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MACA Limited and its Controlled Entities
ABN 42 144 745 782

Half Year Financial Report and Appendix 4D
31 December 2020



MACA Limited and its Controlled Entities

ABN 42 144 745 782

Half Yearly Financial Report

31 December 2020

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Section 1 Directors Report

The Directors present their report together with the financial report of MACA Limited ('MACA') (ASX: MLD) for the half-year ended 31 December 2020.

Directors

The following persons that held office as Directors of MACA Limited during or since the end of the half-year and up to the date of this report are:

Name	Role	
Geoff Baker	Chairman, Non-Executive Director	Mr Baker was appointed a Director on 10 November 2010 and as Non-Executive Chairman on 20 November 2020
Mike Sutton	Chief Executive Officer and Managing Director	Mr Sutton was appointed a Director on 1 June 2020
Linton Kirk	Non-Executive Director	Mr Kirk was appointed a Director on 1 October 2012
Robert Ryan	Non-Executive Director	Mr Ryan was appointed a Director on 18 August 2015
Sandra Dodds	Non-Executive Director	Ms Dodds was appointed a Director on 6 October 2020
Andrew Edwards	Chairman, Non-Executive Director	Mr Edwards resigned as a Director on 7 December 2020
Chris Sutherland	Non-Executive Director	Mr Sutherland resigned as a Director on 10 September 2020

Principal Activities

The principal activities of the Group during the half was the provision of contract mining services, civil contracting services and mineral processing services throughout Australia and contract mining services in Cambodia.

Results Summary and 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 2020 of \$11.6 million (down 3% on prior comparative period "pcp") on revenue of \$467.6 million (up 29% on pcp). Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was \$58.4 million (up 7% on pcp).

Half Year Results	31 December 2020	31 December 2019	Movement
Continuing Operations			
Revenue	\$467.3m	\$353.3m	32%
EBITDA	\$69.6m	\$58.9m	18%
EBIT	\$31.7m	\$27.3m	16%
Net Profit / (Loss) After Tax attributable to Members	\$19.4m	\$18.2m	7%
Discontinued Operations and One off items			
Revenue	\$0.3m	\$10.2m	
EBITDA	(\$11.2m)	(\$4.5m)	
EBIT	(\$11.2m)	(\$9.7m)	
Net Profit / (Loss) After Tax attributable to Members	(\$7.8m)	(\$6.2m)	
Total			
Revenue	\$467.6m	\$363.5m	29%
EBITDA	\$58.4m	\$54.4m	7%
EBIT	\$20.5m	\$17.6m	16%
Net Profit / (Loss) After Tax attributable to Members	\$11.6m	\$12.0m	(3%)
Other Metrics			
Contracted Work in Hand	\$3.3bn	\$2.4bn	38%
Operating Cash Flow*	\$24.1m	\$29.4m	(18%)
Earnings per share - basic*	4.30 cents	4.47 cents	(4%)
Dividends per share (fully franked)	2.5 cents	2.5 cents	-

*for continuing and discontinued operations

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 18 March 2021 to eligible shareholders who are recorded on the Company's register as at the record date of 8 March 2021.

The first 6 months of the financial year produced a strong underlying result. The statutory result was impacted by a number of one off items including, foreign exchange losses and operational closure costs. MACA's "pre discontinued and forex" financial results were solid, with revenue of \$468m (up 29% on pcp) and EBITDA of \$69.6m (up 18% on pcp) and Net profit after tax \$19.4m (up 7% on pcp). Statutory results include the Bluff cessation costs (\$6m) Brazil closure costs \$1.9m and foreign exchange losses \$3.0m resulting in a Net Profit After Tax of \$11.9m.

Mining

MACA continued contract mining operations for Regis Resources at the Duketon South and Duketon North operations, for Ramelius Resources at the Mt Magnet and Edna May operations, for FQM Nickel Australia at the Ravensthorpe project, for Pilbara Minerals at the Pilgangoora project and for Wiluna Mining Corporation at the Matilda project. MACA commenced contract mining operations for Capricorn Metals at the Karlawinda gold project, for Atlas Iron at the Sanjiv Ridge (Corunna Downs) project and for Fenix at the Iron Ridge project.

MACA ceased operations at the Bluff PCI Coal project in Queensland for Carabella Resources. This project was placed into care and maintenance in October 2020 and MACA appointed a receiver in November 2020. No revenue has been recognised from the date of receivership with approximately \$6.3m in costs incurred to finalise mining of remaining easily accessible coal. Subsequent to the end of the financial period coal stockpiles have been realised with net cash of approximately \$14 million to be realised this financial year. The Company is reviewing options in relation to realising outstanding receivables.

Internationally, MACA commenced mining operations at the Okvau mine for Emerald Resources in Cambodia. MACA continues to wind up its presence in Brazil following the cessation of operations in January 2020. Plant and inventory from Brazil has now been repatriated to Australia. Freight and administration costs have been recognised in discontinued operations.

Crushing

MACA's crushing division continued 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, in addition to crushing and screening at Atlas Iron's Mt Webber operations. MACA commenced crushing operations at the Iron Ridge project for Fenix Resources during the period.

Civil and Infrastructure

MACA Civil in Western Australia completed the Karratha / Tom Price Road for Main Roads Western Australia, which included the construction and sealing of a 45km section of road. MACA completed and continues to work on a number of packages for Fortescue Metals Group across the Iron Bridge and Eliwana projects, including the Iron Bridge Airstrip, general earthworks, access roads and other upgrades. MACA also commenced work for Atlas Iron on the Sanjiv Ridge (Corunna Downs) haul road, which continues into the second half of the financial year. MACA is proud to be a 10% non-owner participant in the Southwest Connex Alliance for Bunbury Outer Ring Road Project, which is expected to generate revenue of \$85m over the three and a half year term. In December 2020, MACA was awarded a five year extension to its current Kimberley Road Maintenance package for Main Roads WA, expected to generate \$74m revenue over the five year term.

MACA's Victorian-based Civil business has been impacted by Covid19 and the Victorian lockdowns in 1H-FY21, however the division has been awarded and delivered numerous contracts during the period for the Department of Transport and local Victorian shires and councils, including Western Vic maintenance, Geelong-Bacchus Marsh road safety, Princes Highway Tynong Guardrails, Midland Highway Buninyong and Princes Highway Allansford.

The Infrastructure business in Victoria continues to tender local council asset maintenance contracts and minor works packages with recurring revenue streams as a way to underpin the business in the longer term.

MACA Interquip

In November 2020, MACA Interquip was awarded the Engineering, Procurement and Construction contract for Red 5 Limited at the King of the Hills gold project in Western Australia, which is expected to generate \$129m in revenue for MACA Interquip and will utilise the MACA Civil division on the delivery of bulk earthworks. MACA Interquip continued to provide maintenance and support to Adaman Resources at the Kirkalocka gold project, support to Capricorn Metals at the Karlawinda gold project and executed various minor works packages for BHP, Saracen, Wiluna Mining Corporation, Tropicana JV, Norton Gold and others.

Working Capital

MACA's operating cash flows of \$24.1m in 1H-FY21 have been negatively impacted by working capital outflows of \$28.3m, relating to both the cessation of the Bluff PCI project and the start up of four new projects. Separately, MACA's debt owing from Great Panther as at December 2020 was \$3.8m (down from \$19.8m at 31 December 2019). The \$26.84m working capital facility with Carabella Resources remains outstanding and its recovery is considered in Note 4.1.

MACA's cash balance as at December 2020 was \$122.8m with net debt of \$90.8m.

People

MACA's total workforce (including contractors) has increased to over 2,200 people at December 2020. MACA has 53 apprentices (including trade upgrades), 38 traineeships and 4 graduates employed across its divisions, and is committed to the continual development and training of its employees to ensure the long term sustainability of our industry.

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 2020 was \$24.1 million (down from \$29.4m in the six months to December 2019). MACA's operating cash flow in the half was impacted by the cessation of the Bluff PCI project, and subsequent mining in November and December 2020 with cash receipts not realised until 2H-FY21. Working capital requirements of four new mining projects starting in the half (Karlawinda, Sanjiv Ridge, Iron Ridge and Okvau) and delayed payment upon resolution of a \$12m progress claim. Capital expenditure for the first half of FY21 was \$89.8 million relating to plant and equipment primarily for new projects. 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 8 March 2021 and payment date of 18 March 2021. The total of dividends paid during the period was \$6.7 million (six months to December 2019: \$6.7 million).

Events Subsequent to Balance Date

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

Completion of Mining West acquisition from Downer EDI Limited on 1 February 2021. The Mining West business currently comprises four contracts at the long-life assets of Karara (Ansteel), Eliwana (Fortescue Metals Group), Cape Preston (Citic Pacific) and Gruyere (Gold Fields, Gold Road Resources), with each of the four contracts novating successfully to MACA, taking effect from completion.

In addition to the above, MACA is pleased to announce it has concluded negotiations on contractual terms in relation to a three year extension at Cape Preston. The final contract award remains subject to finalisation of documentation and internal client approvals.

Other than listed above no other matters or circumstances have arisen since the half year to December 2020 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments and Prospects

MACA expects the strong performance of its Mining Division to continue into the second half of FY21 and beyond, as the renewed focus on performance delivers results. Strong commodity prices, particularly in gold and iron ore, continue to generate new opportunities that will support further growth. The Mining Division has entered CY21 with a strong Work-in-Hand balance and a high proportion of revenue already secured for the balance of FY21 and also for FY22.

The Civil and Infrastructure businesses in Western Australia continues to benefit from increased activity in the development of new resource projects, alongside increased spending on Government infrastructure programmes. We expect opportunities to continue to present themselves over the remainder of FY21 and into FY22 through significant capital works programmes. Whilst Victoria remains challenged due to the impacts and restrictions of COVID19, the division continues to position itself to benefit from any increased or accelerated infrastructure spend. MACA Interquip enters 2021 with a strong work in hand position and a focus on delivery of existing projects, and maintains a strong tender pipeline in both the gold and iron ore sectors.

MACA has entered the second half of FY21 with a record work in hand position of \$3.3 billion as at December 2020 . This, together with strong prospects across all of its business units, has MACA poised to grow both revenue and profitability. At this stage, the Company expects revenue for FY21 to exceed \$1,050 million, which as at February 2021 is largely secured. MACA enters CY21 with a pro forma revenue run-rate of over \$1.2 billion (including Mining West) and a high proportion of revenue already secured for the balance of FY21 and also for FY22.

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.

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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-2020

Half year ended ('previous period')

31-December-2019

2.1 Results for Announcement to the Market

	% change	Dec 2020 \$'000
Revenue from ordinary activities	Up 29%	467,245
Profit after tax from ordinary activities attributable to members	Down 3%	11,635
Total Comprehensive Income for the period attributable to members	Down 15%	11,635

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 2020	2.5 cents	2.5 cents
Interim dividend for 2021	2.5 cents	2.5 cents

The Directors have determined to pay an interim dividend based on the December 2020 half year result of 2.5c per share.

The Company paid a final fully franked dividend for the 2020 financial year of 2.5 cents per share on 18 September 2020.

The record date for entitlement to the interim dividend is 8 March 2021.

The payment date for the interim dividend is 18 March 2021.

2.3 Dividend Reinvestment Plans

There was no dividend reinvestment plan in place at 31 December 2020.

2.4 NTA backing

	31 December 2020	31 December 2019
Net tangible asset backing per ordinary security	106.35 cents	121.85 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	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	The accounts are in the process of being reviewed	<input type="checkbox"/>
The accounts are in the process of being audited	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

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



Mike Sutton

Managing Director, CEO

Dated at PERTH this 22nd day of February 2021.

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 there have been no contraventions of:

- i. The auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. Any applicable code of professional conduct in relation to the review.



SL Tan
Partner

MOORE AUSTRALIA

Moore Australia Audit (WA)
Chartered Accountants

Signed at Perth on the 22nd of February 2021

MACA Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half-Year Ended 31 December 2020

		31 December 2020 \$'000	31 December 2019 \$'000 *
Continuing Operations			
Revenue	3.1(a)	467,245	353,268
Other Income	3.1(b)	19,006	20,414
Direct Costs	3.3	(449,207)	(332,568)
Finance Costs		(3,597)	(2,916)
Fair Value Gains / (Losses) on Financial Assets		-	(113)
Foreign Exchange Gains / (Losses)		(2,936)	113
Other Expenses from Ordinary Activities		(10,481)	(11,775)
Profit Before Income Tax		20,030	26,423
Income Tax Expense		(5,219)	(7,872)
Profit After Tax from Continuing Operations		14,811	18,551
Discontinued Operations			
Profit / (Loss) After Tax from Discontinued Operations	3.6	(2,047)	(6,233)
Transfer of Foreign Exchange Reserve on Discontinued Operations		(857)	-
Profit / (Loss) for the Period		11,907	12,318
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations		-	1,681
Transfer of Foreign Exchange Reserve on Discontinued Operations		-	-
Total Comprehensive Income for the Period		11,907	13,999
Profit / (Loss) Attributable to:			
- Non-Controlling Interest		272	343
- Members of the Parent Entity		11,635	11,975
		11,907	12,318
Total Comprehensive Income Attributable to:			
- Non-Controlling Interest		272	343
- Members of the Parent Entity		11,635	13,656
		11,907	13,999
Earnings per Share:			
From Continuing and Discontinued Operations:			
- Basic Earnings per Share (cents)	3.5	4.30	4.47
- Diluted Earnings per Share (cents)	3.5	4.21	4.40
From Continuing Operations:			
- Basic Earnings per Share (cents)	3.5	5.37	6.79
- Diluted Earnings per Share (cents)	3.5	5.26	6.69
From Discontinued Operations:			
- Basic Earnings per Share (cents)	3.5	(1.07)	(2.33)
- Diluted Earnings per Share (cents)	3.5	(1.05)	(2.29)

* The comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2019 has been restated to conform with AASB 5: Non-Current Assets Held for Sale and Discontinued Operations

The accompanying Sections form part of these Financial Statements

MACA Limited

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

		31 December 2020 \$'000	30 June 2020 \$'000
Current Assets			
Cash and Cash Equivalents	5.1	122,805	114,650
Trade and Other Receivables	4.1	185,253	154,329
Inventory	4.2	13,451	12,438
Work In Progress	4.2	5,776	1,201
Financial Assets	4.1	19	69
Other Assets	4.3	10,185	5,550
Total Current Assets		337,489	288,237
Non-Current Assets			
Property, Plant and Equipment*	4.4	344,311	293,318
Loans to Other Companies	4.1	26,841	26,841
Deferred Tax Assets	4.6	24,286	23,559
Total Non-Current Assets		395,438	343,718
Total Assets		732,927	631,955
Current Liabilities			
Trade and Other Payables	4.5	126,265	116,078
Interest Bearing Liabilities	5.2	64,837	55,127
Current Tax Liabilities		3,599	2,169
Short-Term Provisions		17,912	15,976
Total Current Liabilities		212,613	189,350
Non-Current Liabilities			
Interest Bearing Liabilities	5.2	148,763	132,945
Total Non-Current Liabilities		148,763	132,945
Total Liabilities		361,376	322,295
Net Assets		371,551	309,660
Equity			
Issued Capital	5.3	326,490	269,806
Reserves		(5,298)	(5,298)
Retained Profits		46,554	41,619
Parent Interest		367,746	306,127
Non-Controlling Interest		3,805	3,533
Total Equity		371,551	309,660

*Includes Right-Of-Use Assets

The accompanying Sections form part of these Financial Statements

MACA Limited

Condensed Consolidated Statement of Cash Flows For The Half-Year Ended 31 December 2020

Section	31 December 2020 \$'000	31 December 2019 \$'000
Cash Flows from Operating Activities		
Receipts from Customers	431,726	343,665
Payments to Suppliers and Employees	(399,778)	(306,903)
Interest Received	216	1,672
Interest Paid	(3,597)	(2,916)
Income Tax Paid	(4,516)	(6,098)
Net Cash Provided By / (Used In) Operating Activities	24,051	29,420
Cash Flow from Investing Activities		
Proceeds from Sale of Investments	-	19,634
Proceeds from Sale of Property, Plant and Equipment	1,092	3,527
Purchase of Property, Plant and Equipment*	(42,876)	(20,354)
Net Loans Repaid by / (Provided to) Customers	-	16,593
Purchase of Investments	-	(5,435)
Net Cash Provided by / (Used In) Investing Activities	(41,784)	13,965
Cash Flow from Financing Activities		
Net Proceeds from Share Issue	56,684	-
Proceeds from Borrowings*	11,891	3,462
Repayment of Borrowings	(33,245)	(22,662)
Dividends Paid by the Parent	(6,700)	(6,700)
Net Cash Provided by / (Used in) Financing Activities	28,630	(25,900)
Net Increase / (Decrease) in Cash Held	10,897	17,485
Effect of Forex Rate Changes on Cash and Cash Equivalents	(2,742)	78
Cash and Cash Equivalents at the Beginning of Financial Period	114,650	59,292
Cash and Cash Equivalents at the End of Financial Period	122,805	76,855
5.1		

* Non-Cash Financing Activities

During the period ended 31 December 2020 the Group acquired \$46.9 million (31 December 2019: \$22m) in plant and equipment by means of finance leases (included in right-of-use assets), directly from the original equipment manufacturers. These acquisitions are not reflected above.

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 2020

	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 2019	269,806	73,496	3,157	(5,888)	590	(8,495)	332,666
Effect of AASB16	-	(603)	(42)	-	-	-	(645)
Restated Balance at 1 Jul 2019	269,806	72,893	3,115	(5,888)	590	(8,495)	332,021
Profit / (Loss) for the Period	-	11,975	343	-	-	-	12,318
SUBTOTAL	269,806	84,868	3,458	(5,888)	590	(8,495)	344,339
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	1,681	1,681
SUBTOTAL	269,806	84,868	3,458	(5,888)	590	(6,814)	346,020
Dividends Paid	-	(6,700)	-	-	-	-	(6,700)
Balance at 31 Dec 2019	269,806	78,168	3,458	(5,888)	590	(6,814)	339,320
Balance at 1 Jul 2020	269,806	41,619	3,533	(5,888)	590	-	309,660
Profit / (Loss) for the Period	-	11,635	272	-	-	-	11,907
SUBTOTAL	269,806	53,254	3,805	(5,888)	590	-	321,567
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	-	-
SUBTOTAL	269,806	53,254	3,805	(5,888)	590	-	321,567
Shares Issued	56,684	-	-	-	-	-	56,684
Dividends Paid	-	(6,700)	-	-	-	-	(6,700)
Balance at 31 Dec 2020	326,490	46,554	3,805	(5,888)	590	-	371,551

The accompanying Sections form part of these Financial Statements

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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 2020 and the commentary to this report.

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 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 2020, together with any public announcements made during the following half-year.

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 and rounded to the nearest thousand (\$'000), unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

These interim financial statements were authorised for issue on 22nd February 2021.

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.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

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 Group.

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 2020

Key Estimates and Judgements (continued)

Impairment - Trade and Other Receivables and Loans to Other Companies

As at 31 December 2020, the Group's trade and other receivables and loans to other companies amounted to \$212.09m (30 June 2020: \$181.17m).

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.

On 19th November 2020, MACA appointed a receiver to the cash and receivables of Carabella Resources Pty Ltd. Based on the cash receivable under the receivership and valuation of the property subject to a general security there was no requirement for an impairment to the carrying value of receivables.

No further impairment for trade and other receivables nor loans to other companies was recognised for the half year ended 31 December 2020.

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 2020

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, EPS and profit/(loss) from discontinued operations.

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 11% 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 and other income primarily includes profit or loss on sale of assets or investments, dividends received, government rebates (including diesel fuel 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 2020

Section 3.1 Revenue (continued)

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

	31 December 2020 \$'000	31 December 2019 \$'000
Continuing Operations		
3.1(a) Revenue from Operating Activities		
Contract Trading Revenue	467,054	349,379
Interest Received	18	2,057
Other Revenue	173	1,832
Total Revenue from Operating Activities	467,245	353,268

Continuing Operations

3.1(b) Other Income

Profit / (Loss) on Disposal of Property, Plant and Equipment	571	2,529
Reversal of Impairment	-	-
Profit / (Loss) on Sale of Investments	-	1,341
Rebates	18,435	16,544
Total Other Income	19,006	20,414

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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.

The Group operates in three business segments, being the provision of civil, SMP and contract mining services. Mining services to the resource sector in three geographical segments being Australia, Brazil, South America and Cambodia. Operations in Brazil have been discontinued since the prior year and are presented separately in the table below. Operations in Cambodia have commenced in the current period.

Consolidated - December 2020	Mining	Civil/ Infrastructure	Interquip	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Total Reportable Segment Revenue	314,019	127,233	29,120	(3,127)	467,245
Other Revenue	18,993	12	1	-	19,006
Total Revenue	333,012	127,245	29,121	(3,127)	486,251
EBITDA*					
Depreciation and Amortisation	(36,366)	(856)	(595)	-	(37,817)
Interest Revenue	8	8	-	2	18
Finance Costs	(3,518)	(59)	(20)	-	(3,597)
Net Profit / (Loss) Before Tax	18,330	4,391	931	(3,622)	20,030
Income Tax Expense					(5,219)
Net Profit After Tax					14,811
Net Loss After Tax from Discontinued Operations					(2,904)
Profit for the Period					11,907
Assets					
Segment Assets	521,185	69,817	34,619	107,306	732,927
Total Assets					732,927
Liabilities					
Segment Liabilities	302,142	40,206	16,958	2,070	361,376
Total Liabilities					361,376
Capital Expenditure	87,329	248	2,182	-	89,759

*EBITDA is Earnings Before Interest, Income Tax, Depreciation and Amortisation of Continuing Operations

11% 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 2020

Section 3.2 Operating Segments (continued)

Consolidated - December 2019	Mining \$'000	Civil/ Infrastructure \$'000	Interquip \$'000	Unallocated \$'000	Total \$'000
Revenue					
Total Reportable Segment Revenue	270,446	59,180	21,846	1,796	353,268
Other Revenue	19,033	-	2	1,379	20,414
Total Revenue	289,479	59,180	21,848	3,175	373,682
EBITDA*					
Depreciation and Amortisation	(30,438)	(650)	(499)	-	(31,587)
Impairment	-	-	-	-	-
Interest Revenue	704	8	4	1,341	2,057
Finance Costs	(2,797)	(83)	(24)	(12)	(2,916)
Net Profit / (Loss) Before Tax	22,912	355	1,184	1,972	26,423
Income Tax Expense					(7,872)
Net Profit After Tax					18,551
Net Loss After Tax from Discontinued Operations					(6,233)
Profit for the Period					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
Geographical Information					
	Revenue		Non-Current Assets		
	2020	2019	2020	2019	
	\$'000	\$'000	\$'000	\$'000	
Australia	464,050	353,268	371,726	279,058	
Cambodia	3,195	-	23,711	-	
Brazil (Discontinued Operations)	309	10,246	1	26,232	
Total	467,554	363,514	395,438	305,290	

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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 26.5%, 10.7% and 7.2% of external revenue. (31 December 2019: 36.2%, 13.2% and 7.3%). The next most significant client across the Group accounts for 7.3% (31 December 2019: 6.6%) of external revenue.

3.3 Operating Costs from Continuing Operations

	31 December 2020 \$'000	31 December 2019 \$'000
Expenses		
Depreciation and Amortisation		
– Plant and Equipment	36,252	30,339
– Motor Vehicles	306	229
– Other	1,259	1,019
Total Depreciation and Amortisation Expense	37,817	31,587
Employee Benefits Expense	175,454	139,375
Repairs, Service and Maintenance	36,284	26,812
Materials and Supplies	81,867	50,070
Hire of Plant and Equipment	36,567	18,087
Subcontractor Costs	20,493	6,332
Others	60,725	60,305
Total Direct Costs	449,207	332,568

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Section 3.4 Capital and Leasing Commitments

Accounting Policies

Leases

AASB 16 Leases was 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. 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
	2020	2020
(a) Capital Expenditure Commitments	\$'000	\$'000
Plant and Equipment Purchases		
Payable		
– Not Later Than 12 Months	32,105	40,300
– Between 12 Months and 5 Years	-	-
– Greater Than 5 Years	-	-
Minimum Commitments	32,105	40,300

\$32.1M of commitments for plant and equipment expenditure existed at 31 December 2020 (30 June 2020: \$40.3M).

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Section 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 2020 \$'000	31 December 2019 \$'000
Reconciliation Of Earnings To Profit and Loss		
Profit After Tax from Continuing Operations	14,811	18,551
(Profit) / Loss Attributable To Non-Controlling Interest	(272)	(343)
Profit Attributable to Members of Parent Entity from Continuing Operations	14,539	18,208
Profit / (Loss) Attributable to Members of Parent Entity from Discontinued Operations	(2,904)	(6,233)
Profit / (Loss) Attributable to Members of Parent Entity from Continuing and Discontinued Operations	11,635	11,975
From Continuing and Discontinued Operations		
Earnings Used To Calculate Basic EPS	11,635	11,975
Earnings Used in the Calculation of Dilutive EPS	11,635	11,975
From Continuing Operations		
Earnings Used To Calculate Basic EPS	14,539	18,208
Earnings Used in the Calculation of Dilutive EPS	14,539	18,208
From Discontinued Operations		
Earnings Used To Calculate Basic EPS	(2,904)	(6,233)
Earnings Used in the Calculation of Dilutive EPS	(2,904)	(6,233)
Weighted Avg. No. of Ord. Shares Outstanding During the Period (Basic EPS) ('000)	270,871	268,008
Weighted Avg. No. of Dilutive Options Outstanding During the Period ('000)	5,533	4,142
Weighted Avg. No. of Ord. Shares Outstanding During the Period (Diluted EPS) ('000)	276,404	272,150

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Section 3.6 Profit / (Loss) from Discontinued Operations

Accounting Policies

A discontinued operation is a component of the entity that either has been disposed of, ceased operation or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. This amount comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale (if any).

Discontinued Operations

On 21 January 2020, the Group announced the cessation of the operations in Brazil. This followed the termination of the contract at Antas for AVB Mineracao Ltda, a subsidiary of Oz Minerals Ltd. The Group had relocated the plant and equipment back to Australia for deployment to existing and new projects.

The financial performance of the discontinued operations, is included in profit / (loss) from discontinued operations on the face of Consolidated Statement of Profit or Loss and Other Comprehensive Income, is as follows:

	31 December 2020 \$'000	31 December 2019 \$'000
Revenue	204	9,444
Other Income	105	802
Direct Costs	(2,224)	(14,125)
Impairment	-	(2,000)
Finance Costs	-	-
Foreign Exchange Gains / (Losses)	(132)	(3,026)
Profit / (Loss) Before Income Tax	(2,047)	(8,905)
Income Tax Expense	-	2,672
Profit / (Loss) After Tax from Discontinued Operations	(2,047)	(6,233)

The net cash flows of the discontinued operations, which have been incorporated into the Consolidated Statement of Cash Flows, are as follows:

Net Cash Provided By / (Used In) Operating Activities	7,990	17,776
Net Cash Provided By / (Used In) Investing Activities	212	(1,345)
Net Cash Provided By / (Used In) Financing Activities*	(2,390)	(22,188)
Net Cash Increase / (Decrease) in Cash Held	5,812	(5,757)

*Included in the net cash used in financing activities for the half-year ended 31 December 2020, is an amount of \$2.39m loan repayment made to the parent entity.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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 2020 \$'000	30 June 2020 \$'000
Trade and Other Receivables		
Trade and Other Debtors - Current	229,844	191,554
Less: Provision for Impairment	(48,415)	(48,415)
	181,429	143,139
Debtors subject to Payment Arrangements - Current	3,824	11,190
Total Current	185,253	154,329
Debtors Subject to Payment Arrangements - Non-Current	-	-
Total Trade and Other Receivables	185,253	154,329
Loans to Other Companies		
Loans to Other Companies - Current	-	-
Loans to Other Companies - Non-Current	26,841	26,841
Total Loans to Other Companies	26,841	26,841
Financial Assets - Fair Value Through Profit or Loss		
Shares in Listed corporations at Fair Value - Current	19	69
Shares in Listed corporations at Fair Value - Non-Current	-	-
Total Financial Assets - Fair Value Through Profit or Loss	19	69

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Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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

Credit risk

The Group has approximately 24% (2020: 22%) of post-impairment 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 main source of credit risk related 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.

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 title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets which may be claimed against in the event of any default. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group applies the simplified approach to provide for the Expect Credit Loss ("ECL") for all trade receivables. The simplified approach requires 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.

Receivables for which an impairment/expected credit loss provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

The creation and release of the provision for impaired and expected credit loss receivables has been shown separately in the consolidated statement of profit or loss.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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

At June 2020 Carabella Resources Pty Ltd ("Carabella") was identified individually as a credit risk, their payments had fallen outside credit terms and the PCI coal price had decreased significantly over the period. Accordingly management had obtained an independent valuation on the secured assets being mining and exploration tenements, and performed a discounted cash flow to determine recoverable value resulting in a provision for doubtful debts of \$48.4 million against the debtor amounts owed by Carabella Resources Pty Ltd. Further, work continued at Carabella until 30 November 2020 in order to minimise our loss on the project. No revenue was raised in respect of the work undertaken for November and December 2020 which calculated at \$6.3 million, all costs of production have been included in the operating results for the period ended 31 December 2020.

The Group has assessed and concluded that all other trade receivables are not subject to material credit loss. There has been no change in the estimation techniques or significant assumptions made during the financial period.

		31 December	30 June
		2020	2020
Provision for Impairment and Expected Credit Losses	Section	\$'000	\$'000
Opening Balance		48,415	-
Provision (reversed) / recognised during the period		-	48,415
Receivables written off during the year as uncollectable		-	-
Closing Balance		48,415	48,415

The loan to Carabella under the working capital facility of \$26.84m remains outstanding, it is repayable from free cashflows from the project. Both 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 the outstanding balance after impairment.

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 2020

Section 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
	2020	2020
	\$'000	\$'000
Inventories and Work In Progress (WIP)		
Inventories	13,451	12,438
WIP	5,776	1,201
Total Inventories and Work in Progress (WIP)	19,227	13,639

4.3 Other Current Assets

	31 December	30 June
	2020	2020
	\$'000	\$'000
Other Current Assets		
Prepayments	5,391	777
Deposit*	4,794	4,773
Total Other Current Assets	10,185	5,550

*Included in the deposit balance as at 31 December 2020, amount of \$4.6m was cash deposit-backed security bonds.

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Section 4.4 Property, Plant and Equipment

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 periods are as follows:

	31 December 2020 \$'000	30 June 2020 \$'000
Plant and Equipment – at Cost		
- Owned	415,942	405,691
- Right-Of-Use Assets	332,470	276,951
Total Cost	748,412	682,642
Accumulated Depreciation		
- Owned	(315,018)	(325,162)
- Right-Of-Use Assets	(106,448)	(82,003)
Total Accumulated Depreciation	(421,466)	(407,165)
Carrying Amount - Plant and Equipment	326,946	275,477
Motor Vehicles – at Cost		
- Owned	4,162	4,370
- Right-Of-Use Assets	3,575	3,752
Total Cost	7,737	8,122
Accumulated Depreciation		
- Owned	(3,280)	(3,807)
- Right-Of-Use Assets	(2,212)	(2,126)
Total Accumulated Depreciation	(5,492)	(5,933)
Carrying Amount - Motor Vehicle	2,245	2,189
Land and Building		
- Owned at Fair Value	3,272	3,272
- Right-Of-Use Assets	16,457	16,458
Total	19,729	19,730
Accumulated Depreciation		
- Owned at Fair Value	(504)	(487)
- Right-Of-Use Assets	(5,985)	(5,018)
Total Accumulated Depreciation	(6,489)	(5,505)
Carrying Amount - Land and Building	13,240	14,225

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Section 4.4 Property, Plant and Equipment (continued)

	31 December 2020 \$'000	30 June 2020 \$'000
Low Value Pool – at Cost	490	481
Accumulated Depreciation	(398)	(416)
Carrying Amount - Low Value Pool	92	65
Leasehold Improvements – at Cost	3,383	2,980
Accumulated Depreciation	(1,595)	(1,618)
Carrying Amount - Leasehold Improvements	1,788	1,362
Total Carrying Amounts - Owned	106,454	85,304
Total Carrying Amounts - Right-Of-Use Assets	237,857	208,014
Total Carrying Amounts - Property, Plant and Equipment	344,311	293,318

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

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 2020 \$'000	30 June 2020 \$'000
Payables		
Current		
Unsecured Liabilities:		
Trade Creditors	88,564	80,388
Sundry Creditors and Accruals	37,701	35,690
Total Trade and Other Payables	126,265	116,078
Trade and Other Payables as Financial Liabilities measured at Amortised Cost	126,265	116,078

4.6 Deferred Tax Assets

	31 December 2020 \$'000	30 June 2020 \$'000
Deferred Tax Assets comprise		
Provisions	6,507	5,725
Losses	1,853	2,733
Other	15,926	15,101
Total Deferred Tax Assets	24,286	23,559

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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 2020, 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. The Group does not have any bank overdraft facilities.

	31 December 2020 \$'000	30 June 2020 \$'000
5.1.1 Cash and Cash Equivalents	122,805	114,650

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 2020 \$'000	30 June 2020 \$'000
Current		
Secured Lease Liability	62,624	52,941
Unsecured Lease Liability	2,213	2,186
Total Current Lease Liabilities	64,837	55,127
Non-Current		
Secured Lease Liability	139,490	122,772
Unsecured Lease Liability	9,273	10,173
Total Non-Current Lease Liabilities	148,763	132,945
Total Current and Non-Current Lease Liabilities	213,600	188,072
Carrying Amounts of Non-Current Assets Pledged as Security	227,954	197,940

MACA Limited

Notes to the Financial Statements

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Section 5.3 Equity

	31 December 2020 \$'000	30 June 2020 \$'000
Issued Capital		
326,538,690 (30 June 2020: 268,007,708) Fully Paid Ordinary Shares With No Par Value	326,490	269,806

Ordinary Shares	No.	No.
At the Beginning of the Reporting Period	268,007,708	268,007,708
Shares Issued During the Period	58,530,982	-
Shares at Reporting Date	326,538,690	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.

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MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

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 (%)	
		2020	2019
Parent Entity:			
MACA Limited	Australia		
Subsidiaries:			
MACA Mining Pty Ltd	Australia	100%	100%
MACA Plant Pty Ltd	Australia	100%	100%
MACA Crushing Pty Ltd	Australia	100%	100%
MACA Civil Pty Ltd	Australia	100%	100%
Riverlea Corporation Pty Ltd	Australia	100%	100%
MACA Mineracao e Construcao Civil Ltd.	Brazil	100%	100%
Alliance Contracting Pty Ltd	Australia	100%	100%
MACA Infrastructure Pty Ltd	Australia	100%	100%
Marniyarra Mining and Civils Pty Ltd	Australia	50%	50%
Interquip Pty Ltd	Australia	60%	60%
Interquip Construction Pty Ltd*	Australia	60%	60%
OPMS Cambodia Co Ltd	Cambodia	100%	100%

*Interquip Construction Pty Ltd wholly owned by Interquip Pty Ltd

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 2020: \$23.5 million

30 June 2020: \$23.6 million

MACA Limited

Notes to the Financial Statements

For The Half-Year Ended 31 December 2020

Section 6.3 Events After Balance Sheet Date

On 15th December 2020, MACA announced the intention to acquire Downer EDI's Mining West Business ("Mining West") for a total consideration of \$175 million which comprises \$109 million cash payment on 1st February 2021 and \$66 million deferred payment over 12 months. The \$175 million acquisition consideration is attributable to the following:

Novation of the following 4 contract mining services

- Sino Iron Project, Cape Preston with CITIC Pacific Mining;
- Karara Iron Ore Project with Ansteel;
- Gruyere Gold Project with Gold Fields, Gold Road Resources; and
- Eliwana Iron Ore Project with Fortescue Metals Group

Mining West

	\$'000
- 126 large scale of operating mobile mining equipment	136,800
- Sundry Assets	11,314
- Inventory	40,266
- Leave and Other Provisions	(13,380)

Total Acquisition Consideration

175,000

The acquisition was funded by \$130 million debt facility from Commonwealth Bank of Australia ("CBA") and \$75.2 million equity capital raising which comprised an institutional placement and accelerated non-renounceable entitlement offer. The remaining \$30 million of \$205 million funding will be used as working capital.

On 23rd December 2020 and 14th January 2021, MACA has successfully raised the equity capital of approximately \$59.7 million and \$15.5 million respectively at \$1.02 per new share.

On 1st February 2021, MACA completed the acquisition of Mining West. All 4 contracts mentioned above have been successfully novated to MACA, with the inclusion of Mining West, MACA now has total contracted work in hand of \$3.3 billion at 31 December 2020.

In addition to the above, MACA is pleased to announce it has concluded negotiations on contractual terms in relation to a three year extension at Cape Preston. The final contract award remains subject to finalisation of documentation and internal client approvals.

Other than 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 2020

Director's Declaration

The directors of the company declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, comply with Accounting Standard AASB134: Interim Financial Reporting and Corporations Regulations 2001 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



Mike Sutton

Chief Executive Officer and Managing Director

Dated at Perth this 22nd day of February, 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MACA LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of MACA Limited (the company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated 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 entity's financial position as at 31 December 2020 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 company's financial position as at 31 December 2020 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.



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

Auditor's Responsibility (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.

A handwritten signature in black ink, appearing to read 'SL TAN'.

SL TAN
PARTNER

The logo for Moore Australia, with the words 'MOORE AUSTRALIA' written in a stylized, handwritten-style font.

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of February 2021.