach to provide for the Expect Credit Loss ("ECL") for all trade receivables. The simplified approach required the loss allowance to be measured at an amount equal to the lifetime ECL.

The Group uses a provision matrix to measure the lifetime ECL allowance for trade receivables. In measuring the ECL, trade receivables are grouped based on shared credit risk characteristics and days past due.

Internal Rating Grades	Definition	Basis for Recognition and Measurement of ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-mth ECL
Under-Performing	There has been a significant increase in credit risk since initial recognition	Lifetime ECL (not credit-impaired)
Non-Performing	There is evidence indicating that the asset is credit-impaired	Lifetime ECL (credit-impaired)

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjust for forward looking macroeconomic data.

The Group considers the trade receivables as in default when the counterparty fail to make contractual payments for a prolonged period of time when they fall due, and the Group may also consider financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet their obligations. Trade receivables are written off when there is no reasonable expectation of recovering the contractual cash flow. When trade receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the debts. Where recoveries are made, these are recognised in profit or loss.

Management has assessed and concluded that the ECL rate for trade receivables past due and less than 1 year approximates Nil and is immaterial, while the ECL rate for trade receivables past due and more than 1 year approximates 50% to 100%, except for specific cases where management has assessed the amount is still fully recoverable.

The Group has assessed and concluded that trade receivables are subject to immaterial credit loss. There has been no change in the estimation techniques or significant assumptions made during the financial period.

The Group applies the general approach to provide for the ECL for other receivables. Under the general approach, the loss allowance is measured at an amount equal to the 12-month ECL at initial recognition.

Trade and other receivables that remain within initial trade terms are considered to be of acceptable quality.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 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.

	31 December	30 June
	2019	2019
	\$'000	\$'000
Inventories and Work In Progress (WIP)		
Inventories	15,741	14,306
WIP	4,658	1,717
Total Inventories and Work in Progress (WIP)	20,399	16,023

	31 December	30 June
	2019	2019
	\$'000	\$'000
4.3 Other Current Assets		
Other Current Assets		
Prepayments	2,251	894
Deposit	783	921
Total Other Current Assets	3,034	1,815

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 4.4 Property, Plant and Equipment

As permitted by AASB 16, the carrying amount of \$163.76m as at 1 July 2019 for the plant and equipment and motor vehicles that were still under finance lease arrangement have been reclassified as Right-Of-Use Assets ("ROUA"). No restatement of comparative figures has been made.

Carrying Amounts

Carrying amounts for each class of property, plant and equipment and right-of-use assets at the end of the previous and the current financial period are as follows:

	31 December 2019 \$'000	30 June 2019 \$'000
Plant and Equipment – at Cost		
- Owned	403,679	634,613
- Right-Of-Use Assets	236,770	-
Total Cost	640,449	634,613
Accumulated Depreciation		
- Owned	(332,556)	(403,198)
- Right-Of-Use Assets	(69,830)	-
Total Accumulated Depreciation	(402,386)	(403,198)
Carrying Amount - Plant and Equipment	238,063	231,415
Motor Vehicles – at Cost		
- Owned	5,540	10,005
- Right-Of-Use Assets	3,752	-
Total Cost	9,292	10,005
Accumulated Depreciation		
- Owned	(4,841)	(7,311)
- Right-Of-Use Assets	(1,972)	-
Total Accumulated Depreciation	(6,813)	(7,311)
Carrying Amount - Motor Vehicle	2,479	2,694
Land and Building		
- Owned at Fair Value	3,272	3,272
- Right-Of-Use Assets	16,178	-
Total	19,450	3,272
Accumulated Depreciation		
- Owned	(475)	(464)
- Right-Of-Use Assets	(4,003)	-
Total Accumulated Depreciation	(4,478)	(464)
Carrying Amount - Land and Building	14,972	2,808

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 4.4 Property, Plant and Equipment (continued)

	31 December 2019 \$'000	30 June 2019 \$'000
Low Value Pool – at Cost	478	466
Accumulated Depreciation	(401)	(372)
Carrying Amount - Low Value Pool	77	94
Leasehold Improvements – at Cost	3,009	2,591
Accumulated Depreciation	(1,481)	(1,322)
Carrying Amount - Leasehold Improvements	1,528	1,269
Total Carrying Amounts - Property, Plant and Equipment	76,224	238,280
Total Carrying Amounts - Right-Of-Use Assets	180,895	-
Grand Total	257,119	238,280

The Group's lease portfolio includes buildings, plant and equipment and motor vehicle.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 4.4 Property, Plant and Equipment (continued)

Options to Extend or Terminate

The options to extend or terminate are contained in several of the property leases of the Group. There were no extension options for equipment leases. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

(i) AASB 16 related amounts recognised in the consolidated statement of financial position

	31 December 2019 \$'000
Movements in carrying amounts:	
<i>Right-Of-Use Assets - Building:</i>	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	13,138
Leased building reclassified from PPE on initial application of AASB 16	-
Additions	-
Depreciation expense for the half-year period	(963)
Net carrying amount	12,175
<i>Right-Of-Use Assets - Plant & Equipment:</i>	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-
Leased plant & equipment reclassified from PPE on initial application of AASB 16	161,888
Additions	25,994
Depreciation expense for the half-year period	(20,942)
Net carrying amount	166,940
<i>Right-Of-Use Assets - Motor Vehicle:</i>	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-
Leased motor vehicle reclassified from PPE on initial application of AASB 16	1,867
Additions	73
Depreciation expense for the half-year period	(160)
Net carrying amount	1,780

(ii) AASB 16 related amounts recognised in the consolidated statement of profit or loss and other comprehensive income

Depreciation charge related to right-of-use assets	22,065
Interest expense on lease liabilities (under finance cost)	2,861
Short-term leases expense	271

MACA Limited

Notes to the Financial Statements

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Section 4.5 Trade and Other Payables

Accounting Policies

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 45 days of recognition of the liability.

	31 December	30 June
	2019	2019
	\$'000	\$'000
Payables		
Current		
Unsecured Liabilities:		
Trade Creditors	67,464	69,263
Sundry Creditors and Accruals	26,646	18,679
Total Trade and Other Payables	94,110	87,942

Financial Liabilities at Amortised Cost Classified as Trade and Other Payables

Trade and Other Payables		
- Total Current	94,110	87,942
Total Trade and Other Payables	94,110	87,942

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 5 Capital Structure and Financing Costs

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

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

During the half-year ended 31 December 2019, the Group complied with all the financial covenants of its borrowing facilities.

5.1 Cash and Cash Equivalents

Accounting Policies

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The Group does not have any Bank overdraft facilities.

	31 December	30 June
	2019	2019
	\$'000	\$'000
5.1.1 Cash and Cash Equivalents	76,855	59,292

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 5.2 Interest Bearing Liabilities

Accounting Policies

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

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

	31 December 2019 \$'000	30 June 2019 \$'000
Current		
Secured Lease Liability	43,141	-
Unsecured Lease Liability	2,145	-
Secured Finance Lease Liability	-	42,272
Total Current Lease Liabilities	45,286	42,272
Non-Current		
Secured Lease Liability	102,565	-
Unsecured Lease Liability	10,828	-
Secured Finance Lease Liability	-	99,848
Total Non-Current Lease Liabilities	113,393	99,848
Total Current and Non-Current Lease Liabilities	158,679	142,120
Carrying Amounts of Non-Current Assets Pledged as Security	169,290	161,695

Unsecured lease liabilities (in respect to operating lease under AASB 117) recognised in the statement of financial position at the date of initial application of AASB 16 are reconciled as follows:

Operating lease commitments disclosed as at 30 June 2019	16,064
Changes to extension options assumptions and discounting using the lessee's incremental borrowing rate at the date of initial application	(2,281)
Lease liability recognised as at 1 July 2019	13,783

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, using the lessee's incremental borrowing rate on the date of initial application.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 5.3 Equity

	31 December	30 June
	2019	2019
	\$'000	\$'000
Issued Capital		
268,007,708 (2018: 268,007,708) Fully Paid Ordinary Shares	269,806	269,806
With No Par Value		
Ordinary Shares	No.	No.
At the Beginning of the Reporting Period	268,007,708	268,007,708
Shares Issued During the Period	-	-
Shares at Reporting Date	268,007,708	268,007,708

The Group has no authorised share capital. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 6 Other

6.1 Controlled Entities

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

	Country of Incorporation	Percentage Owned (%)	
		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 Construco Civil Ltd.	Brazil	100%	100%
Alliance Contracting Pty Ltd	Australia	100%	100%
MACA Infrastructure Pty Ltd	Australia	100%	100%
Marniyarra Mining and Civils Pty Ltd	Australia	50%	50%
Interquip Pty Ltd	Australia	60%	60%
OPMS Cambodia Co Ltd	Cambodia	100%	-

6.2 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:

31 December 2019: \$12.25 million

30 June 2019: \$15.4 million

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Section 6.3 Events After Balance Sheet Date

Subsequent to the end of the reporting period MACA has made the following announcements to the market:

- The closure of Brazilian operations resulting in a \$2m impairment included in the half year result and a foreign exchange loss estimated at \$5m to be realised in the second half; and
- The appointment of Mike Sutton as Chief Executive Officer following the resignation of Chris Tuckwell, and the appointment of Chris Sutherland as a Non-Executive Director.

In addition to the above, MACA announces the award of the Greenfinch open pit mining contract by Ramelius Resources. MACA will provide load and haul and drill and blast services to Ramelius Resources, which is expected to generate \$41m of revenue over the 16 month term with operations commencing in March 2020.

Other than the items listed above there has not been any other matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2019

Director's Declaration

The directors of the company declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements for the period ended 31 December 2019 and notes thereto are in accordance with the Corporations Act 2001, including compliance with the accounting standards and giving a true and fair view of financial position and performance of the Group.

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

On behalf of the Directors



Chris Tuckwell
Managing Director

Dated at Perth this 24th day of February, 2020

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of MACA Limited (the company), which comprises the consolidated condensed statement of financial position as at 31 December 2019, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

- a. giving a true and fair view of the consolidated company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

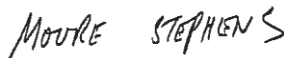
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.



SL TAN
Partner



MOORE STEPHENS
Chartered Accountants

Signed at Perth this 24th day of February 2020

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