MACA Limited and its Controlled Entities

ABN 42 144 745 782

ASX Preliminary Final Report
30 June 2021

Lodged with the ASX under Listing Rule 4.3A

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MACA Limited

Commentary

For the Year Ended 30 June 2021

Commentary - FY21 Results

MACA Limited has delivered a Net Profit After Tax of $20.7 million for the year to 30 June 2021. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') was $140.4 million.

Results Summary

Ordinary Activities	30 June 2021	30 June 2020	Movement
Revenue	$1,173.9m	$795.8m	48%
EBITDA	$144.1m	$129.5m	11%
EBIT	$44.9m	$9.3m	383%
Net Profit / (Loss) Before Tax	$36.4m	$6.1m	497%
Net Profit / (Loss) After Tax	$25.2m	$3.6m	600%
Discontinued Operations	**30 June 2021**	**30 June 2020**	**Movement**
Revenue	-	$12.2m	(100%)
EBITDA	($3.7m)	($9.1m)	(59%)
EBIT	($4.7m)	($14.6m)	(68%)
Net Profit / (Loss) Before Tax	($4.5m)	($13.7m)	(67%)
Net Profit / (Loss) After Tax	($4.5m)	($21.0m)	(79%)
Total	**30 June 2021**	**30 June 2020**	**Movement**
Revenue	$1,173.9m	$808.0m	45%
EBITDA	$140.4m	$120.4m	17%
EBIT	$40.2m	($5.3m)	858%
Net Profit / (Loss) Before Tax	$32.0m	($7.6m)	520%
Net Profit / (Loss) After Tax	$20.7m	($17.4m)	219%
Other Metrics	**30 June 2021**	**30 June 2020**	**Movement**
Work in Hand**	$3,100m	$2,320m	34%
Net Debt (Cash) position	$180.2m	$73.4m	146%
Operating Cash Flow	$118.8m	$116.6m	3%
Earnings per share - basic	6.2 cents	(6.7) cents	193%
Dividends per share (fully franked)	5.0 cents	5.0 cents	

** Refer page 16 of Investor Presentation for further detail

The MACA board has elected to pay a final dividend of 2.5 cents per share, taking the full year dividend to 5.0 cents per share. The dividend will be fully franked and will be payable on 17th September 2021 to eligible shareholders who are recorded on the Company's register as at the record date of 3rd September 2021.

Overview

MACA has seen improved performance during 2021 in our underlying business operations, again achieving record levels of revenue and work in hand, alongside a positive recovery in our EBIT and NPAT margins from FY20. Our underlying financial results were largely in line with market consensus, with revenue of $1,173m, EBITDA of $162.1m ($140.4m reported) and NPAT of $38.8m ($20.7m reported) (refer to Investor Presentation released to the ASX on 23 August 2021 for further details). Statutory results included one-off Mining West acquisiton costs, Bluff cessation costs and other items considered as one-off in nature, resulting in a statutory Net Profit After Tax of $20.7m.

MACA's acquisition of the Mining West business, completed in February 2021, has made a significant contribution to the strategic development of the Company, doubling the size of our Mining division. This acquisition has provided MACA with additional geographical spread, increased scale, capability and commodity diversification for our Mining Business. MACA's statutory earnings would have been higher had it not been for one-off costs relating to the Mining West acquisition ($12.4m of costs primarily relating to stamp duty, partially offset by a $3.7m net gain on business combination), in addition to costs of $8.0m relating to the cessation of the Bluff mining project and other one-off costs relating to MACA's discontinued Brazilian operations.

At the Bluff mining project, operations ceased in FY21 due to the client, Carabella Resources, entering voluntary administration. MACA appointed receivers and subsequently mined coal in order to partially recover outstanding receivables. MACA is currently running a sales process for the Carabella assets to recover outstanding monies, with proceeds expected to be in line with carrying values.

MACA continues to maintain a position of strong liquidity, with operating cashflows of $118.8m in FY21 (up from $116.6m in FY20 and with strong operating cashflows in the second half of the year) and net debt of $180.2m at 30 June 2021 (which includes $122.3m of cash). This follows significant capital investment into plant and equipment in the year of $146.7m associated primarily with new projects, being Capricorn Karlawinda, Atlas Sanjiv Ridge, Fenix Iron Ridge and Emerald Okvau.

MACA is committed to working safely and continuously improving our safety performance. Creating a safe working environment for our employees remains our highest priority. Our total recordable injury frequency rate is 3.9 at 30 June 2021, down 41% from 6.6 at 30 June 2020. MACA appreciated the significant efforts of our valued employees and contractors this year. The COVID-19 pandemic still continues to present challenges for our workforce with border and travel restrictions, however our people continue to respond positively to the evolving requirements and have made great contributions to help achieve another year of strong growth.

MACA was delighted to increase its employee base by c.700 in the year with the acquisition of the Mining West business. In excess of 96% of the Mining West workforce accepted employment with MACA. Notwithstanding the new employees MACA has successfully added into the business, COVID continues to have a major impact on the Mining and Construction sector's ability to source candidates domestically and locally, and these industries have experienced unprecedented competition for labour in FY21. MACA continues to positively react to labour market challenges, with many initiatives underway across the business, including: rate adjustments, one-off non-recurring incentive payments, further investment in trainees, apprenticeships and leadership programs, recruitment bonuses, employee culture surveys, deployment of a parental leave policy and increased employer branding on social media.

In November we farewelled Mr Andrew Edwards as Non-Executive Chairman of the MACA Board since listing in 2010, and during the year we welcomed Sandra Dodds and Nick Marinelli as Non-Executive Directors, who both bring a broad range of experience to the MACA Board, having extensive operational and management experience across the Australian infrastructure sectors. Sadly, subsequent to year end, Sandra Dodds has advised she will be leaving the MACA Board at the end of September 2021 to pursue additional Non-Executive Director roles in New Zealand. MACA appreciates the meaningful contribution Sandra made during her tenure as a Non-Executive Director and wishes her well in future roles.

Mining

Operational activities have grown significantly in mining, with MACA continuing its contract mining operations for Regis Resources at the Duketon South and Duketon North operations, with Ramelius Resources at the Mount Magnet, Edna May and Tampia projects, with Pilbara Minerals at the Pilgangoora lithium project, FQM Australia Nickel Pty Ltd at the Ravensthorpe nickel project, and for three new projects commencing in FY21 being Capricorn Karlawinda, Fenix Iron Ridge and Atlas Sanjiv Ridge.

MACA has welcomed four new projects following the acquisition of the Mining West business, for Fortescue Metals Group at the Eliwana project, Karara Mining at the Karara project, Gruyere JV (Gold Fields and Gold Road) at the Gruyere project and Sino Iron at the Cape Preston project (which was subsequently extended for a further three years). Operations ceased for Wiluna Mining Corporation at the Matilda project and for Carabella Resources on the Bluff PCI coal project (due to client voluntary administration).

International

Internationally, MACA continues to provide mining services at the Okvau Gold Project in Cambodia, which mobilsed and commenced operations in FY21. This is a credit to a dedicated team who have achieved this successful project commencement during a pandemic. MACA has ceased all Brazil operations and is currently winding up its in-country

Crushing

MACA continued to deliver on its crushing contracts for BHP Iron Ore during the year, which included a contract to crush blast-hole stemming material across its Western Australian Iron Ore operations, a contract to crush and screen up to 12Mtpa at the Mining Area C operation, and a contract to crush and screen up to 5Mtpa at the Eastern Ridge operations. Additionally, MACA performed crushing activities for Altas Iron at their Mt Webber operations which ceased in June 2021, for Fortescue Metals Group at their Iron Bridge and Eliwana operations for stemming material, and minor projects for Regis Resources and other gold producers.

Civil and Infrastructure

The Civil & Infrastructure business is an important element to MACA's growth and diversification strategy and will benefit from the increased scale of the combined MACA business. MACA's recent upgrade to R4/B3 conditional under the National Prequalification Scheme has enabled MACA to participate in and pursue larger road and bridge projects in capital cities for various road agencies around the country.

During FY21 the Civil division completed its work package in relation to the Karratha / Tom Price Road for Main Roads Western Australia, and also completed a number of works packages for Fortescue Metals Group Ltd including general earthworks, camp expansion, construction of a 26km mine access road, construction of the explosive facility and further road upgrades. MACA also completed work for Atlas Iron on the Sanjiv Ridge haul road. In FY21, the South West Gateway Alliance (of which MACA is a 10% participant) was awarded the Bunbury Outer Ring Road, which is contemplated as a $852 million project to construct a 27-kilometre, four-lane, high-standard road from Forrest Highway near Australind to Bussell Highway, south of Bunbury.

In Victoria the business has underperformed which has largely resulted from the impact of COVID19. The business has recently been restructured and refocused on core skills. Positively, MACA was selected by Major Road Projects Victoria to undertake the Golf Links Road upgrade in Langwarrin South along with a number of minor works contracts with VicRoads and local Victorian shires.

In Western Australia, MACA continues to provide the Kimberley region road and asset maintenance contract for Main Roads WA, which MACA was delighted to extend for a further five years during FY21. In Victoria, MACA provided road and asset maintenance services to VicRoads in the Western Region, in addition to providing maintenance services to Local Government.

MACA Interquip

MACA Interquip was awarded the EPC contract for the Red 5 King of the Hills gold project in FY21, encompassing the KOTH processing facility, equipping of the bore fields, high voltage power distribution, workshop, warehouse and bulk earthworks. This is in addition to the supply contract previously awarded to MACA Interquip for the SAG Mill and gyratory crusher. MACA Interquip also conducted a number of minor projects throughout FY21, including support to Capricorn at the Karlawinda Gold project (including fabrication, steelwork and personnel), in addition to various minor works packages for BHP, Saracen, Wiluna Mining Corporation, Tropicana JV, Norton Gold and others.

Operating Cash Flow and Capital Expenditure

Operating cash flow for the year ended 30 June 2021 was $118.8 million, with strong operational cash flows in the second half of the year. Capital expenditure for the financial year was $146.7 million, with equipment purchases funded by a combination of cash and equipment finance contracts. This is largely associated with growth capex for the Karlawinda, Sanjiv Ridge and Iron Ridge projects, in addition to the acquisition of the Mining West business (which was undertaken as an asset only acquisition, and funded by a combination of an equity raising and acquisition loan facility).

Final Dividend

The directors have determined to pay a fully franked final dividend of 2.5c per share with a record date of 3rd September 2021 and payment date of 17th September 2021. The total dividend paid during the year was $15.2 million (2020: $13.4 million).

Events Subsequent to Balance Date

- MACA has appointed Bowen Coking Coal Ltd (ASX:BCB) a Preferred Bidder Status in the sale process for the Bluff PCI Mine conducted by FTI Consulting as receivers and managers and controllers.
- Ms Sandra Dodds has resigned as a Director of the board effective end of September 2021.

Other than the items listed above, no other matters or circumstances have arisen since the full year to 30 June 2021 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments and Prospects

The improved performance of MACA's enlarged Mining Division is expected to hold in the coming year as the renewed focus on operational performance continues to deliver results. Strong commodity prices, particular in gold and iron ore, continue to generate new opportunities that will support further growth. The Mining Division enters FY22 with c.$1.2bn of secured work in hand and MACA remains well positioned to add to its record order book.

Notwithstanding the strong commodity and sector outlook for Mining, MACA expects labour to continue to remain scarce as COVID restrctions continue to impact on the sector’s ability to source candidates domestically and locally. MACA will continue to positively react to these challenges, with initiatives underway across the business as previously noted.

The Civil and Infrastructure businesses benefited from increased activity in the development of new resource projects in FY21 which is expected to continue into FY22, alongside increased spending on Government infrastructure programmes which are expected to accelerate in FY22. Whilst Victoria continues to remains challenging due to the impacts and restrictions of COVID19, the division remains well positioned to benefit from any increased or accelerated infrastructure spend. MACA Interquip enters FY21 with $55m of work in hand and a strong tender pipeline in the gold sector, in addition to secured minor works projects.

Recent organisational changes have added management capability and streamlined reporting processes consistent with our growing business. These changes are expected to provide an increased focus on business opportunities together with optimising operational delivery. Improvements to metallurgical coal prices have enabled significant progress of the recovery of monies owed to MACA by Carabella, with the sales process for assets held as security progressing, and sales proceeds are expected to cover the carrying value of outstanding receivables. Any sales proceeds from the Carabella assets will have a positive impact on MACA's cash flows in FY22.

MACA’s work in hand has increased substantially over the previous two years, from $1.3bn at August 2019 to $3.1bn at August 2021. Our pipeline of organic growth opportunities of $11bn across the Mining, Civil & Infrastructure and Interquip divisions, of which $3.7bn relate to mining opportunities with existing clients, is expected to deliver material opportunities to MACA, some of which are anticipated to commence in FY22.

Section 2 Results for Announcement to the Market

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
42 144 745 782	30th June 2021	30th June 2020

2.1 Results for Announcement to the Market

	2021 $'000	2020 $'000	% change	
Revenue from ordinary activities	1,173,920	795,755	Up	48%
Profit after tax from ordinary activities attributable to members	25,202	3,583	Up	603%
Net profit for the period attributable to members	18,946	(17,874)	Up	(206%)
Dividends				
The final dividend for the year 30th June 2021 is $0.025 per share				
Record date for determining entitlements to the final dividend	3rd September 2021			

2.2 Individual and Total Dividends Per Security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final Dividend:				
Current year	17th September 2021	2.5 cents	2.5 cents	-
Previous year	18th September 2020	2.5 cents	2.5 cents	-
Interim Dividend:				
Current year	18th March 2021	2.5 cents	2.5 cents	-
Previous year	20th March 2020	2.5 cents	2.5 cents	-
Total:				
Current year	-	5.0 cents	5.0 cents	-
Previous year	-	5.0 cents	5.0 cents	-

2.3 Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan

2.4 NTA backing

	30th June 2021	30th June 2020
Net tangible asset backing per ordinary security*	104.4 cents	106.7 cents

*includes right of use assets

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)	South West Gateway Alliance Bocol MACA Joint Venture
Date of joint venture	Nil

2.7 Commentary on results for the period

Refer covering commentary

2.8 Statement of compliance in regards to audit

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

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

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

N/A

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

N/A

Mike Sutton
Managing Director, CEO

Dated at PERTH this 23rd day of August 2021.

MACA Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2021

	Section	30 June 2021 $'000	30 June 2020 $'000
Continuing Operations			
Revenue	3.1(a)	**1,173,920**	795,755
Other Income	3.1(b)	**36,679**	38,013
Gain on Business Combination	6.1	**4,535**	-
Direct Costs	3.3	**(1,130,110)**	(748,000)
Finance Costs		**(8,521)**	(6,468)
Impairment of Assets	3.1(c)	**(3,221)**	(51,602)
Foreign Exchange Gains / (Losses)		**(2,445)**	1,415
Stamp Duty for Acquisition of Mining West		**(9,392)**	-
Other Expenses from Ordinary Activities		**(24,997)**	(23,044)
Profit Before Income Tax		**36,448**	6,069
Income Tax Expense	3.6.1(a)	**(11,246)**	(2,486)
Profit After Tax from Continuing Operations		**25,202**	3,583
Discontinued Operations			
Profit / (Loss) After Tax from Discontinued Operations	3.7	**(3,666)**	(10,472)
Transfer of Foreign Exchange Reserve on Discontinued Operations		**(806)**	(10,567)
Profit / (Loss) for the Year		**20,730**	(17,456)
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations	5.6	**-**	(2,072)
Transfer of Foreign Exchange Reserve on Discontinued Operations	5.6	**-**	10,567
Total Comprehensive Income for the Year		**20,730**	(8,961)
Profit / (Loss) Attributable to:			
- Non-Controlling Interest		**1,784**	418
- Members of the Parent Entity		**18,946**	(17,874)
		20,730	(17,456)
Total Comprehensive Income Attributable to:			
- Non-Controlling Interest		**1,784**	418
- Members of the Parent Entity		**18,946**	(9,379)
		20,730	(8,961)
Earnings per Share			
From Continuing and Discontinued Operations:			
- Basic Earnings per Share (cents)	3.8	**6.20**	(6.67)
- Diluted Earnings per Share (cents)	3.8	**6.10**	(6.57)
From Continuing Operations:			
- Basic Earnings per Share (cents)	3.8	**7.67**	1.18
- Diluted Earnings per Share (cents)	3.8	**7.54**	1.16
From Discontinued Operations:			
- Basic Earnings per Share (cents)	3.8	**(1.46)**	(7.85)
- Diluted Earnings per Share (cents)	3.8	**(1.44)**	(7.74)

The accompanying Sections form part of these Financial Statements

MACA Limited

Consolidated Statement of Financial Position

As at 30 June 2021

	Section	30 June 2021 $'000	30 June 2020 $'000
Current Assets			
Cash and Cash Equivalents	5.1.1	**122,346**	114,650
Trade and Other Receivables	4.1	**284,651**	154,329
Inventory and Work In Progress	4.2	**45,052**	9,477
Other Financial Assets	4.1	**30**	69
Other Assets	4.3	**8,418**	5,550
Total Current Assets		**460,497**	284,075
Non-Current Assets			
Trade and Other Receivables	4.1	**9,469**	-
Property, Plant and Equipment*	4.4	**478,779**	293,318
Loans to Other Companies	4.1	**26,841**	26,841
Other Assets	4.3	**1,175**	-
Intangible Assets	4.5	**3,663**	-
Deferred Tax Assets	3.6.2(a)	**28,417**	23,559
Total Non-Current Assets		**548,344**	343,718
Total Assets		**1,008,841**	627,793
Current Liabilities			
Trade and Other Payables	4.6	**246,622**	111,916
Deferred Consideration Payable	4.6	**38,500**	-
Interest Bearing Liabilities	5.2.1	**97,331**	55,127
Current Tax Liabilities	3.6.2(b)	**10**	2,169
Short-Term Provisions	4.7	**32,431**	15,976
Total Current Liabilities		**414,894**	185,188
Non-Current Liabilities			
Deferred Tax Liabilities	3.6.2(b)	**1,099**	-
Interest Bearing Liabilities	5.2.1	**205,240**	132,945
Total Non-Current Liabilities		**206,339**	132,945
Total Liabilities		**621,233**	318,133
Net Assets		**387,608**	309,660
Equity			
Issued Capital	5.5	**342,267**	269,806
Reserves	5.6	**(5,298)**	(5,298)
Retained Profits		**45,322**	41,619
Parent Interest		**382,291**	306,127
Non-Controlling Interest		**5,317**	3,533
Total Equity		**387,608**	309,660

*Includes Right-Of-Use Assets

The accompanying Sections form part of these Financial Statements

MACA Limited

Consolidated Statement of Cash Flows

For The Period Ended 30 June 2021

	Section	30 June 2021 $'000	30 June 2020 $'000
Cash Flows From Operating Activities			
Receipts from Customers		**1,040,442**	787,478
Payments to Suppliers and Employees		**(901,306)**	(652,119)
Interest Received		**289**	3,292
Interest Paid		**(8,521)**	(6,834)
Income Tax Paid		**(12,154)**	(15,187)
Net Cash Provided By / (Used In) Operating Activities	5.1.2	**118,750**	116,630
Cash Flow From Investing Activities			
Proceeds from Sale of Investments		**-**	19,836
Proceeds from Sale of Property, Plant and Equipment		**2,838**	7,735
Purchase of Property, Plant and Equipment*		**(91,980)**	(63,444)
Net Loans Repaid by / (Provided to) Customers		**(100)**	22,591
Purchase of Investments		**-**	(5,435)
Acquisition of Mining West	6.1	**(136,500)**	-
Net Cash Provided By / (Used In) Investing Activities		**(225,742)**	(18,717)
Cash Flow From Financing Activities			
Net Proceeds from Share Issue		**72,461**	-
Proceeds from Borrowings*		**144,939**	23,821
Repayment of Borrowings		**(85,212)**	(52,975)
Dividends Paid by the Parent		**(15,243)**	(13,400)
Net Cash Provided by / (Used In) Financing Activities		**116,945**	(42,554)
Net Increase / (Decrease) in Cash Held		**9,953**	55,359
Effect of Forex Rate Changes		**(2,257)**	(1)
Cash and Cash Equivalents at the Beginning of the Year		**114,650**	59,292
Cash and Equivalents at the End of the Year	5.1.1	**122,346**	114,650

*** Non-Cash Financing and Investing Activities**

During the period ended 30 June 2021 the Group acquired $50.9 million (2020: $61.1m) in plant and equipment by means of finance leases (included in right-of-use assets), directly from original equipment manufacturers. These acquisitions are not reflected above.

The accompanying Sections form part of these Financial Statements

MACA Limited

Consolidated Statement of Changes of Equity

For the Year Ended 30 June 2021

	Issued Capital $'000	Retained Profits $'000	Outside Equity Interest $'000	General Reserves $'000	Option Reserve $'000	FX Reserve $'000	Total $'000
Balance at 1 Jul 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	-	(17,874)	418	-	-	-	(17,456)
SUB-TOTAL	**269,806**	**55,019**	**3,533**	**(5,888)**	**590**	**(8,495)**	**314,565**
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	(2,072)	(2,072)
Transfer of FX Reserve on Discontinued Operations	-	-	-	-	-	10,567	10,567
SUB-TOTAL	**269,806**	**55,019**	**3,533**	**(5,888)**	**590**	**-**	**323,060**
Dividends Paid	-	(13,400)	-	-	-	-	(13,400)
Balance at 30 Jun 2020	**269,806**	**41,619**	**3,533**	**(5,888)**	**590**	**-**	**309,660**
Balance at 1 Jul 2020	269,806	41,619	3,533	(5,888)	590	-	309,660
Profit / (Loss) for the Period	-	18,946	1,784	-	-	-	20,730
SUB-TOTAL	**269,806**	**60,565**	**5,317**	**(5,888)**	**590**	**-**	**330,390**
Other Comprehensive Income:							
Forex in Translating Foreign Operations	-	-	-	-	-	-	-
Transfer of FX Reserve on Discontinued Operations	-	-	-	-	-	-	-
SUB-TOTAL	**269,806**	**60,565**	**5,317**	**(5,888)**	**590**	**-**	**330,390**
Shares Issued (net of costs)	72,461	-	-	-	-	-	72,461
Dividends Paid	-	(15,243)	-	-	-	-	(15,243)
Balance at 30 Jun 2021	**342,267**	**45,322**	**5,317**	**(5,888)**	**590**	**-**	**387,608**

The accompanying Sections form part of these Financial Statements

Section 1 General Information

1.1 Reporting Entity

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

1.2 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. These financial statements are presented in Australian dollars and rounded to the nearest thousand ($'000), unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

1.3 Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MACA Limited (the 'Company') as at 30 June 2021 and the results of all subsidiaries for the year then ended. MACA Limited and its subsidiaries together are referred to in these financial statements as the "Group" or "Consolidated".

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full.

1.4 New Accounting Standards Adopted by the Group During the Year

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards - Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisition of assets.

The standard listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future period.

1.5 New Accounting Standards for Application in Future Periods

A number of new accounting standards, amendments to standards and interpretations are not yet effective for the 30 June 2021 reporting period and have not been early adopted in preparing these financial statements.

The Directors' assessment of these new accounting standards (to the extent relevant to the Group) and interpretations is that they are not expected to have a material effect on the financial statements of the Group.

1.6 Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed. There is no adjustment to comparative figures for the acquisition of Mining West.

Section 2 Critical Accounting Estimates and Judgments

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

Key Estimates and Judgements

Impairment - 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.

Impairment - Trade and Other Receivables and Loans to Other Companies

As at 30 June 2021, the Group's trade and other receivables and loans to other companies amounted to $325.2m (30 June 2020: $229.6m), before recognition of any impairment.

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, where payment profiles exceed 12 months. Receivables identified within each revenue segment, are then evaluated on an individual basis. Management has assessed and impaired receivables by $4.2m, being bad debts written off $3.2m and a provision for doubtful debts of $0.9m (from discontinued operations), through the profit and loss. There was no further impairment to trade and loan receivables with Carabella Resources Pty Ltd in the current period.

In the assessment of loans to other companies, no overdue payments were outstanding for greater than 12 months with exception of the loan to Carabella Resources Pty Ltd, where we have first ranking securities over the company assets. (Refer to Section 5.3 for details)

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on best estimates. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Group’s understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that best estimate, pending an assessment by the Australian Taxation Office.

Estimation of Useful Lives of Assets

The estimation of the useful lives of property, plant and equipment is based on historical experience and is reviewed on an ongoing basis. The condition of the assets is assessed at least annually against the remaining useful life with adjustments made when considered necessary.

Section 3 Results for the Year

This section focuses on the results and performance of the Group and includes disclosures explaining the Group's results for the year, segment information, capital and leasing commitments, taxation, profit/(loss) from discontinued operations and EPS.

3.1 Revenue

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 0.4% of the Group's trading revenue. This is noted under note 3.2 Operating Segments and refers only to Interquip revenues of which 5% 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.

3.1 Revenue (continued)

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).

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

Continuing Operations 3.1(a) Revenue from Operating Activities	Section	**30 June 2021 $'000**	30 June 2020 $'000
Contract Trading Revenue		**1,173,423**	790,058
Interest Received		**79**	3,223
Other Revenue		**418**	2,474
Total Revenue from Operating Activities		**1,173,920**	795,755

Continuing Operations 3.1(b) Other Income	Section	**30 June 2021 $'000**	30 June 2020 $'000
Profit / (Loss) on Disposal of Property, Plant and Equipment		**1,020**	3,402
Profit / (Loss) on Sale of Investments		**-**	(299)
Rebates		**35,659**	34,910
Total Other Income		**36,679**	38,013

Continuing Operations 3.1(c) Impairment of Assets	Section	**30 June 2021 $'000**	30 June 2020 $'000
Impairment of Receivables	5.3	**3,221**	48,415
Impairment of Goodwill	4.5	**-**	3,187
Total Impairment		**3,221**	51,602

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 businesses and currently three geographical segments. The business segments are for the provision of contract mining, civil & infrastructure, and structural, mechanical and piping (through Interquip) services to the resource sector. The three geographical segments being Australia, Brazil 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 year.

Basis of Accounting for Purposes of Reporting by Operating Segments

Accounting Policies Adopted

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker, are in accordance with accounting policies that are consistent to those adopted in the financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue and expense are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Dividends, interest, foreign exchange, head office and other administration expenditure.

3.2 Operating Segments (continued)

Consolidated - June 2021	Mining	Civil/ Infrastructure	Interquip^	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
Revenue					
Reportable Segment Revenue	870,524	210,263	95,573	(2,440)	1,173,920
Other Revenue	36,606	22	51	-	36,679
Total Revenue	**907,130**	**210,285**	**95,624**	**(2,440)**	**1,210,599**
EBITDA*	**153,369**	**(960)**	**10,924**	**(1,252)**	**162,081**
Depreciation and Amortisation	(92,883)	(1,747)	(1,309)	-	(95,939)
EBIT	**60,486**	**(2,707)**	**9,615**	**(1,252)**	**66,142**
Non-Recurring Transactions	(15,586)	-	(3,221)	(2,445)	(21,252)
Interest Revenue	66	8	-	5	79
Finance Costs	(8,383)	(101)	(37)	-	(8,521)
Net Profit / (Loss) Before Tax	**36,583**	**(2,800)**	**6,357**	**(3,692)**	**36,448**
Income Tax Expense					(11,246)
Net Profit After Tax					**25,202**
Net Loss After Tax from Discontinued Operations					**(4,472)**
Profit for the Year					**20,730**
Assets					
Segment Assets	860,390	60,802	40,952	46,697	**1,008,841**
Total Assets					**1,008,841**
Liabilities					
Segment Liabilities	554,191	38,032	26,481	2,529	**621,233**
Total Liabilities					**621,233**
Capital Expenditure	277,664	1,056	3,406	-	**282,126**

*EBITDA is Earnings Before Interest, Income Tax, Depreciation, Non-Recurring Transactions and Amortisation of Continuing Operations.

[1]Non-Recurring Transactions include one-off Mining West acquisition costs, gain on business combination, forex losses and Bluff cessation costs.

^ 5% of Interquip segment revenue has been derived at a point in time. This represents only 0.4% of the Group's total trading revenue. All other Group revenue is derived over time.

3.2 Operating Segments (continued)

Consolidated - June 2020	Mining	Civil/ Infrastructure	Interquip	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
Revenue					
Reportable Segment Revenue[1]	570,774	191,173	30,797	3,011	**795,755**
Other Revenue	36,324	(42)	(3)	1,734	**38,013**
Total Revenue	607,098	191,131	30,794	4,745	**833,768**
EBITDA*	**111,698**	**13,083**	**2,105**	**2,584**	**129,470**
Depreciation and Amortisation	(66,248)	(1,285)	(1,021)	-	**(68,554)**
EBIT	**45,450**	**11,798**	**1,084**	**2,584**	**60,916**
Non-Recurring Transactions^	(48,415)	(3,187)	-	-	**(51,602)**
Interest Revenue	1,785	24	4	1,410	**3,223**
Finance Costs	(6,235)	(156)	(53)	(24)	**(6,468)**
Net Profit/(Loss) Before Tax	**(7,415)**	**8,479**	**1,035**	**3,970**	**6,069**
Income Tax Expense					**(2,486)**
Net Profit After Tax					**3,583**
Net Loss After Tax from Discontinued Operations					**(21,039)**
Profit / (Loss) for the Year					**(17,456)**
Assets					
Segment Assets	466,084	71,260	21,463	68,986	**627,793**
Total Assets					**627,793**
Liabilities					
Segment Liabilities	262,480	49,749	4,185	1,719	**318,133**
Total Liabilities					**318,133**
Capital Expenditure	117,975	6,037	513	-	**124,525**

[1]Excludes revenue of $12.2m from discontinued operation from Brazil

*EBITDA is Earnings Before Interest, Income Tax, Non-Recurring Transactions, Depreciation and Amortisation of Continuing Operations

^In relation to the impairment of receivables and goodwill.

3.2 Operating Segments (continued)

Geographical Information	Revenue 30 June 2021 $'000	Revenue 30 June 2020 $'000	Non-Current Assets 30 June 2021 $'000	Non-Current Assets 30 June 2020 $'000
Australia	**1,157,118**	795,755	**518,898**	333,292
Cambodia	**16,802**	-	**29,445**	-
Brazil (Discontinued Operations)	**211**	12,186	**1**	10,426
Total	**1,174,131**	807,941	**548,344**	343,718

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 20.6%, 9.4% and 7.3% of external revenue. (2020: 31.4%, 10.9% and 8.5%). The next most significant client across the Group accounts for 6.7% (2020: 10.9%) of external revenue.

3.3 Operating Costs from Continuing Operations

Expenses	Section	**30 June 2021 $'000**	30 June 2020 $'000
Depreciation and Amortisation			
– Plant and Equipment		**91,418**	65,582
– Motor Vehicles		**1,271**	509
– Other		**3,250**	2,463
Total Depreciation and Amortisation Expenses		**95,939**	68,554

*The amount above excludes the depreciation of $23k (2020: $3.46m) for discontinued operations.

Employee Benefits Expense		**444,075**	289,988
Repairs, Service and Maintenance		**105,194**	55,360
Materials and Supplies		**179,746**	129,244
Hire of Plant and Equipment		**72,799**	48,125
Subcontractor Costs		**66,601**	34,848
Others		**165,756**	121,881
Total Direct Costs		**1,130,110**	748,000

Comparatives for operating costs do not include Mining West.

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.

(a) Capital Expenditure Commitments	**30 June 2021 $'000**	30 June 2020 $'000
Plant and Equipment Purchases		
Payable		
– Not Later Than 12 Months	**28,384**	40,300
– Between 12 Months and 5 Years	**-**	-
– Greater Than 5 Years	**-**	-
Total Minimum Commitments	**28,384**	40,300

$28.4m of commitments for property, plant and equipment expenditure existed at 30 June 2021 (2020: $40.3m). These commitments are largely associated with the Karlawinda project for Capricorn Metals Ltd.

3.5 Auditor's Remuneration

Auditor's Remuneration - Moore Stephens	**30 June 2021 $'000**	30 June 2020 $'000
Audit or Review of the Financial Report	**245**	239
Other Non-Audit Services	**-**	-
Taxation Services	**-**	-
Total Auditor's Remuneration	**245**	239

3.6 Taxation

Accounting Policies

Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

3.6 Taxation (continued)

3.6.1 Income Tax Expense	Section	**30 June 2021 $'000**	30 June 2020 $'000
(a) The Components of Tax Expense Comprise:			
Current		8,920	16,858
Deferred	3.6.3 (a)	2,326	(14,372)
Income Tax Expense		**11,246**	2,486
(b) Reconciliation:			
Prima Facie Tax Payable on Profit From Ordinary Activities Before Income Tax at 30% (2020: 30%)		**10,935**	1,821
Add Tax Effect of			
– Dividend Imputation		**1,960**	1,723
– Other Non-Allowable Items		**411**	412
– Other Taxable Items		**5,007**	5,017
– Under / (Over) provision of Prior Years' Tax Expense		**(441)**	(277)
Less Tax Effect of			
– Franking Credits on Dividends Received		**(6,533)**	(5,743)
– Other Deductible Items		**(93)**	(467)
Income tax attributable to the Group		**11,246**	2,486
The Applicable Weighted Average Effective Tax Rate as		**31%**	41%

3.6 Taxation (continued)

3.6.2 Tax Assets and Liabilities	Section	**30 June 2021 $'000**	30 June 2020 $'000
(a) Tax Assets			
Non-Current			
Deferred Tax Assets comprise:			
Provisions	3.6.3(c)	**17,054**	5,725
Losses	3.6.3(c)	**7,054**	2,733
Other	3.6.3(c)	**4,309**	15,101
Total Non-Current Tax Assets		**28,417**	23,559
(b) Tax Liabilities			
Current			
Income tax		**10**	2,169
Total Current Tax Liabilities		**10**	2,169
Non-Current			
Deferred Tax Liabilities comprises:			
Depreciation		**1,099**	-
Other		**-**	-
Total Non-Current Tax Liabilities	3.6.3(b)	**1,099**	-

3.6.3 Reconciliations

(a) Gross Movements			
The Overall Movement In the Deferred Tax Account is as follows:			
Opening Balance		**23,559**	9,187
(Charge) / Credit To Income Statement		**(2,326)**	14,372
(Charge) / Credit To Equity		**1,075**	-
Acquisition through business combination	6.1	**5,010**	-
Closing Balance		**27,318**	23,559
(b) Deferred Tax Liabilities			
The Movement In Deferred Tax Liabilities For Each Temporary Difference During the Year is as follows:			
Depreciation and Other:			
Opening Balance		**-**	4,326
Charge / (Credit) To Income Statement		**1,099**	(4,326)
Charge / (Credit) To Equity		**-**	-
Closing Balance		**1,099**	-

3.6 Taxation (continued)

3.6.3 Reconciliations (continued)	Section	**30 June 2021 $'000**	30 June 2020 $'000
(c) Deferred Tax Assets			
The Movement In Deferred Tax Assets For Each Temporary Difference During the Year is as follows:			
Provisions:			
Opening Balance		**5,725**	4,671
Acquisition through business combination	6.1	**5,010**	-
(Charge) / Credit to Equity		**1,075**	-
Credit To Income Statement		**5,244**	1,054
Closing Balance		**17,054**	5,725
Losses:			
Opening Balance		**2,733**	8,293
(Charge) / Credit To Income Statement		**4,321**	(5,560)
Closing Balance		**7,054**	2,733
Other:			
Opening Balance		**15,101**	549
(Charge) / Credit To Income Statement		**(10,792)**	14,552
(Charge) / Credit To Equity		**-**	-
Closing Balance		**4,309**	15,101

3.7 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).

3.7 Profit / (Loss) from Discontinued Operations (continued)

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:

	Section	**30 June 2021 $'000**	30 June 2020 $'000
Revenue		**211**	12,186
Other Income		**102**	211
Direct Costs		**(3,051)**	(21,426)
Impairment of Receivables	5.3	**(981)**	(1,952)
Finance Costs		**-**	(365)
Foreign Exchange Gains / (Losses)		**53**	(2,358)
Profit / (Loss) Before Income Tax		**(3,666)**	(13,704)
Income Tax Expense		**-**	3,232
Profit / (Loss) After Tax from Discontinued Operations		**(3,666)**	(10,472)

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	**10,558**	27,240
Net Cash Provided By / (Used In) Investing Activities	**859**	1,603
Net Cash Provided By / (Used In) Financing Activities*	**(7,508)**	(38,778)
Net Cash Increase / (Decrease) in Cash Held	**3,909**	(9,935)

*Included in the net cash used in financing activities for the year ended 30 June 2021, is an amount of $7.5m (2020: $29.3m) loan repayment made to the parent entity.

3.8 Earnings per Share

Accounting Policies

Basic EPS

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

Diluted EPS

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

	30 June 2021 $'000	30 June 2020 $'000
Reconciliation of Earnings to Profit and Loss		
Profit After Tax from Continuing Operations	**25,202**	3,583
(Profit) / Loss Attributable To Non-Controlling Interest	**(1,784)**	(418)
Profit Attributable to Members of Parent Entity from Continuing Operations	**23,418**	3,165
Profit / (Loss) Attributable to Members of Parent Entity from Discontinued Operations	**(4,472)**	(21,039)
Profit / (Loss) Attributable to Members of Parent Entity from Continuing and Discontinued Operations	**18,946**	(17,874)
From Continuing and Discontinued Operations		
Earnings Used To Calculate Basic EPS	**18,946**	(17,874)
Earnings Used in the Calculation of Dilutive EPS	**18,946**	(17,874)
From Continuing Operations		
Earnings Used To Calculate Basic EPS	**23,418**	3,165
Earnings Used in the Calculation of Dilutive EPS	**23,418**	3,165
From Discontinued Operations		
Earnings Used To Calculate Basic EPS	**(4,472)**	(21,039)
Earnings Used in the Calculation of Dilutive EPS	**(4,472)**	(21,039)
Weighted Avg. No. of Ord. Shares Outstanding During the Year (Basic EPS) ('000)	**305,418**	268,008
Weighted Average Number of Dilutive Options Outstanding ('000)	**4,985**	3,879
Weighted Avg. No. of Ord. Shares Outstanding During the Year (Diluted EPS) ('000)	**310,403**	271,887

Section 4 Assets and Liabilities

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

4.1 Trade and Other Receivables, Loans to Other Companies and Other 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. The Group's impairment loss allowance accounting policy for receivables is outlined in note 5.3.

Trade and Other Receivables	Section	**30 June 2021 $'000**	30 June 2020 $'000
Trade and Other Debtors - Current		**281,543**	**191,554**
Less: Provision for Impairment	5.3	**(981)**	**(48,415)**
		280,562	**143,139**
Debtors Subject to Payment Arrangements - Current		**4,089**	**11,190**
Total Current		**284,651**	**154,329**
Debtors Subject to Payment Arrangements - Non-Current		**9,469**	**-**
Total Trade and Other Receivables		**294,120**	**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**
Other Financial Assets			
Shares in Listed Corporations at Fair Value - Current		**30**	**69**
Shares in Listed Corporations at Fair Value - Non-Current		**-**	**-**
Total Other Financial Assets		**30**	**69**

Credit Risk

The Group has approximately 14% (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. Management of credit risk is discussed in Section 5.3 Financial Risk Management. The class of assets described as "trade and other receivables" and "loans to other companies" are considered to be the main source of credit risk related to the Group.

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

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

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

	Gross amount	Past due and impaired	Past due but not impaired	Within initial trade terms
	$'000	$'000	$'000	$'000
30 June 2021				
Trade and Term Receivables	277,777	(4,202)	28,749	244,826
Other Receivables	20,545	-	-	20,545
Total Trade and Other Receivables	**298,322**	**(4,202)**	**28,749**	**265,371**
30 June 2020				
Trade and Term Receivables	198,049	(48,415)	18,806	130,828
Other Receivables	4,695	-	-	4,695
Total Trade and Other Receivables	202,744	(48,415)	18,806	135,523

Receivables and Loans as Financial Assets measured at Amortised Cost	**30 June 2021 $'000**	30 June 2020 $'000
Trade and Other Receivables		
- Total Current (net of impairment)	**284,651**	154,329
- Total Non-Current	**9,469**	-
Total Trade and Other Receivables	**294,120**	154,329
Loans to Other Companies		
- Total Current	**-**	-
- Total Non-Current (Secured)*	**26,841**	26,841
Total Loan to Other Companies	**26,841**	26,841

* Loan to Carabella Resources Pty Ltd has first ranking securities over the company assets, being mining and exploration tenements.

4.2 Inventory and Work In Progress (WIP)

Accounting Policies

Inventory 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.

A WIP Liability is recognised when the customer pays consideration before the Group recognises the related revenue as set out in Note 3.1(a). A WIP Liability would also be recognised if the Group has an unconditional right to receive the consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

Inventory and Work In Progress (WIP)	**30 June 2021 $'000**	30 June 2020 $'000
Inventory*	**49,914**	12,494
WIP - Income Received in Advance	**(4,862)**	(3,017)
Total Inventory and Work in Progress (WIP)	**45,052**	9,477

*On 1st February 2021 inventory of $40m acquired through business combination (Refer to Note 6.1).

WIP Liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts and progress billings issued in excess of the Group's rights to the consideration in respect of construction contract revenue.

4.3 Other Assets

Other Assets	**30 June 2021 $'000**	30 June 2020 $'000
Prepayments	**2,565**	777
Deposit*	**5,528**	4,773
Loan Establishment Fee^	**325**	-
Total Other Assets - Current	**8,418**	5,550
Loan Establishment Fee^	**1,175**	-
Total Other Assets - Non-Current	**1,175**	-

*Included in the deposit balance as at 30 June 2021, amount of $4.6m was cash deposit-backed security bonds.

^In relation to the $130m loan from Commonwealth Bank of Australia for the acquisition of Mining West and being amortised over the remaining period of the loan.

4.4 Property, Plant and Equipment

Accounting Policies

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and other comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value or straight line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	2.50%
Plant and Equipment	10% – 40.0%
Low Value Pool	18.75% – 37.5%
Motor Vehicles	18.75% – 50%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Leases

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.

4.4 Property, Plant and Equipment (continued)

Movements in Carrying Amounts

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

	30 June 2021 $'000	30 June 2020 $'000
Plant and Equipment – at Cost		
- Owned	**600,634**	405,691
- Right-Of-Use Assets	**318,572**	276,951
Total Cost	**919,206**	682,642
Accumulated Depreciation		
- Owned	**(344,082)**	(325,162)
- Right-Of-Use Assets	**(115,467)**	(82,003)
Total Accumulated Depreciation	**(459,549)**	(407,165)
Carrying Amount - Plant and Equipment	**459,657**	275,477
Motor Vehicles – at Cost		
- Owned	**3,759**	4,370
- Right-Of-Use Assets	**2,619**	3,752
Total Cost	**6,378**	8,122
Accumulated Depreciation		
- Owned	**(2,992)**	(3,807)
- Right-Of-Use Assets	**(1,507)**	(2,126)
Total Accumulated Depreciation	**(4,499)**	(5,933)
Carrying Amount - Motor Vehicles	**1,879**	2,189
Land and Building		
- Owned at Fair Value	**3,272**	3,272
- Right-Of-Use Assets	**20,330**	16,458
Total	**23,602**	19,730
Accumulated Depreciation		
- Owned at Fair Value	**(519)**	(487)
- Right-Of-Use Assets	**(7,488)**	(5,018)
Total Accumulated Depreciation	**(8,007)**	(5,505)
Carrying Amount - Land and Building	**15,595**	14,225

4.4 Property, Plant and Equipment (continued)

	30 June 2021 $'000	30 June 2020 $'000
Low Value Pool – at Cost	**567**	481
Accumulated Depreciation	**(456)**	(416)
Carrying Amount - Low Value Pool	**111**	65
Leasehold Improvements – at Cost	**3,661**	2,980
Accumulated Depreciation	**(2,124)**	(1,618)
Carrying Amount - Leasehold Improvements	**1,537**	1,362
Total Carrying Amounts - Owned	**261,720**	85,304
Total Carrying Amounts - Right-Of-Use Assets	**217,059**	208,014
Total Carrying Amounts - Property, Plant and Equipment	**478,779**	293,318

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

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.

Impairment of Property, Plant & Equipment

The Group monitors market conditions for indications of impairment of its operating assets. Where a trigger event occurs which indicates an impairment may have occurred, a formal impairment assessment is performed. The following trigger events have occurred at 30 June 2021:

- The carrying amount of the Group’s net assets ($387.6M) exceeded the Company’s market capitalisation as at 30 June 2021 ($259.3M).

As a result, an assessment has been made of the recoverable amounts of each of the Operating Segments. The Group's Mining Services segment is split into Mining and Crushing CGU's for evaluation of impairment. Similarly, Civil and Infrastructure are also assessed as independent CGU's. Cash flows have been projected for 5 years from the continuing use of assets within each CGU as well as the disposal of any assets, and have been discounted using a Weighted Average Cost of Capital (WACC) rate. Projected future cash flows from the continuing use of assets for FY22 have been based on current contracted work in hand plus an allowance for estimated new work, thereafter growth has been allowed at 2.0% with a terminal growth rate of 2.0% has been applied. The FY21 WACC rate has been applied to discount the projected cash flows of each of these CGU’s to measure any impairment.

The assessment has resulted in no impairment to the plant and equipment employed in the Mining, Crushing, Interquip and Civil CGUs, but indicated a potential impairment of assets for infrastructure, further tests performed supported the carrying value of property, plant and equipment in Infrastructure CGU. Accordingly, no impairment to property, plant and equipment has been recognised.

4.4 Property, Plant and Equipment (continued)

Key Assumptions used for value in use calculations:
- EBITDA Margin
- Discount Rates
- Growth Rates used to extrapolate cash flows beyond the forecast period
- Capital Expenditure

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

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

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

Sensitivity Analysis

CGU	Decrease in Revenue required to incur an impairment	Increase in Discount Rate to incur an impairment
Crushing	14.5%	113.3%
Mining	14.3%	132.5%
Civil	4.2%	122.1%
Infrastructure (1)	0.0%	0.0%
Interquip	66.2%	145.2%

(1) Carrying value of assets are supported by valuations

4.4 Property, Plant and Equipment (continued)

Consolidated:	Plant and Equipment $'000	Motor Vehicles $'000	Land and Buildings $'000	Right-Of-Use Assets $'000	Low Value Pool $'000	Leasehold Improvement $'000	Total $'000
Balance at 01 July 19	231,415	2,694	2,808	-	94	1,269	238,280
Adoption of AASB 16							
- Reallocation from PPE	(161,888)	(1,867)	-	163,755	-	-	-
- Recognition of ROUA	-	-	-	13,138	-	-	13,138
Restated Bal. at 01 July 19	69,527	827	2,808	176,893	94	1,269	251,418
Additions	38,231	12	-	85,842	17	423	124,525
Disposals	(5,238)	(79)	-	-	-	(10)	(5,327)
Reallocation from ROUA	7,703	-	-	(7,703)	-	-	-
Forex movements	(5,100)	-	-	-	-	-	(5,100)
Depreciation expense	(24,594)	(197)	(23)	(47,018)	(46)	(320)	(72,198)
Balance at 30 June 20	**80,529**	**563**	**2,785**	**208,014**	**65**	**1,362**	**293,318**

	Plant and Equipment $'000	Motor Vehicles $'000	Land and Buildings $'000	Right-Of-Use Assets $'000	Low Value Pool $'000	Leasehold Improvement $'000	Total $'000
Balance at 01 July 20	80,529	563	2,785	208,014	65	1,362	293,318
Additions	70,580	479	-	74,925	86	681	146,751
Acquisition through business combination	135,375	-	-	-	-	-	135,375
Disposals	(1,296)	(423)	-	-	-	-	(1,719)
Reallocation from ROUA	29,198	1,365	-	(30,563)	-	-	-
Forex movements	144	-	-	-	-	-	144
Depreciation expense	(57,978)	(1,217)	(32)	(35,317)	(40)	(506)	(95,090)
Balance at 30 June 21	**256,552**	**767**	**2,753**	**217,059**	**111**	**1,537**	**478,779**

AASB 16 related amounts recognised in the income statement for the year ended

	30 June 2021 $'000	30 June 2020 $'000
Depreciation charge related to right-of-use assets	**35,317**	**47,018**
Interest expense on lease liabilities (under finance cost)	**7,257**	**6,834**
Short-term leases expense	**191**	**338**

4.5 Intangible Assets

Accounting Policies

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

4.5 Intangible Assets (continued)

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Allocation of Goodwill to Cash Generating Unit

Goodwill is allocated to the Group’s cash generating units identified according to operating segment. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Impairment Test for Goodwill

The Group does not hold any goodwill arising from the business combinations.

Intangible Assets - Customer Contracts

The acquisition price of Mining West sites was based on the fair value of inventory, plant and equipment, using an independent valuation. The customer contracts ceded to MACA were valued based on the expected net results and discounted using MACA's Weighted Average Cost of Capital ("WACC") to present value. Management believe the customer contracts are fully recoverable and as a result, an intangible has been recognised and amortised on a straight-line basis over the average duration of the contracts, which is 26 months from its acquisition date, see table below.

Intangible Assets	Section	**30 June 2021 $'000**	30 June 2020 $'000
Goodwill:			
MACA Infrastructure		**-**	3,187
Less: Accumulated Impairment Losses		**-**	(3,187)
Goodwill Carrying Amount		**-**	-
Customer Contracts:			
Acquisition through business combination	6.1	**4,535**	-
Less: Accumulated Amortisation		**(872)**	-
Customer Contracts Carrying Amount		**3,663**	-

4.6 Trade and Other Payables

Accounting Policies

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

Payables	Section	**30 June 2021 $'000**	30 June 2020 $'000
Current			
Unsecured Liabilities:			
Trade Creditors		**157,260**	80,388
Sundry Creditors and Accruals		**89,362**	31,528
Total Trade and Other Payables		**246,622**	111,916
Secured Liabilities:			
Deferred Consideration Payable - Downer EDI	6.1	**38,500**	-
Total Payables		**285,122**	111,916

Except for the deferred consideration payable to Downer EDI, payables are settled at various terms up to 45 days. All payables are non-interest bearing.

Payables as Financial Liabilities measured at Amortised Cost		
Payables		
- Total Current	**285,122**	111,916
- Total Non-Current	**-**	-
Total Payables	**285,122**	111,916

4.7 Provisions

Accounting Policies

Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

4.7 Provisions (continued)

	Section	**30 June 2021 $'000**	30 June 2020 $'000
Employee Entitlements		**32,431**	15,976

	Section	**30 June 2021 $'000**	30 June 2020 $'000
Movement in Provisions			
Opening Balance		**15,976**	13,657
Additional Provisions		**4,606**	11,714
Acquisition through business combination	6.1	**16,704**	-
Amounts Used		**(4,855)**	(9,395)
Closing balance		**32,431**	15,976

Section 5 Capital Structure and Financing Costs

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

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

5.1 Cash and Cash Equivalents

Accounting Policies

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

5.1.1 Cash and Cash Equivalents	Section	**30 June 2021 $'000**	30 June 2020 $'000
Cash and Cash Equivalents		**102,346**	114,650
Term Deposit-Convertable to cash*		**20,000**	-
Total Cash and Cash Equivalents		**122,346**	114,650

* Classified as cash & cash equivalents as the term deposit can be readily converted to cash.

5.1.2 Cash Flow Information	Section	**30 June 2021 $'000**	30 June 2020 $'000
Reconciliation of Cash Flow from Operations with Profit / (Loss) for the Year			
Profit / (Loss) for the Year		**20,730**	(17,456)
Non-Cash Flows in Profit			
Depreciation and Amortisation	4.4, 4.5	**95,962**	72,198
Impairment	3.1(c), 3.7	**4,202**	53,554
Net (Gains) / Losses on Disposal of Plant and Equipment		**(1,119)**	(2,165)
Fair Value Losses on Financial Assets		**39**	(846)
Gain on Business Combination	6.1	**(4,535)**	-
Foreign Exchange (Gains) / Losses		**2,114**	13,560
Total Non-Cash Flows in Profit		**96,663**	136,301
Movements in Working Capital			
(Increase) / Decrease in Trade and Other Receivables		**(132,678)**	(13,143)
(Increase) / Decrease in Other Assets		**(3,944)**	(4,026)
(Increase) / Decrease in Inventories and Work-In-Progress		**8,591**	432
Increase / (Decrease) in Trade and Other Payables		**130,544**	28,136
Increase / (Decrease) in Income Tax Payable		**(2,159)**	(1,562)
Increase / (Decrease) in Deferred Tax		**1,252**	(14,371)
Increase / (Decrease) in Provisions		**(249)**	2,319
Total Working Capital Movements		**1,357**	(2,215)
Net Cash Increase / (Decrease) from Operating Activities		**118,750**	116,630

5.1 Cash and Cash Equivalents (continued)

5.1.3 Non-Cash Financing and Investing Activities

During the year the Group acquired $50.9 million in plant and equipment (2020: $61.1m) by means of finance leases (included in right-of-use assets), directly from original equipment manufacturers. These acquisitions are not reflected in the statement of cash flows.

Refer to Note 6.1 Business Combinations for the details of business combination during the year ended 30 June 2021.

Shares Issued

58,530,982 and 15,172,156 new shares were issued at $1.02 per share on 23 December 2020 and 15 January 2021 respectively for the acquisition of Mining West.

Insurance Bonding and Bank Guarantee Facilities

The Group has insurance bonding and bank guarantee facilities totalling $63.2 million. At 30 June 2021 the amount drawn on the facilities was $29.1 million (2020: $23.6 million).

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

5.2.1 Financial Liabilities measured at Amortised Cost	Section	**30 June 2021 $'000**	30 June 2020 $'000
Current			
Secured Lease Liability		**68,080**	52,941
Secured Bank Loan		**26,000**	-
Unsecured Lease Liability		**3,251**	2,186
Total Current Interest Bearing Liabilities		**97,331**	55,127
Non-Current			
Secured Lease Liability		**103,550**	122,772
Secured Bank Loan		**91,000**	-
Unsecured Lease Liability		**10,690**	10,173
Total Non-Current Interest Bearing Liabilities		**205,240**	132,945
Total Current and Non-Current Interest Bearing Liabilities		**302,571**	188,072

The bank loan is secured by the first ranking general security interest over all present and after acquired property (including all shares held in any subsidiary).
During FY21, the Group complied with all the financial covenants of its borrowing facilities.

5.3 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, WIP liability, loans to other companies and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

Accounting Policies

The Board of Directors ("the Board") is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, liquidity risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments (if any), credit risk policies and future cash flow requirements.

			30 June 2021	30 June 2020
Financial Assets		Section	**$'000**	$'000
Financial Assets at Amortised Cost:				
—	Cash and Cash Equivalents	5.1.1	**122,346**	114,650
—	Trade and Other Receivables	4.1	**294,120**	154,329
—	Loans to Other Companies	4.1	**26,841**	26,841
—	WIP Liabilities	4.2	**(4,862)**	(3,017)
Financial Assets at Fair Value Through Profit or Loss:				
—	Listed Investments	4.1	**30**	69
Total Financial Assets			**438,475**	292,872
Financial Liabilities				
Financial Liabilities at Amortised Cost:				
—	Trade and Other Payables (incl. Deferred Consideration Payable)	4.6	**285,122**	111,916
—	Interest Bearing Liabilities	5.2.1	**302,571**	188,072
Total Financial Liabilities			**587,693**	299,988

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 to 60 days from the invoice date. The Group considers various debt recovery methodologies.

5.3 Financial Risk Management (continued)

Credit Risk (continued)

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. In addition MACA is a secured debt holder of Carabella Resources Pty Ltd. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries (refer Section 6.6 Parent Entity Disclosures for details).

Trade Receivables and Contract Assets

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.

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.

The Group's credit risk exposure in relation to Trade Receivables and Contract Assets at 30 June 2021 is set out in Section 4.1.

Management has assessed all trade receivables and identified and impaired $4.2m through profit and loss, a bad debt of $3.2m and raised a provision for doubtful debts of $0.98m. Management's assessment concluded that all other trade receivables were not subject to material credit loss. There has been no change in the estimation techniques or significant assumptions made during the financial period.

5.3 Financial Risk Management (continued)

Credit Risk (continued)

Provision for Impairment and Expected Credit Losses of Trade Receivables	Section	**30 June 2021 $'000**	30 June 2020 $'000
Opening Balance		48,415	-
Provision (reversed) / recognised during the year		4,202	48,415
Receivables written off during the year as uncollectable		(51,636)	-
Closing Balance	4.1	981	48,415

Other Receivables

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.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

The Group has approximately 14% (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.

The loan to Carabella Resources Pty Ltd ("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 loan and remaining receivables following the impairment of $48.4m recognised in FY20.

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

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

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cashflow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure that all lease agreements entered into, are over a period that will ensure that adequate cash flows will be available to meet repayments.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

5.3 Financial Risk Management (continued)

Liquidity Risk (continued)

Financial Liability and Financial Asset Maturity Analysis	Section	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
		2021 '000	2020 '000	**2021 '000**	2020 '000	**2021 '000**	2020 '000	**2021 '000**	2020 '000
Financial Liabilities Due for Payment									
Trade and Other Payables	4.6	**285,122**	111,916	**-**	-	**-**	-	**285,122**	111,916
Interest Bearing Liabilities	5.2.1	**97,331**	55,127	**205,240**	132,945	**-**	-	**302,571**	188,072
Total Contractual Outflows		**382,453**	167,043	**205,240**	132,945	**-**	-	**587,693**	299,988
Total Expected Outflows		**382,453**	167,043	**205,240**	132,945	**-**	-	**587,693**	299,988
Financial Assets - Cash Flows Realisable									
Cash and Cash Equivalents	5.1.1	**122,346**	114,650	**-**	-	**-**	-	**122,346**	114,650
Trade and Other Receivables	4.1	**284,651**	154,329	**9,469**	-	**-**	-	**294,120**	154,329
Investments and Loan Receivables	4.1	**30**	69	**26,841**	26,841	**-**	-	**26,871**	26,910
WIP Liabilities	4.2	**(4,862)**	(3,017)	**-**	-	**-**	-	**(4,862)**	(3,017)
Total Anticipated Inflows		**402,165**	266,031	**36,310**	26,841	**-**	-	**438,475**	292,872
Net (Outflow) / Inflow on Financial Instruments		**19,712**	98,988	**(168,930)**	(106,104)	**-**	-	**(149,218)**	(7,116)

All financial assets have been pledged as security under Commonwealth Bank of Australia facility agreement.

Market Risk

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Fixed Interest Rate Within 1 Year		Fixed Interest Rate 1 to 5 Years		Non-interest Bearing		Total		Weighted Average Effective Interest Rate	
	2021 '000	2020 '000	**2021 '000**	2020 '000	**2021 '000**	2020 '000	**2021 '000**	2020 '000	**2021 '000**	2020 '000	**2021 %**	2020 %
Financial Assets												
Cash	**122,346**	114,650	**-**	-	**-**	-	**-**	-	**122,346**	114,650	**0.10**	-
Trade and Other Receivables	**-**	-	**-**	11,190	**-**	-	**294,120**	143,139	**294,120**	154,329	**N/A**	0.50
Loans to Other Companies	**-**	-	**-**	-	**26,841**	26,841	**-**	-	**26,841**	26,841	**9.00**	9.00
WIP Liabilities	**-**	-	**-**	-	**-**	-	**(4,862)**	(3,017)	**(4,862)**	(3,017)	**N/A**	N/A
Total Financial Assets	**122,346**	114,650	**-**	11,190	**26,841**	26,841	**289,258**	140,122	**438,445**	292,803		
Financial Liabilities												
Interest Bearing Liabilities	**117,000**	-	**71,331**	55,127	**114,240**	132,945	**-**	-	**302,571**	188,072	**3.15**	3.80
Trade and Other Payables	**-**	-	**-**	-	**-**	-	**285,122**	111,916	**285,122**	111,916	**N/A**	N/A
Total Financial Liabilities	**117,000**	-	**71,331**	55,127	**114,240**	132,945	**285,122**	111,916	**587,693**	299,988		

5.3 Financial Risk Management (continued)

Price Risk

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms. The risk associated with these investments has been assessed as reasonably not having a significant impact on the Group.

Foreign Exchange Risk

The Group is exposed to fluctuations in foreign currencies. The currency exposure relates to Brazilian Real and US Dollar being cash in bank, trade receivables subject to repayment and intercompany loan. Both Brazilian Real and US Dollar are unhedged. The original investment into the Brazilian subsidiary is exposed to fluctuations in the Brazilian Real. On 21 January 2020, the Group announced its decision to cease the operations in Brazil, which resulted in the realisation of the foreign currency translation reserve to income statement (see Note 5.6(b)). The operations in Cambodia are denominated in USD and commenced during the FY21.

Summarised Sensitivity Analysis

The following illustrates sensitivities to the Group's exposures to changes in interest rates, foreign exchange and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of the other variables.

	Profit $'000	Equity $'000
Year ended 30 Jun 2021		
+/- 2% in Interest Rates	**+/-3,068**	**+/-3,068**
+/- 10% in the Value of Listed Investments	**+/- 3**	**+/- 3**
+/- 10% in AUD/BRL Exchange Rate	**+/- 367**	**+/- 392**
+/- 10% in AUD/USD Exchange Rate	**+/-1,787**	**+/-1,787**
Year ended 30 Jun 2020		
+/- 2% in Interest Rates	+/- 708	+/- 708
+/- 10% in the Value of Listed Investments	+/- 7	+/- 7
+/- 10% in AUD/BRL Exchange Rate	+/- 300	+/- 1,140
+/- 10% in AUD/USD Exchange Rate	+/- 2,159	+/- 2,159

5.4 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

5.4 Financial Instruments (continued)

Classification and subsequent measurement

Financial Liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial Assets

Financial Assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income,: or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial assets; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

5.4 Financial Instruments (continued)

Financial Assets (continued)

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

De-recognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

5.4 Financial Instruments (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
- the general approach; and
- the simplified approach

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:
- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:
- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

5.5 Equity

Issued Capital - Ordinary Shares	**30 June 2021 No.**	30 June 2020 No.	**30 June 2021 $'000**	30 June 2020 $'000
At the Beginning of the Reporting Period	**268,007,708**	268,007,708	**269,806**	269,806
Shares Issued During the Year (net of costs)				
- 23 December 2020 @ $1.02 per share	**58,530,982**	-	**57,544**	-
- 15 January 2021 @ $1.02 per share	**15,172,156**	-	**14,917**	-
At the End of the Reporting Period	**341,710,846**	268,007,708	**342,267**	269,806

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

Performance Rights

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

Capital Management

Management controls the capital of the Group in order to maintain a prudent debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Section	**30 June 2021 $'000**	30 June 2020 $'000
Total Borrowings	5.2.1	**302,571**	188,072
Less Cash and Cash Equivalents	5.1.1	**(122,346)**	(114,650)
Net Debt/(Cash)		**180,225**	73,422
Total Equity		**387,608**	309,660
Total Capital		**567,833**	383,082
Net Debt / Equity Ratio		**46%**	24%

5.6 Reserves

Accounting Policies

Equity Settled Employee Benefits Reserve

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

Foreign Operations

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

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

Foreign Currency Translation Reserve

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

Other Reserves

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

Reserves	Section	**30 June 2021 $'000**	30 June 2020 $'000
Equity-Settled Employee Benefits Reserve		**590**	590
Foreign Currency Translation Reserve		**-**	-
Other Reserves		**(5,888)**	(5,888)
Total Reserves		**(5,298)**	(5,298)
(a) Other Reserves			
Balance at the Beginning of the Year		**(5,888)**	(5,888)
Transactions with Members		**-**	-
Balance at the End of the Year		**(5,888)**	(5,888)
(b) Foreign Currency Translation Reserve			
Balance at the Beginning of the Year		**-**	(8,495)
Exchange Differences Arising on Translating the Foreign Operations		**-**	(2,072)
Transfer of Forex Reserve on Discontinued Operations		**-**	10,567
Balance at the End of the Year		**-**	-

5.7 Dividends

In respect of FY21, the Directors declared the payment of a Final Dividend of 2.5 cents per share fully franked to the holders of fully paid ordinary shares on the Company's register at 3rd September 2021 with payment date of 17th September 2021.

The amount of the Final Dividend is $8.5 million. No provision has been made for the Final Dividend in the Financial Statements as the final dividend was not declared or determined by the Directors on or before the end of the financial year.

	30 June 2021		30 June 2020	
Distributions Paid/Payable	**Cents Per Share**	**$'000**	Cents Per Share	$'000
Interim Dividend in respect of FY21 / FY20	**2.5**	**8,543**	2.5	6,700
Final Dividend in respect of FY21 / FY20	**2.5**	**8,543**	2.5	6,700
Total	**5.0**	**17,086**	5.0	13,400
Balance of franking account at year end		**57,709**		51,991

5.8 Share-Based Compensation

Options

There were no options issued for the year ended 30 June 2021. The weighted average fair value of options granted during the previous year was Nil.

Performance Rights

The Company issues performance rights to Senior executives in accordance with the terms of the Long-Term Incentive Plan and the Performance Rights Plan as approved by Shareholders. When vested, each performance right is converted into one ordinary share for no consideration. Performance rights granted carry no dividend or voting rights.

During the 2021 financial year 2,843,084 (2020: 1,906,909) performance rights were granted under the Group's Performance Rights Plan and 1,529,493 (2020: 1,452,208) performance rights were forfeited. Subject to the achievement of designated performance hurdles, these performance rights will vest in June 2023. As at 30 June 2021 there were 4,004,169 (2020: 2,690,578) performance rights outstanding.

The following performance rights arrangement was in existence at 30 June 2021:

	Number	Expiry Date
Unlisted Performance Rights	1,161,085	30-Jun-22
Unlisted Performance Rights	2,843,084	30-Jun-23

	30 June 2021 Number	30 June 2020 Number
Outstanding at the Beginning of the Year	**2,690,578**	2,235,877
Granted	**2,843,084**	1,906,909
Vested	**-**	-
Cancelled or Expired	**(1,529,493)**	(1,452,208)
Outstanding at the End of the Year	**4,004,169**	2,690,578

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

The weighted average fair value of the performance rights granted during the year ended 30 June 2021 was $0.45 per right. Payments were made to the MACA ERT Trust for delivery of shares under the Performance Rights Plan. Inputs used to determine the fair value of performance rights granted during the year ended 30 June 2021 were:

- Share price $0.873 being the 30 day VWAP of the Company on the last trading day prior to 30 June 2020
- Exercise price: Nil
- Volatility: 34.03%
- Option life: 3 years
- Dividend yield: 5.2%
- Risk Free Rate 0.26%

Section 6 Other

6.1 Business Combinations

Accounting Policies

Business combinations occur where an acquirer obtains control over one or more businesses, and is to be completed within a 12 month period.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase. The gain from a bargain purchase is recognised in profit or loss immediately and is not deductible for tax purpose.

Refer 4.5 Intangible Assets for treatment and calculation of customer contracts.

Acquisition of Mining West

On 1st February 2021, MACA completed the acquisition of the Mining West business from Downer EDI Ltd, which comprises four contracts at the long-life assets of Karara (Ansteel), Eliwana (FMG), Cape Preston (Citic Pacific) and Gruyere (Gold Fields).

The acquisition was funded by $130 million debt facility from Commonwealth Bank of Australia ("CBA") and $72.4 million equity capital raising (net of capital raising costs).

The major classes of assets and liabilities at the date of acquisition are as follows:

	Section	Fair Value $'000
Purchase Consideration - Cash		
- Initial Consideration (Paid)		109,000
- Deferred Consideration (Paid)		27,500
Total Cash Paid as at 30 June 2021		**136,500**
- Deferred Consideration (Payable over the remaining 7 months)	4.6	38,500
Total Consideration - Cash		**175,000**
Less:		
- Inventory		40,004
- Debtors subject to Payment Arrangements (Current and Non-Current)		11,315
- Plant & Equipment	4.4	135,375
- Deferred Tax Asset	3.6.3(c)	5,010
- Employee Entitlements	4.7	(16,704)
- Intangible - Customer Contracts	4.5	4,535
Identifiable Assets Acquired and Liabilities Assumed		**179,535**
Goodwill / (Gain) on Business Combination		**(4,535)**

Revenue and Profit of Mining West included in the consolidated revenue and NPAT of the Group since the acquisition date on 1st February 2021 amounted to $201.3m and $5.7m respectively (excluding acquisition-related costs). Acquisition-related costs totalled $12.4m including stamp duty, advisory, legal, accounting and other professional fees.

Had the results of Mining West been consolidated from 1st July 2020, revenue and NPAT of the consolidated group would have been $1,373m and $33.4m respectively for the year ended 30 June 2021.

6.2 Controlled Entities

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

	Country of Incorporation	Percentage Owned (%)	
		30 June 2021	30 June 2020
Parent Entity:			
MACA Limited	Australia	**-**	-
Subsidiaries:			
MACA Mining Pty Ltd	Australia	**100%**	100%
MACA Plant Pty Ltd	Australia	**100%**	100%
MACA Crushing Pty Ltd	Australia	**100%**	100%
MACA Civil Pty Ltd	Australia	**100%**	100%
Riverlea Corporation Pty Ltd	Australia	**100%**	100%
MACA Mineracao e Construcao Civil Ltda	Brazil	**100%**	100%
Alliance Contracting Pty Ltd	Australia	**100%**	100%
MACA Infrastructure Pty Ltd	Australia	**100%**	100%
Marniyarra Mining and Civils Pty Ltd	Australia	**50%**	50%
Interquip Pty Ltd	Australia	**60%**	60%
Interquip Construction Pty Ltd*	Australia	**60%**	60%
OPMS Cambodia Co Ltd	Cambodia	**100%**	100%

*Interquip Construction Pty Ltd wholly owned by Interquip Pty Ltd

6.3 Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Information about Joint Operations

MACA Civil Pty Ltd ("Company") holds a 9.4% interest in South West Gateway Alliance ("Joint Operation"), a joint arrangement structured as a strategic partnership between the Company, Acciona Construction Australia Pty Ltd, Aurecon Australasia Pty Ltd and NRW Contracting Pty Ltd. The principal place of business of Joint Operation is Bunbury, Western Australia and the primary purpose of the joint arrangement is to facilitate the road design and construction services on behalf of the joint operators. The arrangement also enables the parties to source materials for their respective manufacturing processes that meet their individual specifications. Under the Joint Operation agreement, the Company has a 9.4% direct interest in all of the assets used, the revenue generated and the expenses incurred by the joint arrangement. The Company is also liable for 9.4% of any liabilities incurred by the joint arrangement. In addition, pursuant to the joint Operation agreement, the Company has 9.4% of the voting rights in relation to the Joint Operation.

MACA Civil Pty Ltd ("Company") holds a 50% interest in Bocol MACA Joint Venture ("Joint Operation"), a joint arrangement structured as a strategic partnership between the Company and Bocol Constructions Pty Ltd. The principal place of business of the Joint Operation is Perth, Western Australia and the primary purpose of the joint arrangement is to facilitate design and construction of public bridge and road structures on behalf of the joint operators. The arrangement also enables the parties to source materials for their respective manufacturing processes that meet their individual specifications. Under the Joint Operation agreement, the Company has a 50% direct interest in all of the assets used, the revenue generated and the expenses incurred by the joint arrangement. The Company is also liable for 50% of any liabilities incurred by the joint arrangement. In addition, pursuant to the Joint Operation agreement, the Company has 50% of the voting rights in relation to the Joint Operation.

South West Gateway Alliance and Bocol MACA Joint Venture are contractually established entities and are classified as joint operations. Accordingly, the Company's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangements have been included in the appropriate line items in the consolidated financial statements.

The Group's share of the assets employed the Joint Operations along with its share of liabilities that are included in the consolidated financial statements are as follows:

		30 June 2021 $'000	
	South West Gateway Alliance	**Bocol MACA**	**Total**
Current Assets			
Cash at Bank	2,205	-	**2,205**
Trade and Other Receivables	4,913	447	**5,360**
Work In Progress	-	282	**282**
Total Current Assets	**7,118**	**729**	**7,847**
Current Liabilities			
Trade and Other Payables	6,666	99	**6,765**
Net interest in Joint Operations	**452**	**630**	**1,082**

6.4 Related Party Transactions

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

Key Management Personnel

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

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

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

	30 June 2021 $'000	30 June 2020 $'000
Short-Term Employee Benefits	**2,389**	2,016
Post-Employment Benefits	**97**	90
Other Long-Term Benefits	**-**	-
Long-Term Incentive Payments	**168**	300
Total Remuneration	**2,654**	2,406

A restructure of the corporate leadership team in FY21 has reduced the members of management included as KMP. Accordingly, 30 June 2020 balances have been amended to reflect the restructure.

Controlled Entities

Interests in controlled entities are set out Section 6.2.

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

Other Related Parties

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

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

Key Management Person and/or Related Party	Transaction	**30 June 2021 $'000**	30 June 2020 $'000
Partnership of which current director Mr G.Baker is a 25% partner.	Rent on Division St Business premises.	**1,578**	1,548
Kirk Mining Consultants - a company controlled by current director Mr L.Kirk.	Mining consulting fees	**-**	41
Hensman Properties Pty Ltd - a company controlled by current director Mr R.Ryan.	Consulting fees	**-**	19
Gateway Equipment Parts & Services Pty Ltd ***** - a company of which current director Mr G.Baker's Family Trust is a 20% beneficial shareholder.	Hire of equipment and purchase of equipment, parts and services.	**5,852**	4,974
Gateway Equipment Parts & Services Pty Ltd - a company of which current director Mr G.Baker's Family Trust is a 20% beneficial shareholder.	Sale of equipment (Revenue)	**-**	430

Amounts payable at year end arising from the above transactions		
Gateway Equipment Parts & Services Pty Ltd - a company of which current director Mr G.Baker's Family Trust is a 20% beneficial shareholder.	**920**	150

* Increase in value traded is attributable to inclusion of services provided to Mining West since acquisition, and nothing in the comparative period.

6.5 Contingent Liabilities

Performance Guarantees

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

30 Jun 2021:	**$29.1 million**	30 Jun 2020:	$23.6 million

Claims

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

6.6 Events After Balance Sheet Date

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

Subsequent to the year end, the following items have been announced by the Group:

- MACA has awarded Bowen Coking Coal Ltd (ASX:BCB) a Preferred Bidder Status in the sale process for the Bluff PCI Mine conducted by FTI Consulting as receivers and managers and controllers.
- Ms Sandra Dodds has resigned as a Director of the board effective September 2021.

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

6.7 Parent Entity Disclosures

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

Statement of Financial Position	**30 June 2021 $'000**	30 June 2020 $'000
Assets		
Current Assets	**18,173**	38,073
Total Assets	**449,790**	379,041
Liabilities		
Current Liabilities	**2,529**	1,718
Total Liabilities	**2,529**	1,718
Equity		
Issued Capital	**434,790**	362,329
Reserves	**591**	591
(Accumulated Losses) / Retained Profits	**11,880**	14,403
Total Equity	**447,261**	377,323
Statement of Financial Performance		
Profit / (Loss) For the Year (Including Interco Dividends)	**12,720**	15,064
Total Comprehensive Income	**12,720**	15,064

Guarantees

MACA Limited has entered into guarantees for certain equipment finance facilities and loan in the current financial year, in relation to the debts entered into by its subsidiaries.