2011 ANNUAL REPORT

maca Limited

ABN 42 144 745 782

About MACA

Incorporated in 2002, MACA is a well established mining services business that provides mine to mill contract mining services for open pit mining including loading and hauling, drilling and blasting, crushing and screening and civil works.

MACA specialises in providing services predominantly to mid-size mining projects across a range of commodities, and currently employs a workforce in excess of 500 employees and sub-contractors.

The company has enjoyed sound financial performance throughout its life.

CORPORATE DIRECTORY

MACA Limited
ABN 42 144 745 782

Directors
Andrew Edwards
Non Executive Chairman

Chris Tuckwell
Managing Director

Ross Williams
Finance Director

Geoff Baker
Operations Director

Joe Sweet
Non Executive Director

Karen Field
Non Executive Director

Company Secretary
Jon Carcich

Registered Office
c/o Bentleys (WA) Pty Ltd
Level 1
12 Kings Park Road
WEST PERTH WA 6005
Telephone (08) 9226 4500
Facsimile (08) 9226 4300

Solicitors
Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor
Moore Stephens
Level 3
12 St Georges Terrace
PERTH WA 6000

Share Registry
Computershare Investor
Services Pty Ltd
Level 2
45 St Georges Terrace
PERTH WA 6000

Stock Exchange Listings
MACA Limited shares are
listed on the Australian
Securities Exchange

ASX Code
MLD

Website Address
www.maca.net.au

CONTENTS

HIGHLIGHTS

FINANCIAL

- Strong Profit result
  Pro-forma Net Profit After Tax $29.7m
  Statutory Net Profit After Tax $28.7m
- Total Revenue increased to $249.2m
- Total dividend for 2011 at 6c per share fully franked

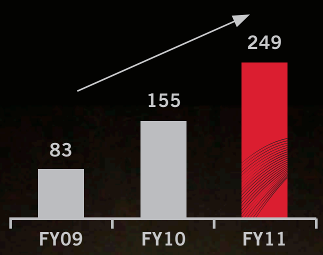
OPERATIONAL

- Contract durations increased and client base expanded
- Improved Health and Safety indicators
- Significant improvement in our safety culture

TOTAL REVENUE

$m

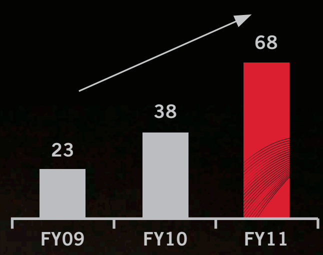
FY09-FY11 CAGR 73%



PRO FORMA EBITDA

$m

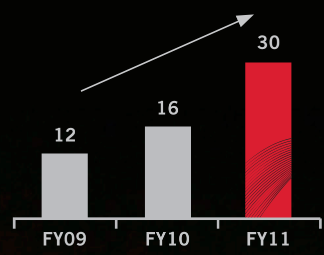
FY09-FY11 CAGR 71%



PRO FORMA NPAT

$m

FY09-FY11 CAGR 60%



CHAIRMAN'S ADDRESS

It gives me great pleasure to present the Annual Report for MACA for the year ended 30 June 2011, the Company's first such report as a publicly listed entity.

MACA was listed on the ASX in November last year following an initial public offering of 60 million shares at $1.00 per share. Since listing, the Company's shares have traded in the range of $1.40 to $2.96, and at the date of this report were trading at $2.08, a healthy premium to the prospectus offer price and a recognition of MACA's successful transition from private to public ownership.

I am pleased to advise that pro forma net profit after tax adjusted for a once off share based payment for the 2011 financial year was $29.7 million (statutory 28.7 million) and earnings per share 19.7 cents. This was 28% above MACA's prospectus forecast and an 81% increase on the previous year. The Company has declared a final dividend of 3 cents per share, bringing the total for the year to 6 cents per share, consistent with the prospectus forecast.

This financial performance was generated from the continued provision of contract mining and crushing services to a range of clients in iron ore, gold and base metals projects in Western Australia. Earlier this calendar year the Company was awarded its first contracts outside of Western Australia to supply mining and crushing services at the Peculiar Knob Direct Shipping Ore Project near Cooper Pedy in South Australia. In addition, the Company formed MACA Civil (in which it has a 60% interest) to provide more detailed civil engineering services to both the mining and public sectors and this business commenced its first project in May 2011.

Through a strong focus on client relationships and service quality, the Company has also been successful in achieving contract extensions and the award of a significant, long term mining services contract from Regis Resources Limited at the proposed Garden Well Gold Project.

These successes represent important progressions in MACA's objective to position itself for sustainable growth. Mining activity in Australia is expected to remain strong and MACA is well positioned to take advantage of this. The Company is in a strong financial position, with cash on hand in excess of $50 million, and an order book which currently stands at $1.3 billion. Further, MACA's reputation and attention to workplace safety makes it well placed to deal with the expected key industry challenge of securing the required people.

At Board level, I am delighted to welcome Karen Field as a newly appointed director. Karen brings to the Board more than 30 years mining industry experience in operational and executive roles as well as listed company experience from other boards.

I would like to thank the management team led by the Managing Director, Chris Tuckwell, for their untiring effort during the year. This has been critical to the success MACA has enjoyed. I would also like to thank my fellow directors for their support and contribution to the Board's important role.

We look forward to continuing strong shareholder returns in the coming year and beyond.

Andrew Edwards
Chairman

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

I am pleased to deliver my first annual report to shareholders of MACA Limited following the successful initial public offering in October, 2010.

In its first publicly listed year MACA has continued to progress its operational and financial capabilities and has delivered a strong result for the year.

This performance has been driven by several factors:

- a continued focus on the efficient management of our mining and crushing fleet with repairs and maintenance costs being significantly lower than forecast;
- our capability to undertake our own major repairs including component rebuilds;
- a continued focus on client relationships; and
- our employees who have embraced the company's culture of working in a safe manner and making a significant contribution to the continued improvement of our business.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

HIGHLIGHTS

60% increase in revenue to $249.2m

81% increase in pro forma NPAT to $29.7m (Statutory NPAT of 28.7m)

Order book at $1.3b as at June 2011 with $255m revenue for financial year 2012 secured

Total dividend for the year 6 cents fully franked.

DIVIDEND

On the 19th August 2011, the board of MACA Limited declared a final dividend for the financial year ending 2011 of 3.0 cents per share, and this brings the full year dividend to 6.0 cents per share fully franked.

OPERATING CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for the 12 months ending 30 June 2011 was $57.8 million.

Capital expenditure for the financial year was $34 million and was primarily driven by purchasing new and replacement equipment. This expenditure was funded through a combination of cash and finance via commercial hire purchase agreements.

Equipment was purchased to replace certain equipment which had previously been hired, to meet increased activity levels and for new contract works.

BALANCE SHEET AND GEARING

In October 2010 the Company completed an Initial Public Offering of its shares to provide a solid foundation for expansion and to enable the company to fund future projects.

Cash on hand at 30 June 2011 was $50.6 million and the Group maintained a net cash position.

ORDER BOOK

MACA Limited has grown its work-in-hand position in the last year to record levels from both a value and tenure perspective.

The Company had work-in-hand of $1,356 million as at 30 June 2011 and an average contract term of 39 months over 10 projects.

OPERATIONS

Contracts commenced and continuation of works from July 2010 include by sector:

Iron Ore

Mining services and crushing and screening services for

- Crosslands Resources at Jack Hills – continuation
- Sinosteel Midwest Corporation at Koolanooka – continuation
- Atlas Iron at Pardoo – continuation

Gold

Mining services for

- Barrick Australia at Plutonic – continuation
- Crescent Gold at Laverton – continuation
- Regis Resources at Moolart Well – continuation

Base Metals

Mining services for

- Western Areas at Spotted Quoll – continuation
- Magellan Metals at Wiluna – suspension

Projects due to commence in FY2012 are by sector:

Iron Ore

Mining services for

- WPG Resources at Peculiar Knob (September 2011)

Crushing and screening services for

- WPG Resources at Peculiar Knob (March 2012)

Gold

Mining services for

- Regis Resources at Garden Well (September 2011)

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

MINING

The division revenue of $225 million represents 90% of the total year revenue and was all derived from continuing operations throughout the year. The revenue growth has been significant as the company has bedded down projects that were commenced in the second half of the previous financial year. A key driver behind the revenue growth is the number, diversity and tenure of the projects – average contracted work-in-hand is over 39 months, and with possible extensions is over 46 months. Total material movement was 36% greater than the previous financial year.

CRUSHING

Division revenue of $25 million is the remainder of the year's operating revenue and was also derived from continuing operations. This year has seen an increase in the tonnes crushed and screened of 41% over last year to 4.5mt. It is expected there will be a further increase towards the end of the 2012 financial year. Contracted work-in-hand is over 36 months and with potential extensions is over 42 months.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

CIVIL

The company during the year formed a joint venture company 'MACA Civil Pty Ltd' in which MACA Limited owns 60%. The entity has been set up to deliver a more detailed civil engineering service to both existing and new mining base clients, and also within the public sector. The company is pleased to report that the division's first project with the Main Roads Department of Western Australia – the Gascoyne Alliance – was commenced late in May 2011.

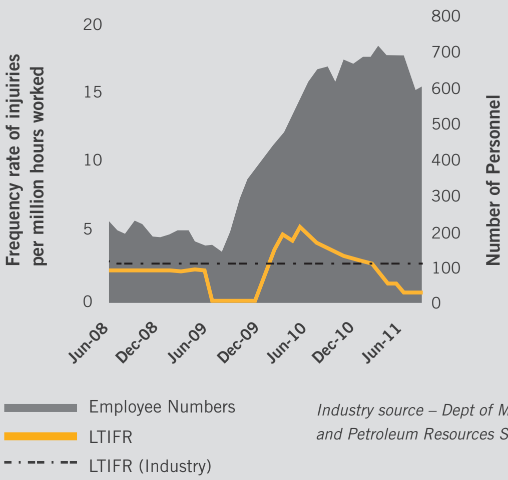
HEALTH, SAFETY AND ENVIRONMENT

MACA has always been dedicated to achieving the highest possible performance in occupational health and safety across all its business units.

The company manages risk through continual measurement and review (proactive processes) including quarterly audits across all sites, and compliance to our certified Occupational Health and Safety Management Systems (AS/NZS: 4801) and Environmental Management Systems (ISO: 14001).

Our continued focus on health and safety through our audit and compliance vigilance has seen our Lost Time Injury Frequency Rate (LTIFR) reduce over the last 18 months to well below the industry standard, as illustrated in the following graph.

People and Safety Performance



Industry source – Dept of Mines and Petroleum Resources Safety

QUALITY MANAGEMENT

MACA obtained accreditation for its Quality Management Systems (ISO: 9001) during the year and continues to develop its systems to support growth.

HUMAN RESOURCES

MACA remains focused on the attraction and retention of quality employees.

As at 30 June 2011 the Group had a total workforce of approximately 500 employees and subcontractors within the company and joint ventures, including 16 apprentices reflecting a strong commitment to ongoing development and training.

OUTLOOK

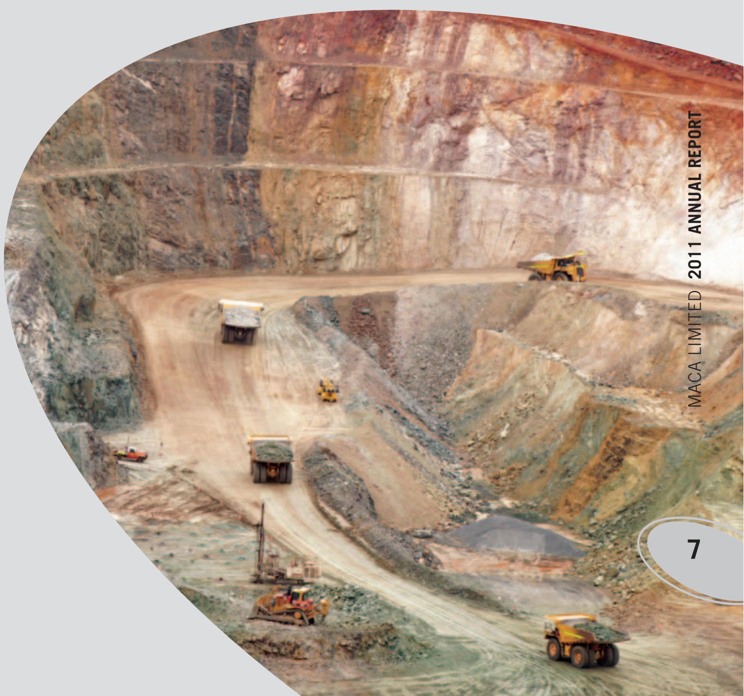
Although the mining services sector remains very competitive, the company is well positioned operationally and financially to pursue further work.

We are in constant discussions with both existing and potential new clients in relation to contract extensions and new work to maintain our strong growth profile for the 2012 year and beyond.

This is evidenced in the very strong order book over the next few years.

Our aim is to continuously improve the business by focusing on delivering a quality product which will give our shareholders value.

Chris Tuckwell
Managing Director



DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Your Directors present their report on MACA Limited (MACA) and its controlled entities ('Consolidated' or 'Group') for the financial year ended 30 June 2011.

Directors

The following persons were directors of the Company in office at any time during or since the end of the year except as stated otherwise:

Mr Hugh Andrew Edwards	Non Executive Chairman (appointed 1 October 2010)
Mr Christopher Mark Tuckwell	Managing Director (appointed 20 September 2010)
Mr Geoffrey Alan Baker	Operations Director
Mr Ross Campbell Williams	Finance Director
Mr Joseph Ronald Sweet	Non Executive Director (appointed 20 September 2010)
Mrs Karen Lesley Field	Non Executive Director (appointed 11 June 2011)
Mr David John Edwards	(resigned 20 September 2010)
Mr James Edward Moore	(resigned 20 September 2010)
Mr Francis Joseph Maher	(resigned 20 September 2010)

Information on Directors

Andrew Edwards
B Com, FCA
Chairman, Non Executive Director

Special Responsibilities:

Member of Remuneration Committee
Member of Audit Committee

Mr Edwards is a former Managing Partner of Price Waterhouse Coopers (PwC), Perth Office, a former national Vice President of the Securities Institute of Australia (now the Financial Services Institute of Australasia) and a former President of the Western Australia division of the Institute of Chartered Accountants in Australia ("ICAA"). Andrew is a Fellow of the ICAA and has served as state councillor of the ICAA.

Directorships of other publicly listed companies held in the last three years:

Company	Period of Directorship
Mermaid Marine Australia Limited	Since December 2009
Nido Petroleum Limited	Since December 2009
Aspire Mining Limited	Since July 2011

Chris Tuckwell
B Eng
Managing Director

Special Responsibilities:

Member of Remuneration Committee

Mr Tuckwell is a qualified construction engineer with 28 years experience in the mining sector. Chris has been Chief Executive Officer of MACA for over 4 years. Previously Chris spent 14 years working for Ausdrill and other organisations in mainly off-shore positions including 9 years in Africa as a Shareholder Representative in a number of joint ventures, as a Country Manager overseas and as a General Manager for Ausdrill in Australia.

Directorships of other publicly listed companies held in the last three years:

None.

Ross Williams
Finance Director / Chief Financial Officer

Special Responsibilities:

None.

Mr Williams is a founding shareholder of MACA. Ross is responsible for all financial facets of the Company including capital management, finance, financial reporting and corporate strategy. Ross also has 15 years banking experience having held executive positions with a major Australian bank. Ross is a past Fellow of the Australian Institute of Banking and Finance and holds a Post Graduate Diploma in Financial Services Management from Macquarie University.

Directorships of other publicly listed companies held in the last three years:

None.

Geoff Baker
Operations Director

Special Responsibilities:

Chairman of the Board (up until 1 October 2010)
Member of Remuneration Committee (resigned 20 September 2010)

Mr Baker is a founding shareholder of MACA. Geoff is responsible for the operations including planning, operating strategy, capital expenditure and delivery of safety and financial outcomes on all projects. Geoff has worked in the sector for 36 years.

Directorships of other publicly listed companies held in the last three years:

None.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Joseph (Joe) Sweet
B Eng
Non Executive Director

Special Responsibilities:

Chair – Remuneration Committee
Member of Audit Committee

Mr Sweet has extensive mining contracting and civil contracting experience and was the Managing Director of BGC Australia Pty Ltd from 1988 to 1997 and Managing Director of BGC Contracting Pty Ltd from 1997 to 1999. Joe held senior management roles and Board positions within the Bell Group from 1969 to 1988.

Directorships of other publicly listed companies held in the last three years:

None.

Karen Field
B Ec
Non Executive Director

Special Responsibilities:

Chair of Audit Committee

Mrs Field has been involved in the minerals industry for over 30 years and has a strong background in strategic planning, project management and human resources. Karen has held operational and executive positions in a variety of mining industry sectors throughout Australia and in South America.

Directorships of other publicly listed companies held in the last three years:

Company	Period of Directorship
Sipa Resources Limited	Since 2004
Perilya Limited	2007 - 2009

David Edwards
Executive Director – resigned 20 September 2010

Special Responsibilities:

None.

Mr Edwards is a founding shareholder of MACA. Dave is responsible for business development, estimation of required services and negotiating project contracts. Dave has worked in the mining services sector since 1978 and has held general managerial positions with major mining and civil contractors. Dave remains a senior executive of MACA, currently in the role of Business Development Manager.

Directorships of other publicly listed companies held in the last three years:

None.

James Moore
Non Executive Director – resigned 20 September 2010

Special Responsibilities:

Remuneration Committee – resigned 20 September 2010

Mr Moore was a founding shareholder who resigned from the board to allow other appointments to be made .

Directorships of other publicly listed companies held in the last three years:

None.

Frank Maher
B Bus (Acc)
Non Executive Director – resigned 20 September 2010

Special Responsibilities:

Remuneration Committee – resigned 20 September 2010

Mr Maher was a founding shareholder who resigned from the board to allow other appointments to be made .

Directorships of other publicly listed companies held in the last three years:

None.

Company Secretary

Jon Carcich
B Com, CA

Mr Carcich provides MACA with Company Secretarial services. Jon is a director of Bentleys (WA) Pty Ltd and has over 17 years experience in the areas of financial and executive management, accounting, business and taxation services, and is a member of the Institute of Chartered Accountants of Australia.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Principal Activities and Any Significant Changes in Nature

The principal activities of the Group during the financial year were the contracting of mining services to the mining and resources industry.

The following significant changes in the nature of the principal activities occurred during the financial year:

- The purchase of 100% interest in MACA Plant Pty Ltd;
- The purchase of 100% interest in MACA Crushing Pty Ltd; and
- The purchase of 100% interest in Mining & Civil Australia Pty Ltd.

Apart from listing on the ASX via an Initial Public Offering, there were no other significant changes in the nature of the Group's principal activities during the financial year.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 2 September 2010 the Company issued 56,737,315 ordinary shares at $1 each to acquire 100% of the shares in MACA Plant Pty Ltd;
- On 2 September 2010 the Company issued 1,206,505 ordinary shares at $1 each to acquire 100% of the shares in MACA Crushing Pty Ltd;
- On 3 September 2010 the Company issued 35,786,326 ordinary shares at $1 each to acquire the non-controlling interest in Mining & Civil Australia Pty Ltd;
- On 16th September 2010 the Company split its shares on a 1 for 4.66 basis resulting in the issue of 20,323,085 ordinary shares;
- On 28 October 2010 the Company issued 35,000,000 ordinary shares at $1 each to shareholders as part of the Company's $60,000,000 Initial Public Offering.

Changes in controlled entities:

The following purchase acquisitions were part of a group restructure to facilitate listing on the Australian Securities Exchange ("ASX") to enable further expansion:

- On 2 September 2010, MACA acquired 100% of the issued capital of MACA Plant Pty Ltd, a company (with its subsidiary Mining & Civil Australia Pty Ltd) mostly involved in contracting of mining services to the mining and resources industry, for a purchase consideration of $92,523,641;

- On 2 September 2010, MACA acquired 100% of the issued capital of MACA Crushing Pty Ltd, a company mostly involved in contracting of mining services to the mining and resources industry, for a purchase consideration of $1,206,505.

Events Subsequent To Balance Date

MACA Limited took control of Riverlea Corporation Pty Ltd on the 1 July 2011 through the acquisition of a further 26.67% taking MACA Limited's interest to 60%. The amount paid by MACA for this additional interest was $400,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Dividends Paid or Recommended

Dividends paid or declared for payment since the end of the previous financial year are as follows:

Dividends	Amount Per Share	Franked Amount Per Share
Final dividend for 2011	3.0 cents	3.0 cents
Interim dividend for 2011 (Mar 11)	3.0 cents	3.0 cents
Final dividend for 2010	5.78 cents	5.78 cents[1]
Final dividend for 2009	4.45 cents	4.45 cents[2]

The Directors have determined to pay a final fully franked dividend based on the June 2011 full year result of 3.0c per share on 21 Sept 2011. The Company paid an interim fully franked dividend for the 2011 half year of 3.0c per share on 31 March 2011.

[1] The Company paid a fully franked dividend for the 2010 financial year of 5.78c per share on 10 July 2010.

[2] The Company paid a fully franked dividend for the 2009 financial year of 4.45c per share on 9 July 2009.

Dividend Reinvestment Plan

There is no dividend reinvestment plan in place as at 30 June 2011.

Review of Operations

A summary of key financial indicators is set out in the table below.

Although it has a been a very competitive environment, the Group, though active capital management and high utilisation and availability of its extensive mining fleet, has been able to maintain margins whilst preparing to develop growth.

A review of, and information about the operations of the consolidated entity for the financial year and the results of those operations are set out in the Chairman's Address and the Managing Director's Review of Operations in this Annual Report.

	FY 2011	FY 2010	Change
Revenue	$249.2m	$155.3m	▲
EBITDA (Proforma[1])	$68.2m	$37.8m	▲
EBIT (Proforma[1])	$45.4m	$24.4m	▲
Net Profit Before Tax (Proforma[1])	$42.4m	$22.7m	▲
Net Profit After Tax (Proforma[1])	$29.7m	$16.4m	▲
Less Share Based Payment[2]	$0.9m	–	
Net Profit After Tax (Statutory)	$28.7m	$15.6m	▲
Less Non-Controlling Interest[3]	$1.7m	$4.7m	
Net Profit After Tax (Attributable to members)	$27.1m	$11.7m	▲
Operating Cashflow	$57.8m	$21.3m	▲
Dividend (Cents)	6.0	5.78	▲
Basic earnings per share (Cents)	19.7	10.45	▲

Notes

[1] *Proforma results exclude share based payment expense as described in note 2 below and include non-controlling interests per note 3 below;*

[2] *Share based payment expense of $946,769 arising from the pre IPO issues of ordinary shares to Mr C Tuckwell;*

[3] *Non-controlling interest which became wholly owned by MACA Limited in September 2010 as part of the group restructure to facilitate listing on the Australian Securities Exchange.*

Future Developments

The Directors are of the opinion that the new financial year will be a period of continued growth. The Chairman's Address and the Managing Director's Review of Operations include an indication in general terms of likely developments in the operations of the Group.

Outlook

The board and management of MACA Limited are committed to the following key initiatives – focusing on solid revenue growth, developing the Company's work in hand position, expanding the portfolio of clients and maintaining margins.

Environmental Issues

The MACA Group is aware of its environmental obligations with regard to its principal activities and ensures it complies with all regulations.

Directors' Interest in Shares

The relevant interest of each director in the share capital of the Company at the date of this report is as follows:

	Ordinary Shares	Interest	Options	Total	Total Interest
Geoff Baker	21,000,000	14.00%	–	21,000,000	14.00%
Ross Williams	9,000,000	6.00%	–	9,000,000	6.00%
Chris Tuckwell	1,000,000	0.67%	–	1,000,000	0.67%
Joseph Sweet	100,000	0.07%	–	100,000	0.07%
Andrew Edwards	20,000	0.01%	–	20,000	0.01%
Karen Field	–	–	–	–	–
Total	**31,120,000**	**20.75%**	**–**	**31,120,000**	**20.75%**

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Meetings of Directors

The number of director's meetings which directors were eligible to attend (including Committee meetings) and the number attended by each director during the year ended 30 June 2011 were as follows:

	DIRECTOR'S MEETINGS		COMMITTEE MEETINGS			
			Audit Committee[2]		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew Edwards	8	8	–	–	3	3
Chris Tuckwell	8	8	–	–	3	3
Ross Williams	13	13	–	–	–	–
Geoff Baker	13	13	–	–	1	1
Joseph Sweet	8	8	–	–	3	3
Karen Field	–	–	–	–	–	–
Dave Edwards[1]	5	5	–	–	–	–
James Moore[1]	5	5	–	–	1	1
Frank Maher[1]	5	5	–	–	1	1

[1] *No longer a director – see page 10 to 11 for detail.*
[2] *The first formal meeting of this committee was held in August 2011 following the appointment of Mrs Karen Field to the Board. Prior to that audit and risk related matters were addressed either by the full board or by the Non-Executive Directors as appropriate.*

Indemnifying Officers or Auditor

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary and all executive and non-executive directors of the Company and any related body corporate against a liability incurred as such a director, company secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor. In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers has not been disclosed. This is permitted under s300(9) of the *Corporations Act 2001*.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

No non-audit services were provided during the year by the auditor to the Company or any related body corporate.

Auditors Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19 and forms part of the directors report for the financial year ended 30 June 2011.

The KMP of the Group during and since the end of the financial year comprise the company directors (as detailed in the beginning of the Director's Report) and the following senior executive officers. Except as noted, these persons held their current position for the whole of the financial year and since the end of the financial year:

Name of KMP	Position
David Edwards	Business Development Manager
Tim Gooch[1]	Mining Manager
Mitch Wallace	Plant Manager
Andrew Sarich[2]	General Manager – MACA Civil

[1] Commenced 20th June 2011
[2] Commenced 1st March 2011

The Remuneration Committee reviews the remuneration packages of all KMP on an annual basis and makes recommendations to the Board. Remuneration is benchmarked against comparable industry packages and is adjusted to recognise the specific performance of both the company and the individual.

Non-Executive Directors fees are determined within an aggregate directors fee pool which is periodically recommended for approval to shareholders. The current aggregate directors fee pool is $350,000.

Fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of, and time commitments required from, each Non-Executive Director to discharge their duties. Non-Executive Director fees are reviewed annually by the Board to ensure they are appropriate for the duties performed, including Board committee duties, and are in line with the market. Other than statutory superannuation, Non-Executive Directors are not entitled to retirement benefits.

The nature and amount of compensation for executive KMP is designed to retain and motivate individuals on a market competitive basis.

The compensation structure for executive directors and KMP comprise two components – a base salary package (including superannuation and other benefits) and a variable cash bonus for short term incentives (STI). This is made up of a combination of profit performance targets, delivered safety targets and equipment specific targets.

The base salary package takes into account a number of factors including available market information on similar positions, length of service and the experience, responsibilities and contribution of the employee concerned.

The STI component for the 2010/11 financial year was up to 25% of the base salary package dependent on the KMP.

The Remuneration Committee assesses whether the performance conditions are achieved and makes recommendations to the Board.

The Company was officially quoted on the ASX on 3rd November 2010.

The table below sets out summary information about the Company's statutory earnings and movements in shareholder wealth in the year ended 30 June 2011, being the first year in which it has operated as a listed company.

Net profit before tax ($m)	41.4
Net profit after tax ($m)	28.7
Offer price under the prospectus	$1.00
Share price at end of first day of trading on ASX	$1.45
Share price at 30 June 2011	$2.45
Interim dividend (fully franked)	3cps
Final dividend (fully franked)	3cps
Basic earnings per share	19.7

REMUNERATION REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Contracts for service between the Company or company within the Group and KMP are on a continuing basis, the terms of which are not expected to change in the immediate future. The notice period for termination varies from one to three months.

All contracts with senior executives may be terminated by either party giving the required notice and subject to termination payments (being the remuneration for the termination notice period) as detailed below:

Chris Tuckwell – Managing Director
The company and the employee are required to give 3 months notice of termination.

Ross Williams – Finance Director
The company and the employee are required to give 3 months notice of termination.

Geoff Baker – Operations Director
The company and the employee are required to give 3 months notice of termination.

David Edwards – Business Development Manager
The company and the employee are required to give 3 months notice of termination.

Tim Gooch – Mining Manager
The company and the employee are required to give 3 months notice of termination.

Mitch Wallace – Plant Manager
The company and the employee are required to give 1 months notice of termination.

Andrew Sarich – General Manager MACA Civil
The company and the employee are required to give 3 months notice of termination.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated Group, and to the extent different, among the five Group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

		Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
Group KMP	Position held as at 30 June 2011 and any change during the year	Non-Salary Cash-Based Incentives	Shares / Units	Options / Rights	Fixed Salary / Fees	Total
Executive						
Chris Tuckwell	Managing Director *Appointed as Director 20/09/10*	7.20%	61.90%	–	30.90%	100.0%
Ross Williams	Finance Director	18.63%	–	–	81.37%	100.0%
Geoff Baker	Operations Director	18.14%	–	–	81.86%	100.0%
David Edwards	Business Development Manager *Resigned as Director 20/09/10*	18.14%	–	–	81.86%	100.0%
Tim Gooch	Mining Manager	–	–	–	100.00%	100.0%
Mitchell Wallace	Plant Manager	–	–	–	100.00%	100.0%
Andrew Sarich	General Manager – MACA Civil	–	–	–	100.00%	100.0%
Non-Executive						
Andrew Edwards	Chairman, Non-Executive Director	–	–	–	100.00%	100.0%
Joseph Sweet	Non-Executive Director	–	–	–	100.00%	100.0%
Karen Field	Non-Executive Director	–	–	–	100.00%	100.0%
James Moore	Resigned as Director 20/09/10	–	–	–	100.00%	100.0%
Frank Maher	Resigned as Director 20/09/10	–	–	–	100.00%	100.0%

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated Group and, to the extent different, the five Group executives and five company executives receiving the highest remuneration.

TABLE OF BENEFITS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2011.

	Short-Term Benefits				Post-Employment Benefits		Long-Term Benefits		Equity-Settled Share-Based Payments				
	Salary, Fees and Leave	Profit Share and Bonuses[1]	Non-Monetary	Other	Pension & Super	Other	Incentive Plans	LSL	Shares / Units	Options / Rights	Cash-Settled Share-Based Payments	Termination Benefits	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
FY 2011													
Executive Directors													
Chris Tuckwell *Appointed as Director 20/09/10*	436,922	110,000	–	5,003	30,957	–	–	–	946,769	–	–	–	1,529,651
Geoff Baker	399,227	92,500	–	9,244	–	–	–	–	–	–	–	–	500,971
Ross Williams	315,799	80,000	–	5,231	28,422	–	–	–	–	–	–	–	429,452
David Edwards *Resigned as Director 20/09/10*	399,266	92,500	–	4,397	–	–	–	–	–	[2]13,725	–	–	509,888
Non-Executive Directors													
Andrew Edwards *Appointed as Director 01/10/10*	90,000	–	–	8,100	–	–	–	–	–	–	–	–	98,100
Joseph Sweet *Appointed as Director 20/09/10*	45,407	–	–	–	–	–	–	–	–	–	–	–	45,407
Karen Field *Appointed as Director 11/06/11*	–	–	–	–	–	–	–	–	–	–	–	–	–
James Moore *Resigned as Director 20/09/10*	–	–	–	5,217	–	–	–	–	–	–	–	–	5,217
Frank Maher *Resigned as Director 20/09/10*	–	–	–	4,190	–	–	–	–	–	–	–	–	4,190
Other Executives													
Tim Gooch *Commenced 20/06/11*	–	–	–	–	–	–	–	–	–	–	–	–	–
Mitchell Wallace	260,000	–	–	2,823	23,400	–	–	–	–	[3]5,490	–	–	291,713
Andrew Sarich *Commenced 01/03/11*	61,538	–	–	1,598	5,538	–	–	–	–	–	–	–	68,674
Total for KMP for 2011													**3,483,263**
FY 2010													
Executive Directors													
Geoff Baker	267,278	68,750	–	5,669	–	–	–	–	–	–	–	–	341,697
David Edwards	267,300	68,750	–	6,592	–	–	–	–	–	–	–	–	342,642
Ross Williams	183,500	56,400	–	9,910	16,515	–	–	–	–	–	–	–	266,325
Non-Executive Directors													
James Moore	–	–	–	8,207	–	–	–	–	–	–	–	–	8,207
Frank Maher	–	–	–	6,592	–	–	–	–	–	–	–	–	6,592
Chief Executive Officer													
Chris Tuckwell	340,000	148,072	–	6,592	30,600	–	–	–	–	–	–	–	525,264
Other Executives													
Mitchell Wallace	186,138	34,251	–	2,701	16,752	–	–	–	–	–	–	–	239,842
Total for KMP for 2010													**1,730,569**

[1] Refer section below
[2] David Edwards was granted 500,000 options during the year which represents 2.7 % of the value of his remuneration for the year.
[3] Mitchell Wallace was granted 200,000 options during the year which represents 1.7 % of the value of his remuneration for the year.
The Option values at grant date were determined using the Black-Scholes method.
These options have a 3 year service, but no performance, vesting condition and were issued as part of a wider issue of options to employees designed to incentivise staff to remain with the Company.

REMUNERATION REPORT

FOR THE YEAR ENDED 30 JUNE 2011

The terms and conditions relating to options and bonuses granted as remuneration during the year to KMP and other executives during the year are as follows:

Group KMP	Remuneration Type	Grant Date	Grant Value $	Reason for Grant	Percentage Vested / Paid During Year %	Percentage Forfeited During Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments $
Chris Tuckwell	Shares	04.09.2010	946,769	Note 1 (a)	100	–	–	–	0
David Edwards	Options	02.11.2010	130,392	Note 1 (b)	10	–	90	02.11.2013	n/a
Mitchell Wallace	Options	02.11.2010	52,156	Note 1 (b)	10	–	90	02.11.2013	n/a

Note 1 (a) – The shares have been granted having completed 3 years continued employment with MACA Limited and its subsidiaries and subject to the individual meeting predetermined performance criteria.
Note 1 (b) – These options were issued as part of a wider issue of options to employees designed to incentivise staff to remain with the Company. The options are subject to the completion of 3 years continued employment at which time they will vest.

Note 2 – The dollar value of the percentage vested / paid during the period has been reflected in the table of benefits and payments.

	Grant Details			For the Financial Year Ended 30 June 2011					Overall		
	Date	No.	Value[1] $	Exercised No.	Exercised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Group KMP											
David Edwards	02.11.2010	500,000	130,392	–	–	–	–	–	–	100	–
Mitchell Wallace	02.11.2010	200,000	52,156	–	–	–	–	–	–	100	–
	–	700,000	182,548	–	–	–	–	–	–	–	–

[1] *The Option values at grant date were determined using the Black-Scholes method.*

During the financial year 700,000 share options were issued to the following KMP. No options were issued to directors during the year.

Name	Number of Options Issued	Issuing Entity	Number of Ordinary Shares Under Option
David Edwards	500,000	MACA Limited	500,000
Mitchell Wallace	200,000	MACA Limited	200,000

At the date of this report there are 4,178,030 unissued shares under option pursuant to options issued to employees on 2 November 2010. These options were granted on 2 November 2010 and have an issue value of $0.2745 and an exercise price of $1.15 per share. The options vest three years from the date of issue and are subject to continuous employment conditions of three years from the date of issue of the options.

Key management personnel below were granted cash bonuses for the 2011 financial year as noted above. The respective amounts were subject to specific targets being achieved.

These performance targets related to the following areas of the business and were selected for their critical importance to the Group's success:

- Financial – meet the company's IPO forecast NPAT result – weighting 50%
- Health and Safety – the Company's LTIFR (Long Term Injury Frequency Rate) to be lower than the mining industry standard LTIFR – weighting 50%

The remuneration packages of the Managing Director – Mr Chris Tuckwell; Finance Director – Mr Ross Williams; Operations Director – Mr Geoff Baker; and Business Development Manager – Mr David Edwards included a cash bonus component of 25% of the base salary for the 2011 financial year.

All the key performance indicators for measurement of eligibility for short term incentives were met during the year resulting in 100% of the possible amounts being paid.

This Directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors,

CHRIS TUCKWELL
Managing Director

Dated at Perth this 20th of September 2011

MOORE STEPHENS

Partners

Syd Jenkins
Neil Pace
Ray Simpson
Ennio Tavani
Suan Lee Tan
Dino Travaglini

MACA LIMITED

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MACA LIMITED

As lead auditor for the audit of MACA Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 20th of September 2011.

Moore Stephens ABN 75 368 525 284
Level 3, 12 St Georges Tce Perth WA 6000
Tel: +61 (8) 9225 5355 Facsimile: +61 (8) 9225 6181
Email: perth@moorestephens.com.au Web: www.moorestephens.com.au

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 JUNE 2011

The Board of Directors of MACA Limited (the Company) is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Australian Stock Exchange Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) released on 2 August 2007 ('ASX Principles'). Where recommendations have not been followed, the Company must identify the recommendations which have not been followed and give reasons for not following them. The Company's corporate governance practices for the year ended 30 June 2011 are outlined in this Corporate Governance Statement. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1

Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Company has established and disclosed (on its website) its Board Charter in accordance with this recommendation. The Board Charter establishes the relationship between the Board and management and describes their respective functions and responsibilities.

Details of the functions and responsibilities of the Board, Chairman and matters delegated to senior executives are set out in sections 1 to 6 of the Board Charter. The roles and responsibilities of the Company's Board and senior executives are consistent with those set out in ASX Principle 1.

Recommendation 1.2

Companies should disclose the process for evaluating the performance of senior executives.

The Board undertakes a review of the Managing Director's performance, at least annually. Targets are approved by the Board after they have been established between the Board's Remuneration Committee and the Managing Director. These targets are aligned to overall business goals and the Company's requirements of the position.

All executives of MACA Limited are subject to a formal review. Key performance targets are the same as for the Managing Director (and the requirements of these positions).

The Managing Director, in conjunction with the Remuneration Committee, carries out a full evaluation of each executive's performance against the agreed targets once a year. Performance pay components of executives' packages are dependent on the outcome of the evaluation.

Recommendation 1.3

Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Company has made the relevant material available in its Corporate Governance Statement within its website disclosure, in accordance with this recommendation.

Companies should have a board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1

A majority of the board should be independent directors.

The Company does not conform to Recommendation 2.1 as the board structure currently comprises three non-executive directors including the Chairman, and three executive directors.

This equal representation of executive and non-executive directors is considered by the Board to be a reasonable balance given the Company's size and circumstances, in particular, in recognition of its recent transition to a publicly listed company and the current importance of the existing executive directors to MACA's continued success.

The directors in office at the date of this report, the year of each director's appointment and each director's status as a Non-Executive or Executive Director are set out on pages 8 to 11 in the Director's Report.

In assessing the independence of each director the Board considers, amongst other things, whether the director:

- is a substantial shareholder of the Company (as defined by the Corporations Act) or an officer of, or otherwise associated directly with a substantial shareholder of the Company;
- within the last three years has been employed in an executive capacity by the Company or another group member or been a director after ceasing to hold any such employment;
- within the last three years has been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

Recommendation 2.1 (Continued)

- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or another group member other than as a director of the Company;
- has a material contractual relationship with the Company or another group member other than as a director of the Company;
- has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the bests interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Applying the above criteria, the Board has determined that Mr Andrew Edwards, Mr Joseph Sweet and Mrs Karen Field are independent directors.

Recommendation 2.2

The chair should be an independent director.

The Board has determined that the Company's Chairman, Mr Andrew Edwards is an independent director.

Recommendation 2.3

The roles of the chair and chief executive officer should not be exercised by the same individual.

The roles of Chairman of the Board and Managing Director are held by different individuals.

Recommendation 2.4

The board should establish a nomination committee.

The Board has not formed a separate Nomination Committee. The Board as a whole fulfils the role of a Nomination Committee. To assist the Board to carry out the nomination committee function, it has documented and formalised its nomination related responsibilities in its Board Charter. This approach is considered by the Board to be appropriate given the Company's size and current circumstances.

Recommendation 2.5

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

In accordance with its Charter the Board will undertake an annual evaluation of its effectiveness as a whole and in committee against a broad range of good practice criteria. The first such evaluation will be undertaken during the coming twelve months and the Board may involve an external facilitator for this purpose. The individual performance of each Board member is reviewed by the Chairman prior to each being considered for re-election. The Chairman's performance is evaluated periodically by the Board.

Recommendation 2.6

Companies should provide the information indicated in the Guide to Reporting on Principle 2.

The Company has made the relevant material available in the Corporate Governance Statement within its website disclosure, in accordance with this recommendation, including the following policies and procedures.

In determining the independence of directors, materiality is assessed on a case-by-case basis with consideration of the nature, circumstances and activities of the directors having regard to the guidelines the Board uses to assess the independence of directors under recommendation 2.1, rather than by applying general materiality thresholds.

It is a policy of the Board that each has the right to seek independent professional advice at the company's expense, subject to prior approval of the Chairman which will not be unreasonably withheld.

The Board's policy and procedure for the selection, nomination and appointment of new directors and the re-election of incumbent directors is as follows:

- The Board will oversee the appointment and induction process for s and the selection, appointment and succession planning process of the Company's Managing Director. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary;
- The Board may identify potential candidates with advice from an external consultant. Those nominated will be assessed by the Board against background, experience, professional skills, personal qualities, whether the nominee's skills and experience will augment the existing Board, and their availability to commit themselves to the Board's activities. The Board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders; and
- When directors are due for re-election, the Board will not endorse the reappointment of a director who is not satisfactorily performing the role.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 JUNE 2011

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1

Companies should establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has established and disclosed (on its website) its Code of Conduct in accordance with this recommendation. It is a policy of the Board that the Code of Conduct applies to directors, officers, employees and consultants of the Company.

The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the high ethical standards of conduct necessary to maintain confidence in the Company's integrity.

Recommendation 3.2

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Company has made the relevant material available in its Corporate Governance Statement within its website disclosure, in accordance with this recommendation.

Recommendation 3.3

Companies should disclose in each annual report the measureable objectives for achieving gender diversity, set by the board in accordance with the diversity policy and progress towards achieving them. This requirement becomes effective for annual reports from 30 June 2012 onwards.

The Company is still considering the measureable objectives and will include these in its next annual report.

Recommendation 3.4

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The proportion of women employees in the organisation as of 30 June 2011 is:

In whole organisation	13%
In senior executive positions	–
On the Board	17%

Recommendation 3.5

Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Company has made the relevant material available in the Corporate Governance Statement within its Annual Report and its website disclosure in accordance with this recommendation.

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1

The board should establish an audit committee.

The Board has established an Audit Committee and a separate Risk Committee. The responsibilities of the Audit and Risk Committees are set out in the Audit and Risk Committees Charter, which is available on the Company's website.

Recommendation 4.2

The audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members

The Audit Committee established by the Board is structured in accordance with this recommendation. The members of the Audit Committee as at the date of this report are:

- Mrs Karen Field (Chairperson), independent non-executive director (Chairperson from 11 June, 2011)
- Mr Andrew Edwards, independent non-executive director
- Mr Joseph Sweet, independent non-executive director

Recommendation 4.3

The audit committee should have a formal charter.

The Audit Committee has a formal Audit and Risk Committee charter which is disclosed on the Company's website. This charter will be separated in due course to have both aan Audit Committee charter and Risk Committee charter.

Recommendation 4.4

Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Company has made the relevant material, being the formal charter of the Audit and Risk Committees and information on procedures for the selection and appointment of the external auditor and rotation of external audit engagement partners, available on its website, in accordance with this recommendation.

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company's Continuous Disclosure Policy is available on the Company's website. This policy sets out the Company's procedures to enable accurate, timely, clear and adequate disclosure to the market in accordance with the Listing Rules. The Board regularly reviews its disclosure practices to ensure the market is kept informed of price sensitive or significant information in accordance with the Listing Rules. The Company Secretary is responsible for communications with, and coordinating disclosure of information to, the ASX in a timely manner. The Board and Managing Director determine whether information is to be disclosed to the ASX and the Company Secretary is responsible for monitoring compliance with the Continuous Disclosure Policy.

Recommendation 5.2

Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Company has made the relevant material, being its Continuous Disclosure Policy, available on its website, in accordance with this recommendation.

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company's Shareholder Communications Strategy, which is available on the Company's website, is as follows.

Introduction
The Company will communicate all major developments affecting operations to investors through the Annual Report, half-year and full year results announcements, formal disclosures to the ASX (i.e. company announcements), letters to Shareholders when appropriate, the Company website and the Annual General Meeting ("AGM"). The AGM also provides an important opportunity for investors to ask questions, express views and respond to Board proposals.

Company Announcements
The Company will endeavour to post all announcements made to the ASX on its website on the day the announcement is made. This includes all announcements made under the Company's Continuous Disclosure Policy.

Where the Company is unable to place an announcement on its website on the same day that the announcement is made the Company will endeavour to post the announcement on its website as soon as is reasonably practicable thereafter.

Notices of Meeting and Explanatory Information
The full text of each Notice of Meeting (including any accompanying explanatory information) is posted on the Company's website at the time the Notice is sent to Shareholders.

Historical Information
The above information will be posted and maintained on its website for at least three years from the date of release.

Recommendation 6.2

Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company has made the relevant material, being its Shareholder Communications Policy, on its website in accordance with this recommendation.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 JUNE 2011

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Company has established and disclosed (on its website) its Risk Management Policy in accordance with this recommendation. The Board is responsible for the Company's system of internal controls relating to the operational, administrative and financial aspects of the Company's activities. The Board oversees the establishment, implementation and monitoring of the Company's risk management system. Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management, as required.

Recommendation 7.2

The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board has established a risk management system under which risks are reported to management throughout the Company with significant risks being reported to the Board.

The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks regularly.

Recommendation 7.3

The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Managing Director and Chief Financial Officer have confirmed in writing to the Board that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies which have been adopted by the Board either directly or through delegation to senior executives and those such systems are operating effectively and efficiently in all material respects in relation to financial reporting risks.

Recommendation 7.4

Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company has made the relevant material available in the Corporate Governance Statement within its Annual Report and its website disclosure, in accordance with this recommendation.

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1

The board should establish a remuneration committee.

The Board has established a Remuneration Committee. The responsibilities of the Remuneration Committee are set out in the Remuneration Committee Charter, which is available on the Company's website.

Recommendation 8.2

The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

The members of the Remuneration Committee at the date of this report are:

- Mr Joseph Sweet (Chairman), independent non-executive director (Chairman from 20 September, 2010);
- Mr Andrew Edwards, independent non-executive director; and
- Mr Chris Tuckwell, Managing Director

The number of Committee meetings that were held during the reporting period and the attendance of the Committee members at those meetings are set out on page 14 of the Directors' Report.

Recommendation 8.3

Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.

The Company's non-executive directors receive fees as remuneration for acting as a director of the Company and, if applicable, acting as a chairperson of a standing Committee of the Board. Further details regarding Non-Executive Directors' remuneration are set out in the Remuneration Report on pages 15 to 18.

The Company's executive directors and senior management are remunerated in accordance with the principles described in the Remuneration Policy set out in the Remuneration Report on pages 15 to 18. Further details regarding senior executive remuneration are set out in the Remuneration Report on pages 15 to 18.

Recommendation 8.4

Companies should provide the information indicated in the Guide to reporting on Principle 8.

The Company has made the relevant material available in the Corporate Governance Statement within its Annual Report and its website disclosure, in accordance with this recommendation.

It is the Company's policy to prohibit executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

For further information on the corporate governance policies adopted by the Company, refer to the 'Investor Centre' and 'Corporate Governance' tab on the Company's website.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue	2	249,226,125	150,603,296
Other income	2	9,257,378	4,535,279
Direct costs		(205,984,171)	(126,394,447)
Finance costs		(3,039,185)	(1,274,321)
Share based payment expense		(1,073,124)	–
Other expenses from ordinary activities		(6,953,938)	(5,744,138)
Profit before income tax	3	41,433,085	21,725,669
Income tax expense	4	(12,712,282)	(6,119,305)
Profit for the year		28,720,803	15,606,364
Other comprehensive income:			
Net gain on revaluation of financial assets		308,435	26,038
Other comprehensive income for the year, net of tax		308,435	26,038
Total comprehensive income for the year		29,029,238	15,632,402
Profit attributable to:		1,641,277	3,866,947
Non-controlling interest		27,079,526	11,739,517
Members of the parent entity		28,720,803	15,606,364
Total comprehensive income attributable to:			
Non-controlling interest		1,744,414	3,879,869
Members of the parent entity		27,284,824	11,752,533
		29,029,238	15,632,402
Earnings per share:			
Basic earnings per share (cents)	9	19.70	10.45
Diluted earnings per share (cents)	9	19.31	10.34

The accompanying notes form part of these financial accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	10	50,562,835	5,861,047
Trade and other receivables	11	28,668,554	34,832,363
Inventory		2,111,373	–
Other assets	12	405,560	1,249,877
TOTAL CURRENT ASSETS		81,748,322	41,943,287
NON CURRENT ASSETS			
Trade and other receivables	11	–	5,831
Financial assets	13	3,293,820	2,853,125
Investments accounted for using the equity method	14	500,000	–
Property, plant and equipment	16	70,328,304	48,733,781
Deferred tax assets	17	1,511,741	473,030
TOTAL NON CURRENT ASSETS		75,633,865	52,065,767
TOTAL ASSETS		157,382,187	94,009,054
CURRENT LIABILITIES			
Trade and other payables	18	25,019,976	26,684,001
Borrowings	19	18,153,494	11,715,019
Current tax liabilities	17	4,033,644	959,226
Short–term provisions	20	2,564,689	1,576,765
TOTAL CURRENT LIABILITIES		49,771,803	40,935,011
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	401,171	281,152
Borrowings	19	18,966,017	18,275,562
TOTAL NON-CURRENT LIABILITIES		19,367,188	18,556,714
TOTAL LIABILITIES		69,138,991	59,491,725
NET ASSETS		88,243,196	34,517,329
EQUITY			
Issued capital	21	35,570,541	134
Reserves		740,902	154,188
Retained Earnings		52,007,826	23,550,348
Parent Interest		88,319,267	23,704,670
Non-controlling Interest		(76,071)	10,812,659
TOTAL EQUITY		88,243,196	34,517,329

The accompanying notes form part of these financial accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital $	Retained Earnings $	Financial Assets Reserve $	Option Reserve $	Non-Controlling Interests $	Total $
BALANCE AT 1 JULY 2009	134	14,329,450	141,073	–	9,414,270	23,884,927
Profit for the period	–	11,739,417	–	–	3,866,947	15,606,364
SUB-TOTAL	–	26,068,867	–	–	13,281,217	39,491,291
Other comprehensive income:						
Revaluation of Investment	–	–	13,115	–	12,923	26,038
SUB-TOTAL	134	26,068,867	154,188	–	13,294,140	39,517,329
Dividends paid or provided for	–	(2,518,519)	–	–	(2,481,481)	(5,000,000)
BALANCE AT 30 JUNE 2010	134	23,550,348	154,188	–	10,812,659	34,517,329
BALANCE AT 1 JULY 2010	134	23,550,348	154,188	–	10,812,659	34,517,329
Profit for the period	–	27,079,526	–	–	1,641,277	28,720,803
SUB-TOTAL	134	50,629,874	154,188	–	12,453,936	63,238,132
Other comprehensive income:						
Revaluation of Investment	–	–	205,298	–	103,137	308,435
SUB-TOTAL	134	50,629,874	359,486	–	12,557,073	63,546,567
Shares issued	37,153,276	–	–	–	–	37,153,276
Cost of capital raising	(1,583,003)	–	–	–	–	(1,583,003)
Options issued	–	–	–	126,356	–	126,356
Acquisition of non-controlling interest	134	12,377,952	255,058	–	(12,633,144)	–
Dividends paid	–	(11,000,000)	–	–	–	(11,000,000)
BALANCE AT 30 JUNE 2011	35,570,541	52,007,826	614,544	126,356	(76,071)	88,243,196

The accompanying notes form part of these financial accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		262,519,309	141,362,282
Payments to suppliers and employees		(192,614,862)	(112,048,669)
Dividends received		168,750	168,750
Interest received		1,517,903	324,637
Interest paid		(3,039,185)	(1,274,321)
Income tax (paid) / refund		(10,773,427)	(7,186,372)
Net cash provided by operating activities	25 (B)	57,778,488	21,346,307
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash acquired from purchase of subsidiary		230,073	–
Proceeds from sale of investments		–	414,637
Purchase of investments		(500,000)	(538,453)
Proceeds from sale of property, plant and equipment		409,091	444,252
Purchase of property, plant and equipment		(19,158,948)	(16,714,806)
Repayments of / (Loans) to Related Parties		750,000	(750,000)
Net cash used in investing activities		(18,269,784)	(17,144,370)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		33,417,133	–
Repayment of borrowings		(17,224,049)	(7,195,666)
Dividends paid		(11,000,000)	(2,518,519)
Dividends paid to non controlling interests		–	(2,481,481)
Net cash provided by (used in) financing activities		5,193,084	(12,195,666)
Net increase / (decrease) in cash held		44,701,788	(7,993,729)
Cash and cash equivalents at beginning of financial year		5,861,047	13,854,776
Cash and cash equivalents at end of financial year	25 (A)	50,562,835	5,861,047

The accompanying notes form part of these financial accounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

These consolidated financial statements and notes represent those of MACA Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, MACA Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. The financial statements were authorised for issue on 20 September 2011 by the Directors of the company.

Basis of Preparation
The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authorative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out in 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.

A. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by MACA Limited at the end of the reporting period. A controlled entity is any entity over which MACA Limited has the ability to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

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. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. 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.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. 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 a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

B. Investments in Associates

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are shown at Note 14.

C. 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 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.

D. Inventories

Inventories 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

E. Property, Plant and Equipment

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 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 and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and the impairment losses are recognised either in the profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1h for details of impairment).

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 consolidated 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 statement of comprehensive income 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 and / or straight line basis over the asset's useful life to the consolidated 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	2.5%
Plant and equipment	2.5% – 50%
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 comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

F. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

G. Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment.

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

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

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

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

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

De-recognition
Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

H. 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 recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

I. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

J. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

K. 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

L. Cash and Cash Equivalents

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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

M. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

N. Trade and Other Payables

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 30 days of recognition of the liability.

O. Borrowing Costs

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

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

P. 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.

Q. 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.

R. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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

i. *Impairment*
The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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

Key judgments

i. *Environmental Issues*
Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue from Continuing Operations:			
Sales revenue		240,701,472	148,425,365
– Sales		240,701,472	148,425,365
Other revenue			
– Interest received		1,517,903	324,637
– Dividends received		168,750	168,750
– Other revenue		6,838,000	1,684,544
		8,524,653	2,177,931
Total Revenue		249,226,125	150,603,296
Other Income			
– Gain / (Loss) on sale of plant and equipment		647,290	(202,069)
– Gain / (Loss) on sale of investments		–	113,301
– Discount on acquisition		234,452	–
– Other income		8,375,636	4,624,047
Total Other Income		9,257,378	4,535,279
Expenses:			
Depreciation and amortisation			
– Plant and equipment		21,512,415	10,229,658
– Motor vehicles		1,275,518	813,818
– Other		4,276	7,499
Total depreciation and amortisation expense		22,792,209	11,050,975
Employee benefits expense			
– Direct labour		43,872,536	19,562,537
– Payroll tax		1,708,774	1,077,476
– Superannuation		2,669,497	1,161,240
– Employee entitlements accrual		3,755,200	1,169,455
– Share based payment		1,073,125	–
– Other		225,882	94,747
Total employee benefits expense		53,305,024	23,065,455
Repairs, service and maintenance		17,408,125	13,690,852
Materials and supplies		32,696,444	4,805,922

	Note	2011 $	2010 $
(A) The components of tax expense comprise:			
Current		13,394,455	6,185,648
Deferred	17(C)	(682,173)	(66,343)
		12,712,282	6,119,305
(B) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		12,429,926	6,517,701
Add tax effect of:			
– non-deductible depreciation		15,837	15,200
– dividend imputation		600,268	345,506
– other non-allowable items		524,574	143,612
– other taxable items		1,353,212	755,556
Less tax effect of:			
– franking credits on dividends received		(2,000,892)	(1,151,686)
– prior year adjustment		(10,524)	–
– other deductible items		(200,119)	(506,584)
Income tax attributable to the entity		12,712,282	6,119,305
The applicable weighted average effective tax rate as		30.7%	28%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

On 2 September 2010, MACA Limited acquired 100% of the issued capital of MACA Plant Pty Ltd (and its subsidiary Mining and Civil Australia Pty Ltd) for a purchase consideration of $92,523,641. The purchase was satisfied with issue of 92,523,641 ordinary shares in MACA Limited at $1 per share.

Net assets of MACA Plant Pty Ltd at acquisition date was $34,323,775. Under the principles of AASB 3 Business Combinations, MACA Plant Pty Ltd is the accounting acquirer in the business combination. Therefore the transaction has been accounted for as a reverse acquisition. Fair value of the consideration transferred has been determined by reference to the fair value of issued shares in MACA Plant Pty Ltd immediately prior to the business combination.

The purchase acquisition was part of a group restructure to facilitate listing on the Australian Securities Exchange to enable further expansion.

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

	2 September 2010 $
Cash and cash equivalents	4,331,688
Trade and other receivables	34,474,805
Other assets	392,500
Financial assets	3,150,000
Property, plant and equipment	52,462,379
Deferred tax assets	692,199
Trade and other payables	(22,361,633)
Financial liabilities	(33,340,670)
Current tax liabilities	(3,259,948)
Provisions	(1,879,544)
Deferred tax liabilities	(338,001)
	34,323,775
Consideration paid:	
Ordinary shares (92,523,641 shares)	92,523,641

On 2 September 2010, the Group acquired 100% of the issued capital of MACA Crushing Pty Ltd, a company providing services to the mining and resources industry, for a purchase consideration of $1,206,505.

The purchase acquisition was part of a group restructure to facilitate listing on the Australian Securities Exchange which will enable further expansion. Through acquiring 100% of the issued capital of MACA Crushing Pty Ltd, the Group has obtained control of the company.

The purchase was satisfied by the issue of 1,206,505 ordinary shares at an issue price of $1 each. The issue price was based on the market price on date of purchase.

NOTE 5 – BUSINESS COMBINATIONS (CONTINUED)

	$
Purchase consideration:	1,206,505
Cash consideration	–
Equity issued as consideration	1,206,505
Total purchase	1,206,505
Fair value of assets acquired (see below)	1,440,957
Discount on acquisition	(234,452)
Investment in subsidiary	1,206,505
Assets and liabilities held at acquisition date	
Cash and cash equivalents	230,073
Trade and other receivables	434,560
Property, plant and equipment	10,126,733
Trade and other payables	(19,309)
Financial liabilities	(9,246,439)
Current tax liabilities	(84,661)
	1,440,957
Purchase consideration settled in cash	-
Cash and cash equivalents in subsidiary acquired	230,073
Cash inflow on acquisition	230,073

Profit before income tax and revenue resulting from the acquisition of MACA Crushing Pty Ltd amounting to $595,049 and $1,558,000 respectively are included in the consolidated statement of comprehensive income for the year ended 30 June 2011.

Had the results relating to MACA Plant Pty Ltd been consolidated from 1 July 2010, consolidated revenue of the consolidated group would have been the same as it currently stands and consolidated profit before tax of the combined group would have been $41,720,005 for the year ended 30 June 2011.

	Note	2011 $	2010 $
Remuneration of the parent entity auditors for: – Auditing or reviewing the financial report		75,000	55,000
		75,000	55,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.			
The totals of remuneration paid to KMP of the company and Group during the year are as follows:			
Short-term employee benefits		2,428,962	1,666,702
Post-employment benefits		88,317	63,867
Other long-term benefits		–	–
Share based payments		965,984	–
		3,483,263	1,730,569

A. KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested during the year	Vested and exercisable	Vested and unexercisable
30 June 2011								
David John Edwards	–	500,000	–	–	500,000	–	–	–
James Edward Moore	–	–	–	–	–	–	–	–
Francis Joseph Maher	–	–	–	–	–	–	–	–
Geoffrey Alan Baker	–	–	–	–	–	–	–	–
Ross Campbell Williams	–	–	–	–	–	–	–	–
Christopher Mark Tuckwell	–	–	–	–	–	–	–	–
Andrew Hugh Edwards	–	–	–	–	–	–	–	–
Joseph Ronald Sweet	–	–	–	–	–	–	–	–
Karen Lesley Field	–	–	–	–	–	–	–	–
Mitch Wallace	–	200,000	–	–	200,000	–	–	–
Andrew Sarich	–	–	–	–	–	–	–	–
	–	700,000	–	–	700,000	–	–	–
30 June 2010								
David John Edwards	–	–	–	–	–	–	–	–
James Edward Moore	–	–	–	–	–	–	–	–
Francis Joseph Maher	–	–	–	–	–	–	–	–
Geoffrey Alan Baker	–	–	–	–	–	–	–	–
Ross Campbell Williams	–	–	–	–	–	–	–	–
Chris Tuckwell	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

B. KMP Shareholdings

The number of ordinary shares in MACA Limited held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year*	Granted as remuneration during the year	Increase other	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2011						
David John Edwards	20,984,361	–	4,504,445	-	(4,488,806)	21,000,000
Geoffrey Alan Baker	20,984,361	–	4,504,445	-	(4,488,806)	21,000,000
Francis Joseph Maher	20,984,361	–	4,504,445	-	(6,488,806)	19,000,000
James Edward Moore	20,984,361	–	4,504,445	-	(6,488,806)	19,000,000
Ross Campbell Williams	9,792,702	–	2,102,074	-	(2,894,776)	9,000,000
Christopher Mark Tuckwell	–	946,769	203,231	-	(150,000)	1,000,000
Andrew Hugh Edwards	–	–	–	-	20,000	20,000
Joseph Ronald Sweet	–	–	–	-	100,000	100,000
Karen Lesley Field	–	–	–	-	–	–
Mitchell Wallace	–	–	–	-	–	–
Andrew Sarich	–	–	–	-	40,000	40,000
	93,730,146	946,769	20,323,085	-	(24,840,000)	90,160,000

** Balance at beginning of year differs from balance at end of the previous year due to a corporate restructure*

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2010					
David John Edwards	30	–	–	–	30
James Edward Moore	30	–	–	–	30
Francis Joseph Maher	30	–	–	–	30
Geoffrey Alan Baker	30	–	–	–	30
Ross Campbell Williams	14	–	–	–	14
Christopher Mark Tuckwell	–	–	–	–	–
	134	–	–	–	134

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 31: Related Party Transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Distributions paid:			
Interim fully franked ordinary dividend of $0.03 (2010: $18,795) per share franked at the tax rate of 30% (2010: 30%)		4,500,000	2,518,519
2010 final dividend (fully franked) of $0.0578 per share paid in 2011		6,500,000	–
		11,000,000	2,518,519
Total dividends per share for the period[1]		0.06	0.0578

[1] *The dividend and net tangible asset backing per share for the comparative period are restated to reflect a comparative share capital.*

	Note	2011 $	2010 $
Proposed final fully franked ordinary dividend of $0.03 (2010: $22,388) per share franked at the tax rate of 30% (2010: 30%)		4,500,000	3,000,000
Balance of franking account at year end adjusted for credits arising from payment of provision of income tax and debits arising for income tax and dividends recognised as receivables, franking credits that may be prevented from distribution in subsequent financial year as per the income tax return at 30 June 2011 being the latest tax year end to balance date.		20,426,473	12,789,003
Subsequent to year end the franking account would be reduced by the proposed dividend		(1,928,571)	(1,285,714)

	Note	2011 $	2010 $
A. Reconciliation of earnings to profit and loss			
Profit		28,720,803	15,606,364
Profit attributable to non controlling interest		(1,641,277)	(3,866,947)
Earnings used to calculate basic EPS		27,079,526	11,739,417
Earnings used in the calculation of dilutive EPS		27,079,526	11,739,417
B. Weighted average number of ordinary shares outstanding during the year in calculating basic EPS		137,452,900	112,384,510
Weighted average number of dilutive options outstanding		2,781,538	1,123,845
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		140,234,438	113,508,355

	Note	2011 $	2010 $
Cash at bank	25	50,562,835	5,861,047

	Note	2011 $	2010 $
CURRENT			
Trade debtors		28,668,554	34,596,380
Amounts receivable from director related entities		–	235,983
		28,668,554	34,832,363
NON CURRENT			
Other		–	5,831

A. Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 11. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

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, with 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 (months overdue) < 1 month $	Within initial trade terms $
30 June 2011				
Trade and term receivables	28,577,564	–	8,650,092	19,927,472
Other receivables	–	–	–	
Total	28,577,564	–	8,650,092	19,927,472
30 June 2010				
Trade and term receivables	34,832,363	–	12,267,421	22,564,942
Other receivables	–	–	–	–
Total	34,832,363	–	12,267,421	22,564,942

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

	Note	2011 $	2010 $
B. Financial assets classified as loans and receivables			
Trade and other receivables			
– Total current		28,668,554	34,832,363
– Total non-current		–	5,831
		28,668,554	34,838,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CURRENT			
Prepayments		405,560	499,877
Loan Receivables – MACA Crushing Pty Ltd		–	750,000
		405,560	1,249,877

The loan was unsecured, with no fixed terms for repayment and bore interest at a rate as decided upon from time to time.

NON CURRENT			
Available for Sale Financial Assets:		3,293,820	2,853,125
Shares in listed corporations, at fair value		3,293,820	2,853,125

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2011 %	Ownership Interest 2010 %	Carrying Amounts of Investment 2011 $	Carrying Amounts of Investment 2010 $
Riverlea Corporation Pty Ltd	Civil Contracting	Australia	Ord	33.3	–	500,000	–

	Country of Incorporation	Percentage Owned (%)* 2011	Percentage Owned (%)* 2010
Parent entity:			
MACA Limited	Australia	–	–
Subsidiaries:			
Mining and Civil Australia Pty Ltd	Australia	100%	50.4%
MACA Plant Pty Ltd	Australia	100%	–
MACA Crushing Pty Ltd	Australia	100%	–
MACA Civil Pty Ltd	Australia	60%	–

** Percentage of voting power in proportion to ownership*

Acquisition of Controlled Entities

During the 2011 financial year the parent entity, MACA Limited acquired interests in the above mentioned entities. Refer to details of these transactions in Note 5: Business Combinations. MACA Civil Pty Ltd was incorporated during the current financial year.

	Note	2011 $	2010 $
LAND AND BUILDINGS			
Total land and buildings at cost		–	338,341
PLANT AND EQUIPMENT			
Plant and equipment – at cost		120,351,402	69,605,233
Accumulated depreciation		(52,705,689)	(24,112,412)
		67,645,713	45,492,821
Motor vehicles – at cost		5,875,606	5,070,712
Accumulated depreciation		(3,476,112)	(2,333,981)
		2,399,494	2,736,731
Leased plant and equipment – at cost		1,440,000	1,440,000
Accumulated depreciation		(1,440,000)	(1,440,000)
		–	–
Low value pool – at cost		52,315	46,492
Accumulated depreciation		(42,276)	(38,000)
		10,039	8,492
Leasehold improvements – at cost		291,962	164,922
Accumulated depreciation		(18,904)	(7,526)
		273,058	157,396
Total plant and equipment		70,328,304	48,395,440
Total property, plant and equipment		70,328,304	48,733,781

A. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Consolidated:	Land and Buildings $	Plant and equipment $	Motor vehicles $	Leased plant & equipment $	Low value pool $	Leasehold improvements $	Total $
Opening balance at 1 July 2009	338,341	12,320,522	966,226	–	6,961	44,582	13,810,159
Additions	–	43,893,930	2,587,915	133,527	5,096	134,317	46,621,258
Disposals	–	(491,973)	(3,592)	–	–	(17,230)	(512,795)
Additions through acquisition of entities	–	–	–	–	–	–	–
Revaluation increments / (decrements)	–	–	–	–	–	–	–
Depreciation expense	–	(10,229,658)	(813,818)	(133,527)	(3,565)	(4,273)	(11,184,841)
Capitalised borrowing cost and depreciation	–	–	–	–	–	–	–
Balance at 30 June 2010	338,341	45,492,821	2,736,731	–	8,492	157,396	48,733,781
Opening balance at 1 July 2010	338,341	45,492,821	2,736,731	–	8,492	157,396	48,733,781
Additions	–	43,354,628	1,080,800	–	5,823	127,040	44,568,291
Disposals	(338,341)	(103,842)	(132,044)	–	–	–	(574,227)
Additions through acquisition of entities	–	–	–	–	–	–	–
Revaluation increments / (decrements)	–	–	–	–	–	–	–
Depreciation expense	–	(21,097,894)	(1,285,993)	–	(4,276)	(11,378)	(22,399,541)
Capitalised borrowing cost and depreciation	–	–	–	–	–	–	–
Balance at 30 June 2011	–	67,645,713	2,399,494	–	10,039	273,058	70,328,304

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
(A) Liabilities			
CURRENT			
Income tax		4,033,644	959,226
NON-CURRENT			
Deferred tax liability comprises:			
Prepayments		97,500	149,963
Other		303,671	131,189
Total		401,171	281,152
(B) Assets			
NON-CURRENT			
Deferred tax assets comprises:			
Provisions		1,011,846	473,030
Other		499,895	–
Total		1,511,741	473,030
(C) Reconciliations			
i. Gross Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		191,878	136,694
(Charge) / Credit to income statement		682,173	66,343
(Charge) / Credit to equity		236,519	(11,159)
Closing balance		1,110,570	191,878
ii. Deferred Tax Liabilities			
The movement in deferred tax liabilities for each temporary difference during the year is as follows:			
Other:			
Opening balance		281,152	195,630
Charge / (Credit) to income statement		(143,357)	74,363
Charge / (Credit) to equity		263,376	11,159
Closing balance		401,171	281,152
iii. Deferred Tax Liabilities			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Provisions:			
Opening balance		473,030	332,324
Credit to income statement		530,416	140,706
Closing balance		1,003,446	473,030
Other:			
Opening balance		–	–
Credit to equity		499,895	–
Closing balance		499,895	–

	Note	2011 $	2010 $
CURRENT			
Unsecured Liabilities:			
Trade creditors		20,305,705	24,857,421
Sundry creditors and accruals		4,714,271	1,826,580
		25,019,976	26,684,001

Creditors are non-interest bearing and settled at various terms up to 45 days.

Financial liabilities at amortised cost classified as trade and other payables

		2011 $	2010 $
Trade and other payables			
- Total current		25,019,976	26,684,001
- Total non-current		–	–
		25,019,976	26,684,001

	Note	2011 $	2010 $
CURRENT			
Secured Liabilities:			
Finance lease liability		18,153,494	11,715,019
		18,153,494	11,715,019
NON-CURRENT			
Secured Liabilities			
Finance lease liability		18,966,017	18,275,562
		18,966,017	18,275,562
A. Total current and non-current secured liabilities:			
Finance lease liability	22	37,119,511	29,990,581
		37,119,511	29,990,581
B. The carrying amounts of non-current assets pledged as security are:			
Finance lease liability		33,728,148	28,704,306
		33,728,148	28,704,306

	2011 $	2010 $
CURRENT		
Employee Entitlements	2,564,689	1,576,765

A. Movement in provisions:	**Employee Entitlements**	**Total**
Consolidated:		
Opening balance as at 1 July 2010	1,576,765	1,576,765
Additional provisions	3,868,705	3,868,705
Amounts used	2,880,781	2,880,781
Closing balance as at 30 June 2011	2,564,689	2,564,689

B. Provision for employee benefits

A provision has been recognised for employee benefits relating to statutory leave for employees. The measurement and recognition criteria for employee benefits have been included in Note 1.

	No.	No.
150,000,000 (2010:134) fully paid ordinary shares with no par value	35,570,541	134

A. Ordinary shares:

At the beginning of the reporting period	134	134
Converted into 2 shares on incorporation	(132)	–
Shares issued during the year		
- 2 September 2010 Acquisition of MACA Plant Pty Ltd	56,737,315	–
- 2 September 2010 Acquisition of MACA Crushing Pty Ltd	1,206,505	–
- 2 September 2010 Redemption of nominees shares	(2)	–
- 3 September 2010 Acquisition of minority interest in Mining and Civil Australia Pty Ltd	35,786,326	–
- 4 September 2010 Share based payments	946,769	–
- 16 September 2010 Share split	20,323,085	–
- 28 October 2010 Initial Public Offering	35,000,000	–
At reporting date	150,000,000	134

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.

B. 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.

	Note	2011 $	2010 $
Total borrowings	28	37,119,511	29,990,581
Less cash and cash equivalents	10	(50,562,835)	(5,861,047)
Net debt		(13,443,324)	24,129,534
Total equity		88,243,196	34,517,329
Total capital		74,799,872	58,646,863
Gearing ratio		(18%)	41%

	Note	2011 $	2010 $
A. Capital expenditure commitments			
Capital expenditure commitments contracted for:			
Plant and equipment purchases		34,484,290	–
Payable			
- not later than 12 months		34,484,290	–
- between 12 months and 5 years		–	–
- greater than 5 years		–	–
Minimum Commitments		34,484,290	–
B. Finance lease commitments			
Payable – minimum lease payments			
- not later than 12 months		20,176,062	13,404,632
- between 12 months and 5 years		20,184,262	19,951,622
- greater than 5 years		–	–
Minimum less payments		40,360,324	33,356,254
Less: Future Finance Charges		(3,240,814)	(3,365,673)
	19	37,119,510	29,990,581
C. Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the accounts:			
Payable – minimum lease payments			
- not later than 12 months		1,062,324	2,726,438
- between 12 months and 5 years		651,824	3,149,863
- greater than 5 years		–	–
		1,714,148	5,876,301

There are no contingent assets or liabilities.

The group information presented in the financial report is the information that is reviewed by the Board of Directors (Chief operating decision maker) in assessing performance and determining the allocation of resources.

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 predominantly in one business and geographical segment being the provision of contract mining services to the mining industry throughout Western Australia. The financial information in the Statement of Comprehensive Income and the Statement of Financial Position is the same as that presented to the chief operating decision maker.

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

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. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

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

- head office and other administration expenditure

NOTE 24 – OPERATING SEGMENTS (CONTINUED)

	Contract Mining Services $	Total Operations $
A. Segment performance		
30 June 2011		
Revenue		
External sales	240,701,472	240,701,472
Interest revenue	1,517,903	1,517,903
Total segment revenue	242,219,275	242,219,275
Reconciliation of segment revenue to group revenue		
Other revenue	–	7,006,750
Total group revenue	–	249,226,125
Segment net profit before tax	43,528,872	43,528,872
Reconciliation of segment result to net loss before tax:		
Amounts not included in segment result but reviewed by the board:		
- Other	–	(2,095,787)
Net profit before tax from continuing operations	–	41,433,085
30 June 2010		
Revenue		
External sales	148,425,365	148,425,365
Interest revenue	324,637	324,637
Total segment revenue	148,750,002	148,750,002
Reconciliation of segment revenue to group revenue		
Other revenue	–	1,853,294
Total group revenue	–	150,603,296
Segment net profit before tax	24,208,849	24,208,849
Reconciliation of segment result to net loss before tax:		
Amounts not included in segment result but reviewed by the board:		
- other	–	(2,483,180)
Net profit before tax from continuing operations	–	21,725,669

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 – OPERATING SEGMENTS (CONTINUED)

	Contract Mining Services $	Total Operations $
B. Segment assets		
30 June 2011		
Segment assets	101,513,791	101,513,791
Segment asset increases for the period:		
- capital expenditure	19,158,948	19,158,948
- acquisitions	–	–
	19,158,948	19,158,948
Reconciliation of segment assets to group assets		
Unallocated assets:		
- cash	–	50,562,835
- financial assets	–	3,793,820
- deferred tax assets	–	1,511,741
Total group assets	–	157,382,187
30 June 2010		
Segment assets	84,821,852	84,821,852
Segment asset increases for the period:		
- capital expenditure	16,714,806	16,714,806
- acquisitions	–	–
	16,714,806	16,714,806
Reconciliation of segment assets to group assets		
Unallocated assets:		
- cash	–	5,861,047
- financial assets	–	2,853,125
- deferred tax assets	–	473,030
Total group assets	–	94,009,054
C. Segment liabilities		
30 June 2011		
Segment liabilities	64,704,176	64,704,176
Reconciliation of segment liabilities to group liabilities		
Unallocated assets:		
- current tax liabilities	–	4,033,644
- deferred tax liabilities	–	401,171
Total group liabilities	–	69,138,991
30 June 2010		
Segment liabilities	58,251,347	58,251,347
Reconciliation of segment liabilities to group liabilities		
Unallocated assets:		
- current tax liabilities	–	959,226
- deferred tax liabilities	–	281,152
Total group liabilities	–	59,491,725

D. All revenue is sourced from Australia

	Note	2011 $	2010 $
A. Reconciliation of Cash			
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash and cash equivalents		50,562,835	5,861,047
Bank overdraft		–	–
		50,562,835	5,861,047
B. Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax			
Operating profit after income tax		28,720,803	15,606,364
Non-cash flows in profit from ordinary activities			
Depreciation and amortisation		22,792,209	11,050,975
Equity Adjustment		197,223	(11,159)
Net (gain) / loss on disposal of plant and equipment		(647,290)	202,069
Discount on acquisition of MACA Plant Pty Ltd		(234,452)	(113,301)
Share based payment		1,073,125	–
Changes in assets and liabilities			
(Increase) / decrease in trade and other receivables		6,170,614	(28,382,665)
(Increase) / decrease in other assets		94,317	(247,877)
(Increase) / decrease in inventories		(1,867,684)	–
Increase / (decrease) in trade and other payables		(1,664,027)	23,949,717
Increase / (decrease) in income tax payable		3,074,418	(1,000,724)
Increase / (decrease) in deferred tax payable		(918,692)	(55,184)
Increase / (decrease) in provisions		987,924	348,092
		57,778,488	21,346,307

NOTE 25 – CASH FLOW INFORMATION (CONTINUED)

	Note	2011 $	2010 $
C. Acquisition of Entities			
On 2 September 2010, MACA Limited acquired 100% of the issued capital of MACA Plant Pty Ltd, (including its subsidiary Mining and Civil Australia Pty Ltd).			
Purchase consideration, consisting of:		–	–
- Issue of 92,532,641 ordinary shares at $1		92,523,641	–
Total consideration		92,523,641	–
Fair value of issued shares in MACA Plant Pty Ltd		92,523,641	–
Total fair value of issued shares in MACA Plant Pty Ltd		92,523,641	–
On 2 September 2010, the Group acquired 100% of the issued capital of MACA Crushing Pty Ltd.			
Purchase consideration, consisting of:			
- Issue of 1,206,505 ordinary shares at $1		1,206,505	–
Total consideration		1,206,505	–
Cash consideration		–	–
Cash outflow		–	–
Assets and liabilities held at acquisition date:			
Cash and cash equivalents		230,073	–
Trade and other receivables		434,560	–
Property, plant and equipment		10,126,733	–
Trade and other payables		(19,309)	–
Financial liabilities		(9,246,439)	–
Current tax liabilities		(84,661)	–
		1,440,957	–
Fair value of previously held interest in MACA Plant Pty Ltd		–	–
Discount on consolidation		(234,452)	–
Minority equity interest in acquisitions		–	–
		1,206,505	–

D. Acquisition of Entities

Share issue
92,523,641 ordinary shares were issued at $1 each as consideration for the purchase of MACA Plant Pty Ltd (with its subsidiary Mining and Civil Australia Pty Ltd). The share issue was based on the fair value of the company which was determined by a valuation of MACA Plant Pty Ltd prior to the purchase.

1,206,505 ordinary shares were issued at $1 each as consideration for the purchase of MACA Crushing Pty Ltd. The share issue was based on the fair value of the company which was determined by a valuation of MACA Crushing Pty Ltd prior to the purchase. These amounts are not reflected in the statement of cashflows.

946,769 ordinary shares were issued for no consideration to the Managing Director as a part of his long term incentive plan. The expense is not reflected in the statement of cashflows.

4,602,993 options were issued to employees at an exercise price of $1.15 under the employee option scheme as a part of their long term incentive plan. The expense amount of $126,356 is not reflected in the statement of cashflows.

Debt
During the financial year, the company acquired plant and equipment with an aggregate fair value of $15,106,540 (2010: $29,906,112) by means of hire purchase agreements. These acquisitions are not reflected in the cash flow statement.

The acquisition of MACA Crushing Pty Ltd resulted in the company acquiring plant and equipment with an aggregate fair value of $10,126,753 by means of hire purchase agreements. These acquisitions are not reflected in the cash flow statement.

(a) On the 4 September 2010 the Managing Director was issued 946,769 ordinary shares at an issue price of $1.00 as a part of his long-term incentive plan.

(b) On 2 November 2010, 4,602,993 options were granted to employees of the company under the MACA Limited Employee Incentive Option Scheme at an exercise price of $1.15 each. These options are subject to a vesting condition being 3 years continuous employment from grant date and are exercisable after vesting on 2 November 2013 and expire on 1 January 2014.

Options granted to staff and key management personnel are as follows:

Grant Date: 2 November 2010
Number: 4,602,993

A summary of the movements of all company options issues is as follows:

	Number	Weighted average exercise price
Options outstanding as at 30 June 2009	**–**	**–**
Granted	–	–
Forfeited	–	–
Exercised	–	–
Expired	–	–
Options outstanding as at 30 June 2010	**–**	**–**
Granted	4,602,993	1.15
Forfeited	(424,963)	1.15
Exercised	–	–
Expired	–	–
Options outstanding as at 30 June 2011	4,178,030	1.15
Options exercisable as at 30 June 2011:	–	–
Options exercisable as at 30 June 2010:	–	–

As at the date of exercise, the weighted average share price of options exercised during the year was $Nil

The weighted average remaining contractual life of options outstanding at year end was 2.5 years. The exercise price of outstanding shares at the end of the reporting period was $1.15.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was $0.2745 (2010: $Nil). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price: $1.15
Weighted average life of the option: 3.2 years
Expected share price volatility: 69.97%
Risk-free interest rate: 4.86

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

After balance date events include the following:

- MACA Limited took control of Riverlea Corporation Pty Ltd on the 1 July 2011 through the acquisition of 26.67% thus taking MACA Limited's interest to 60%. The amount paid by MACA for this additional interest was $400,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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 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:

	Note	2011 $	2010 $
Financial Assets			
Cash and cash equivalents	10	50,562,835	5,861,047
Loans and receivables			
- Trade and other receivables	11 (B)	28,668,554	34,838,194
- Loan granted – MACA Crushing Pty Ltd	12	–	750,000
		28,668,554	35,588,194
Available-for-sale financial assets:			
- at fair value			
- listed investments	13	3,293,820	2,853,125
Total Financial Assets		82,525,209	44,302,366
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	18	25,019,976	26,684,001
- Borrowings	19	37,119,511	29,990,581
Total Financial Liabilities		62,139,487	56,674,582

Financial Risk Management 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, currency risk, financing risk and interest rate risk.

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

Specific Financial Risk Exposures and Management

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

A. 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 14 to 30 days from the invoice date.

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

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk Exposures

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 Note 11 for details).

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 11(a).

Trade and other receivables that are neither past due or impaired are considered to be of acceptable quality. Aggregates of such amounts are as detailed in Note 11(a).

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

B. 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 cash flow 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 hire purchase 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 (except for finance lease liabilities) 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.

Credit Risk Exposures

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	25,019,976	26,684,001	–	–	–	–	25,019,976	26,684,001
Finance lease liabilities	18,153,494	11,715,019	18,966,017	18,275,562	–	–	37,119,511	29,990,581
Total contractual outflows	43,173,470	38,399,020	18,966,017	18,275,562	–	–	62,139,487	56,674,582
Total expected outflows	43,173,470	38,399,020	18,966,017	18,275,562	–	–	62,139,487	56,674,582
Financial assets: cash flows realisable								
Cash and cash equivalents	50,562,835	5,861,047	–	–	–	–	50,562,835	5,861,047
Trade, term and loans receivables	28,668,554	34,832,363	–	–	–	–	28,668,554	34,832,363
Other investments	–	–	3,293,820	2,853,125	–	–	3,293,820	2,853,125
Total anticipated inflows	79,231,389	40,693,410	3,293,820	2,853,125	–	–	82,525,209	43,546,535
Net (outflow) / inflow on financial instruments	36,057,919	2,294,390	(15,672,197)	(15,422,437)	–	–	20,385,722	(13,128,047)

Financial assets pledged as collateral

No financial assets have been pledged as security for debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Market Risk

i. Interest rate risk

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

	Floating Interest Rate		Fixed Interest Rate				Non-interest Bearing		Total		Weighted Average Effective Interest Rate	
			Within 1 Year		1 to 5 Years							
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 %	2010 %
Financial Assets:												
Cash	50,562,835	5,861,047	–	–	–	–	–	–	50,562,835	5,861,047	3.88	3.36
Trade and other receivables	–	–	–	–	–	–	28,668,554	34,832,363	28,668,554	34,832,363	N/A	N/A
Total Financial Assets	50,562,835	5,861,047	–	–	–	–	28,668,554	34,832,363	79,231,389	40,693,410		
Financial Liabilities:												
Finance lease	–	–	20,176,062	13,404,632	20,184,262	19,951,622	–	–	40,360,324	33,356,254	7.35	7.5
Trade and other payables	–	–	–	–	–	–	25,019,976	26,684,001	25,019,976	26,684,001	N/A	N/A
Total Financial Liabilities	–	–	20,176,062	13,404,632	20,184,262	19,951,622	25,019,976	26,684,001	65,380,300	60,040,255		

ii. 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.

iii. Foreign Exchange Risk

The group is not exposed to fluctuations in foreign currencies.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial assets and financial liabilities approximate the carrying values in the financial statements.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) Level 3

Included within Level 1 for the current and previous reporting periods are listed investments. The fair value of these assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs. The Group does not have other material instruments within the fair value hierarchy.

	Note	2011 $	2010 $

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

	Note	2011 $	2010 $
STATEMENT OF FINANCIAL PERFORMANCE			
ASSETS			
Current assets		33,256,379	4,754,029
TOTAL ASSETS		127,487,525	46,553,248
LIABILITIES			
Current liabilities		252,783	15,692,545
TOTAL LIABILITIES		252,783	33,968,107
EQUITY			
Issued capital		127,594,019	134
Option reserve		126,356	–
(Accumulated losses) / Retained profits		(485,633)	12,585,007
TOTAL EQUITY		127,234,742	12,585,141
STATEMENT OF FINANCIAL PERFORMANCE			
(Loss) / Profit for the year		(484,633)	10,265,390
Total comprehensive income		(484,633)	10,265,390

Guarantees

MACA Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

There are no contingent liabilities as at 30 June 2011 (2010: none).

Contractual commitments

	2011 $	2010 $
Plant and equipment		
Not longer than 1 year	–	94,474
Longer than 1 year and not longer than 5 years	–	–
Longer than 5 years	–	–
Total	–	94,474

The registered office is:
MACA Limited
C/- Level 1, 12 King's Park Road
West Perth, Western Australia 6005

The principal place of business is:
MACA Limited
96 Ewing Street
Welshpool, Western Australia, 6106

A. The Group's main related parties are as follows:

i. 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.

For details of disclosures relating to key management personnel, refer to Note 7: Interests of Key Management Personnel (KMP).

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

ii. Entities subject to significant influence by the Group

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interest held in associated companies, refer to Note 14.

iii. 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.

Transactions with related parties:

Other related parties:

Key management person and/or related party	Transaction	2011 $	2010 $
Partnership comprising entities controlled by Mr G.Baker,Mr R.Williams, Mr J.Moore & Mr F.Maher.	Expense – rent on Ewing St Business premises.	252,000	176,000
Partnership comprising entities controlled by Mr G.Baker, Mr R.Williams, Mr J.Moore, Mr D.Edwards & Mr F.Maher.	Expense – rent on Sheffield Rd Workshop premises.	84,900	–
ADT Western Australia Pty Ltd – a company controlled by former directors Mr J.Moore and Mr F.Maher.	Expense – hire of equipment and purchase of equipment, parts and services.	1,580,113	797,304
Equipment Holdings Pty Ltd – a company controlled by former directors Mr J.Moore and Mr F.Maher.	Expense – hire and purchase of equipment.	1,983,871	554,023
Gateway Equipment Parts & Services Pty Ltd – a company controlled by current directors Mr G.Baker and Mr R.Williams and former directors Mr D.Edwards, Mr F.Maher and Mr J.Moore.	Expense – hire of equipment and purchase of equipment, parts and services.	1,094,587	164,871
Gateway Equipment Parts & Services Pty Ltd – a company controlled by current directors Mr G.Baker and Mr R.Williams and former directors Mr D.Edwards, Mr F.Maher and Mr J.Moore.	Revenue – sale of equipment	240,000	360,000

Amounts payable at year end arising from the above transactions (Receivables Nil)	Transaction	2011 $	2010 $
ADT Western Australia Pty Ltd – a company controlled by former directors Mr J.Moore and Mr F.Maher.		116,091	69,127
Equipment Holdings Pty Ltd – a company controlled by former directors Mr J.Moore and Mr F.Maher.		–	24,964
Gateway Equipment Parts & Services Pty Ltd – a company controlled by current directors Mr G.Baker and Mr R.Williams and former directors Mr D.Edwards, Mr F.Maher and Mr J.Moore.		123,048	–

A. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

  The key changes made to accounting requirements include:

  – simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  – simplifying the requirements for embedded derivatives;
  – removing the tainting rules associated with held-to-maturity assets;
  – removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  – allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  – requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  – requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

  This Standard is not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  – clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
  – adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
  – amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  – adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
  – making sundry editorial amendments to various Standards and Interpretations.

  This Standard is not expected to impact the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Group.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

  The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements set out on pages 26 to 62 are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements. Constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

(b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that;

(a) the financial records of the Group for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;

(b) the financial statements and notes for the financial year comply with the Accounting Standards Board; and

(c) the financial statements and notes for the financial year give a true and fair view;

In the director's opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Chris Tuckwell
Managing Director

Dated at Perth this 20th of September 2011

MOORE STEPHENS

Partners

Syd Jenkins
Neil Pace
Ray Simpson
Ennio Tavani
Suan Lee Tan
Dino Travaglini

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MACA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of MACA Limited, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Moore Stephens ABN 75 368 525 284
Level 3, 12 St Georges Tce Perth WA 6000
Tel: +61 (8) 9225 5355 Facsimile: +61 (8) 9225 6181
Email: perth@moorestephens.com.au Web: www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT

MOORE STEPHENS

Partners

Syd Jenkins
Neil Pace
Ray Simpson
Ennio Tavani
Suan Lee Tan
Dino Travaglini

Opinion

In our opinion:

a) the financial report of MACA Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of MACA Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Moore Stephens

Moore Stephens
Chartered Accountants

Neil Pace

Neil Pace
Partner

Dated at Perth this 20th of September 2011

SHAREHOLDER INFORMATION

AS AT 31 AUGUST 2011

1. NUMBERS OF HOLDERS OF EQUITY SECURITIES

A. Ordinary Share Capital

150,000,000 fully paid ordinary shares are held by 1,937 individual shareholders.

B. Listed Options

There are no listed options.

C. Unlisted Options

4,178,030 unlisted options exercisable after 2 November 2013 are held by 68 individual holders

D. Distribution of Holders of Equity Securities as of 31 August 2011

	Fully Paid Ordinary Shares	Listed Options	Unlisted Options
1 - 1,000	177	–	68
1,001 – 5,000	741	–	–
5,001 – 10,000	509	–	–
10,001 – 100,000	474	–	–
100,001 and over	36	–	–
Total	1937	–	68

E. Substantial Share and Option Holders

The names of the substantial shareholders listed in the Company's register as at 31 August 2011:

		Number
1.	Gemblue Nominees Pty Ltd <The G A Baker Family A/C>	21,000,000
2.	Mining & Civil Management Services Pty Ltd	21,000,000
3.	Mr Francis Joseph Maher & Ms Sharon Jane Maher <Maher Family A/C>	19,000,000
4.	Mr James Edward Moore & Ms Julia Catherine Moore	19,000,000
5.	National Nominees Limited	10,370,116
6.	Mr Ross Campbell Williams <Williams Trading A/C>	9,000,000

The names of the substantial option holders listed in the Company's register as at 31 August 2011:

Name	Number	Exercise Price	Expiry Date
Mr David Edwards	500,000	1.15 cents	1 Jan 2014

F. Other Information

The voting rights attached to ordinary shares are governed by the Constitution of the Company. On a show of hands every person present who is a Member or representative of a Member shall have one vote on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

G. Unmarketable Parcels

As at 31 August 2011, there were 21 holders who held shares that were unmarketable parcels.

SHAREHOLDER INFORMATION

AS AT 31 AUGUST 2011

2. TWENTY LARGEST SHAREHOLDERS

	Number	Percentage
Gemblue Nominees Pty Ltd <The G A Baker Family A/C>	21,000,000	14.00%
Mining & Civil Management Services Pty Ltd	21,000,000	14.00%
Mr Francis Joseph Maher + Ms Sharon Jane Maher <Maher Family A/C>	19,000,000	12.67%
Mr James Edward Moore & Ms Julia Catherine Moore	19,000,000	12.67%
National Nominees Limited	10,370,116	6.91%
Mr Ross Campbell Williams <Williams Trading A/C>	9,000,000	6.00%
UBS Nominees Pty Ltd	6,548,374	4.37%
HSBC Custody Nominees (Australia) Limited	6,421,309	4.28%
J P Morgan Nominees Australia Limited	5,491,123	3.66%
Cogent Nominees Pty Limited	3,778,909	2.52%
Zero Nominees Pty Ltd	2,100,000	1.40%
Citicorp Nominees Pty Limited	1,059,038	0.71%
Mr Christopher Mark Tuckwell <Tuckwell Family A/C>	1,000,000	0.67%
Aust Executor Trustees Ltd <Charitable Foundation>	978,347	0.65%
Bond Street Custodians Ltd <Macquarie Smaller Co's A/C>	856,099	0.57%
Aust Executor Trustees NSW Ltd <Ironbark Karara Small Co>	451,127	0.30%
Aust Executor Trustees Ltd <Bipeta>	342,093	0.23%
Aust Executor Trustees NSW Ltd <Tea Custodians Limited>	320,873	0.21%
Redan Street Pty Ltd <TJW A/C>	302,500	0.20%
Walsec Pty Ltd <Piper Super Fund A/C>	269,194	0.18%
	129,416,264	**86.17%**

3. TWENTY LARGEST LISTED OPTION HOLDERS

There were no listed options at the date of this report.

4. RESTRICTED SECURITIES

At 31 August 2011 there were 90,000,000 ordinary shares on issue subject to voluntary escrow. The voluntary escrow period ends 3 November 2011.

This page has been intentionally left blank.

MACA LIMITED
2011 ANNUAL REPORT

ABN 42 144 745 782

www.maca.net.au

Limited