



ABN 42 144 745 782

## ANNUAL REPORT 2013



Standing from left to right: **Joe Sweet** Non-Executive Director, **Andrew Edwards** Non-Executive Chairman, **Geoff Baker** Operations Director, **Linton Kirk** Non-Executive Director.  
Sitting from left to right: **Peter Gilford** Company Secretary, **Doug Grewar** Managing Director, **Ross Williams** Finance Director.

## CORPORATE DIRECTORY

### MACA Limited

ABN 42 144 745 782

### Directors

#### Andrew Edwards

*Non-Executive Chairman*

#### Doug Grewar

*Managing Director*

*(Appointed 1/10/2012)*

#### Ross Williams

*Finance Director*

#### Geoff Baker

*Operations Director*

#### Joe Sweet

*Non-Executive Director*

#### Linton Kirk

*Non-Executive Director*

*(Appointed 1/10/12)*

### Company Secretary

**Peter Gilford**

### 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

### Auditors

#### 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](http://www.maca.net.au)



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# About MACA



**MACA is a successful mining services and civil construction group providing open pit contracting services to the mining industry including loading and hauling, drilling and blasting, crushing and screening and civil infrastructure services to public and private industry.**

Incorporated as a private company in November 2002, MACA was admitted to the Australian Securities Exchange ('ASX') in November 2010 following a highly successful initial public offering ('IPO'). In every year following the listing, MACA has delivered on its profit forecasts and growth objectives and maintains continuing positive forward projections based on its solid financial and operational capacity.

MACA's mining business specialises in providing services predominantly to mid-size mining projects across a range of commodities. Through its dedicated civil construction business (now 100% owned), MACA provides a broad range of civil infrastructure services to government and private organisations. The Group currently employs a workforce in excess of 1200 employees and sub-contractors.

# Chairman's Address

**It gives me great pleasure to present the Annual Report for MACA for the year ended 30 June 2013.**

**I am pleased to advise that MACA has achieved a record net profit after tax for the 2013 financial year of \$49.5 million and earnings per share of 31.5 cents (basic). This represents a 32% increase in profit and 25% increase in earnings per share on the previous year and continues the Company's strong financial record following its public listing nearly 3 years ago.**

Consistent with this earnings growth, MACA has declared a final dividend of 5.5 cents per share, bringing the total for the year to 10 cents per share fully franked. This is also a 25% increase on the previous year.

This financial outcome once again reflects a solid operating performance across the Company's portfolio of projects. Earnings before interest, tax and depreciation (EBITDA) of \$116.3 million grew by 35% over last year and, importantly, has been realised in operating cash flow (\$111.8m) through effective working capital management.

In combination with the capital raising completed during the year, the operating cash flow has further strengthened the Company's balance sheet such that MACA is well positioned to pursue future growth opportunities. At 30 June cash on hand was \$122.9 million and net cash (net of debt) was \$28.8 million.

The Company has continued to grow its work on hand during the year. Key contracts awarded included the Rosemont Gold project (Regis Resources Limited) and the Abydos DSO project (Atlas Iron Limited) as well as the Safelinks Alliance with Main Roads Department of Western Australia. The order book at 30 June was \$1.7 billion with an average mining contract length of 35 months.


The growth in operations has not deflected MACA from its unwavering focus on the safety of its workforce. The Total Recordable Injury Frequency Rate reduced by 38% during the period and the Lost Time Injury Frequency Rate remains below industry levels.

The Company also continues to actively engage with the community and is a proud supporter of the Sunsuper Ride to Conquer Cancer and the Princess Margaret Hospital Foundation.

I would like to particularly thank the management team for their efforts over the past year. Doug Grewar joined the Company as Managing Director on 1 October 2012 replacing Chris Tuckwell in what has been a smooth transition. I would also like to thank my fellow directors for their support and contribution.

As has been widely reported, 2013 witnessed an industry slowdown in mining and construction services activity. This has been reflected in weak market sentiment towards these sectors. Your Company is not immune to these industry forces. However, MACA's production oriented mining business and strong balance sheet makes it both less vulnerable to decisions to delay or curtail project expenditure and well placed to pursue growth opportunities as these emerge.

The Board and management remain positive about the future outlook for your Company and look forward to continuing MACA's successful progress in the coming year and beyond.



**Andrew Edwards**  
Chairman



## HIGHLIGHTS

42.1%  
increase in  
revenue to  
\$476 million

31.3%  
increase in  
NPAT to \$49.5  
million

Order book of \$1.71  
billion as at June  
2013, with \$535  
million of revenue  
secured for FY2014

Total dividends  
for the year 10.0  
cents per share  
fully franked

38% reduction  
in Group Total  
Recordable Injury  
Frequency Rate

Positive outlook for  
financial year ended 30  
June 2014 and beyond  
given contracted work  
in hand position



# Managing Director's Review of Operations

**On this, the 10<sup>th</sup> anniversary year since incorporation and our third since listing in 2010, I am pleased to present my first review of the company's performance to shareholders of MACA Limited.**

MACA maintained its strong growth and financial performance in FY2013, delivering solid operational and project performance and further strengthening its outlook through a significant increase in the contracted work in hand position. The results have been achieved through a number of success factors including:

- A strong focus on the management and execution of our operations
- Commitment to our clients and the relationships in our business
- The management of our assets which we recognise as an integral component of business success
- The delivery of services and outcomes through the talent of our workforce who demonstrate the Company's commitment to working safely every day
- A high priority towards training and development of our people
- A demonstrated commitment to our core values and our promise; we care; we deliver and we are flexible.

## FINANCIAL PERFORMANCE

	30 June 2013	30 June 2012	Movement
Revenue	\$475.9m	\$334.9m	42.1%
EBITDA	\$116.3m	\$86.3m	34.8%
EBIT	\$76.9m	\$57.1m	34.7%
Net Profit Before Tax	\$71.8m	\$54.0m	33.0%
Net Profit After Tax	\$49.5m	\$37.7m	31.3%
Contracted Work in Hand	\$1,713m	\$1,322m	29.6%
Operating Cash Flow	\$111.8m	\$52.8m	111.7%
Earnings per share – basic	31.5 cents	25.1 cents	25.5%
Dividends per share (fully franked)	10.0 cents	8.0 cents	25.0%

Group revenue increased due to continued growth in the core mining segment and a revenue contribution of approximately \$76 million from the civil business.

The after tax profit has increased by 31.3%, from \$37.7 million in 2012 to \$49.5 million for the year ended 30 June 2013. The increase in profitability is attributable to higher revenues at consistent margins at group level and was underpinned by reliable operational performance across the portfolio of projects. EBITDA (Earnings before interest, tax, depreciation and amortisation) grew from \$86.3 million in FY2012 to \$116.3 million for the period ending 30 June 2013, again demonstrating consistency in returns of the group.

## DIVIDEND

On the 20<sup>th</sup> August 2013, the board of MACA Limited declared a final dividend for the financial year ending 30 June 2013 of 5.5 cents per share, and this brings the full year dividend to 10.0 cents per share fully franked.



## Managing Director's Review of Operations

### OPERATING CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for the 12 months ending 30 June 2013 was \$111.8 million.

Capital expenditure for the financial year was \$104.3 million. Capital was prioritised for the purchase of new and replacement equipment which was funded through a combination of cash (\$36.3 million) and commercial hire purchase agreements.

Assets were purchased to replace specific plant and equipment which had previously been hired, to meet increased activity levels and for new contract works awarded during the period.

### BALANCE SHEET AND GEARING

Despite the significant increase in revenue and assets employed, the group as at 30 June 2013 remains in a strong financial position with a net cash position of \$28.8M and with cash on hand of \$123 million. During the period MACA successfully raised \$56.25 million (before costs) in a capital raising. This raising has assisted the net cash position and the balance sheet strength of the Group.

### ORDER BOOK

MACA Limited has increased its order book value and extended tenure to record levels throughout the year.

As at 30 June 2013 the Company had work-in-hand of \$1,713 million with an average mining contract term of 35 months over 10 major projects.

### OPERATIONS

#### Mining

The division's revenue of \$398 million represented 84% of the total group revenue and was derived from continuing operations, the completion of two projects and the commencement of four new projects during the period.

Revenue for the year continued to grow in line with increases in project scope and the commencement of new projects.

Crushing activity increased with the ramp up and commissioning of Peculiar Knob and Mt Dove projects making contribution to overall production during the period. Total crushing production volume was 12% greater than the previous financial year. Additional production from Abydos is expected to increase crushing volumes in FY2014.

Mining contracts by sector commenced, completed and in continuation from July 2012 include:

#### Iron Ore

- Mining services and crushing and screening services for Sinosteel Midwest Corporation at Koolanooka - completed March 2013
- Atlas Iron at Pardoo - continuation
- Atlas Iron at Mt Dove – commenced November 2012
- Atlas Iron at Abydos – commenced December 2012
- Arrium at Peculiar Knob - continuation





## Managing Director's Review of Operations

### Gold

- ▶ Mining services for
  - Barrick Australia at Plutonic – continuation
  - Focus Minerals at Laverton – completed May 2013
  - Regis Resources at Moolart Well – continuation
  - Regis Resources at Garden Well – continuation
  - Regis Resources at Rosemont – commenced March 2013

### Base Metals

- ▶ Mining services for
  - Rossllyn Hill Mining at Paroo Station – recommencement April 2013

### Other Minerals

- ▶ Mining services for
  - Kimberley Diamonds at Ellendale – continuation

Projects that have commenced or due to commence in FY2014 by sector:

### Iron Ore

- ▶ Mining services for
  - Sinosteel Midwest Corporation at Blue Hills (July 2013)
- ▶ Crushing and screening services for
  - Sinosteel Midwest Corporation at Blue Hills

### CIVIL

The Civil division continued its growth providing civil engineering and bulk earthwork services to the resources and public sectors throughout Western Australia. The division commenced a number of resource projects for Atlas Iron during the period as well as continuation of works for the Main Roads Department of Western Australia (MRDWA). The Civil division recently announced the award of the Safelinks Alliance project for the MRDWA which is expected to contribute to earnings in FY2014 period.

On 30 June 2013, MACA Limited completed the acquisition of the remaining 40% of MACA Civil Pty Ltd. The business now becomes a 100% fully owned operating division of MACA Limited.



## Managing Director's Review of Operations

Civil contracts by sector commenced, completed and in continuation from July 2012 include:

### Mining sector

Atlas Iron – Mt Dove

Civil infrastructure works including permanent facilities, earthworks and pavement of access and haul roads, camp, water and communications facilities

Atlas Iron – Abydos

Construction of crushing and run of mine pads, surface infrastructure and access roadways for the Abydos mine

Doray Minerals

Completed civil infrastructure surface works for the Andy Well Mine

### Public sector

Main Roads Department of Western Australia - (Browns Range Alliance)

The continuation of flood mitigation works in Carnarvon

Main Roads Department of Western Australia - (Safelinks Alliance)

Roadwork upgrade of the Goldfields Highway and the Wubin to Mullewa road

## HEALTH, SAFETY AND ENVIRONMENT

MACA manages risk through the continual improvement, measurement and review of its systems and processes targeted specifically to prevent harm and incidents. Quarterly audits are conducted across all projects with compliance measured against our certified Occupational Health and Safety Management Systems (AS/NZS: 4801) and Environmental Management Systems (ISO: 14001).

The continued focus on health and safety through our audit and compliance processes has seen our Lost Time Injury Frequency Rate (LTIFR) remain below industry benchmarks. In addition, our Total Recordable Injury Frequency Rate (TRIFR) fell more than 38%, a good outcome considering the strong business growth and increase in number of new employees and contractors to our business.





## Managing Director's Review of Operations

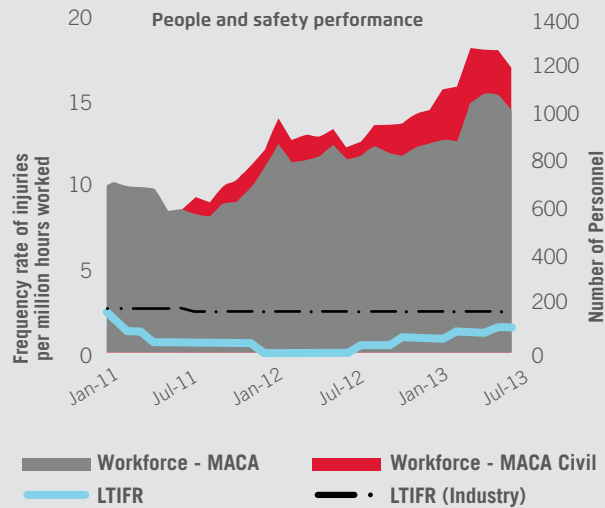
### SAFETY

MACA remains vigilant in providing a safe workplace for its employees, contractors and visitors. Focus on the development of new safety improvement initiatives continues as one of our key business drivers. We acknowledge that the successful leadership of safety is paramount to our business success and it is an enduring philosophy of ours that each employee return home every day safe and in the same way they began the day. The goal of zero harm underpins every task we perform in the workplace. Our commitment to proactively manage safety in our business continues in the positive behaviours, the targets and goals we establish for the business and in the results we have achieved in our day to day operations.

In December 2012 MACA Civil Pty Ltd was successful in achieving accreditation to the Federal Building and Construction OHS Scheme. This safety accreditation facilitates access to tender opportunities listed as federally funded projects.

### QUALITY MANAGEMENT

MACA maintained accreditation for its Quality Management Systems (ISO: 9001) during the year and continues to develop its systems to support growth through continual improvement, measurement and review.



Industry source – Dep't of Mines and Petroleum Resources



## Managing Director's Review of Operations

### HUMAN RESOURCES

As at 30 June 2013 the Group had a total workforce of approximately 1200 employees and subcontractors.

The labour market has recently displayed an easing trend allowing the Group an opportunity to attract new talent whilst building on its retention strategies. Imperative to our business success is the skills and experience of our people and their ability to work in a safe and productive manner.

MACA continues to develop and improve a number of programmes to enhance the performance and satisfaction of our workforce. Internal and external leadership programmes, scholarships for mining and civil engineers, and the in-house development of our key people ensures the skills and capability of our workforce is enabled to meet future business challenges. MACA's apprenticeship scheme continued to grow in the 2013 financial year with a further increase in our intake of critical trade apprentices. During the period, the Group prioritised and rolled out an internal training programme based on the retention of our "Can Do" culture, our core values and our integral brand pillars. MACA's key strength resides in the ability to retain the business culture that has delivered successful outcomes and the business recognises the importance of retaining these values as the company continues to grow.

MACA maintains a proactive approach to diversity through the monitoring of employment outcomes particularly for female and indigenous participation. Policies have been established to meet our commitment to embrace diversity and recruitment and retention strategies have been established to fulfil this goal.

### COMMUNITY

MACA, with the support of its employees, suppliers and stakeholders maintains a strong link to the regions and communities in which it operates. The Company actively contributes and supports many regional and local groups across a diverse range of activities as part of our focus to be a solid community participant. During the year MACA continued its long term association with the Princess Margaret Hospital Foundation, through the provision of funds for medical equipment.

MACA has also maintained its "Powered By" sponsorship of the 'Sunsuper Ride to Conquer Cancer' which directly supports the Western Australian Institute of Medical Research (WAIMR). The support of WAIMR and the ride will continue in the current year with MACA workforce and stakeholders united in their efforts to raise in excess of \$1m for this years event.

### OUTLOOK

Despite recent challenging times for the mining industry, we believe there is now emerging a cautious optimism amongst industry participants. Mining companies focus on internal business processes and austerity programmes, coupled with the devaluation of the Australian dollar and the general freeing up of capacity constraints across the industry have improved the general outlook for the industry. Whilst we are always alert to changing macro political and economic environments, we believe that there is a pipeline of quality resource projects in the development phase, from both within our existing customers' portfolios and externally. This pipeline supports our underlying expectation of future business growth in the mining services and civil sectors. With the volume of mining outputs expected to increase over the coming years we are optimistic that resource owners will continue to rely on and utilise mining services businesses to support their production profiles.

The reported increase in business confidence may lead to an improvement in the outlook for our civil division. A number of private and Government infrastructure projects are expected to be progressed over the outlook period supporting our confidence for this sector.

Our history of supporting our customers in developing and executing their projects, has allowed us to grow alongside them delivering reliable, quality services. We remain confident that our successful formula of doing business can be maintained with our growth not only with existing clients, but also with potential new customers through the commitment of our people, our safety focus and the cultures that have defined us so far.

MACA highly values its hard working and loyal employees. On behalf of the board and all shareholders, I would like to extend my gratitude to them and all of our stakeholders who remain an essential component of our success.



**Doug Grewar**  
Managing Director, CEO





# Director's Report

Your Directors present their report on MACA Limited (MACA) and its controlled entities ('Consolidated' or 'Group') for the financial year ended 30 June 2013.

## 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  
Mr Douglas Jon Grewar – Managing Director, CEO (appointed 1 October 2012)  
Mr Geoffrey Alan Baker – Operations Director  
Mr Ross Campbell Williams – Finance Director  
Mr Linton John Kirk – Non Executive Director (appointed 1 October 2012)  
Mr Joseph Ronald Sweet – Non Executive Director  
Mr Christopher Mark Tuckwell – Managing Director (resigned 25 July 2012)

## INFORMATION ON DIRECTORS

### Andrew Edwards

B Com, FCA, SF Finsia, FAICD  
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 that Institute. 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

### Doug Grewar

BBus, MSc (Mineral Economics), FAusIMM, GAICD  
Managing Director / Chief Executive Officer

#### Special Responsibilities

None

Mr Grewar has extensive experience in the mining contracting and mining services sectors throughout Australia and the Pacific. He has been accountable for the growth of diverse business portfolios for a number of prominent Australian companies and the successful delivery of a significant number of mining and civil projects to the resources industry. Mr Grewar's mining experience, which spans a broad range of commodities and service dimensions, is complemented by senior roles in the heavy construction materials and civil contracting sectors.

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

Company	Period of Directorship
Drummond Gold Limited	June 2008 to July 2010



### 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 16 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

None

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 37 years.

Directorships of other publicly listed companies held in the last three years:  
None.

### Linton Kirk

BE (Mining) FAusIMM (CP) GAICD

Non Executive Director

#### Special Responsibilities

Chair – Audit Committee

Member of Remuneration Committee

Mr Kirk has over 30 years' experience in mining and earthmoving, covering both open pit and underground operations in several commodities. He has held technical, operational and general management positions in a variety of mining and mining services companies throughout Australia, Africa and Papua New Guinea, prior to becoming a consultant in 1997. Mr Kirk has since been engaged by numerous Australian and global mining companies to consult on project management, feasibility studies, owner mining reviews, operational audits and the development of strategic plans.

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

Company	Period of Directorship
Middle Island Resources Ltd	Since September 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.

## Director's Report

### Chris Tuckwell

B Eng

Managing Director – Resigned 25 July 2012

#### Special Responsibilities

Member of Remuneration Committee – Resigned 25 July 2012

Mr Tuckwell is a qualified construction engineer with 28 years experience in the mining sector. Prior to his resignation Chris had 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.

## COMPANY SECRETARY

**Peter Gilford** – Appointed 22 August 2013

B Com, CA

Mr Gilford has experience in the areas of financial management, accounting, business and taxation services. Peter has provided services to a large number of mining, exploration and construction companies and has provided services to MACA for over 8 years. Peter has acted in roles of Director, Company Secretary and CFO for a number of privately owned businesses whilst in his role as a Director of a mid-tier accounting firm. Peter is a member of the Institute of Chartered Accountants in Australia

**Jon Carcich** – Resigned 22 August 2013

B Com, CA

## PRINCIPAL ACTIVITIES AND ANY SIGNIFICANT CHANGES IN NATURE

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

There were no significant changes in the nature of the Group's principal activities during the financial year.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Company other than for the acquisition of the remaining 40% of MACA Civil as noted below.

## CHANGES IN CONTROLLED ENTITIES

The following purchase acquisition occurred on 30 June 2013:

- The acquisition of the remaining 40% of MACA Civil Pty Ltd, Riverlea Corporation Pty Ltd and MACA Civil Plant Pty Ltd which it did not already own. Refer to note 13 for further detail.

## EVENTS SUBSEQUENT TO BALANCE DATE

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



## 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 2013	5.5 cents	5.5 cents
Interim dividend for 2013	4.5 cents	4.5 cents
Final dividend for 2012	4.5 cents	4.5 cents
Interim dividend for 2012	3.5 cents	3.5 cents

The Directors have determined to pay a final fully franked dividend based on the June 2013 full year result of 5.5c per share on 26 September 2013.

The Company paid an interim fully franked dividend for the 2013 half year of 4.5c per share on 28 March 2013.

## DIVIDEND REINVESTMENT PLAN

There is no dividend reinvestment plan in place.

## REVIEW OF OPERATIONS

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

Although the operating environment remains competitive, MACA has been able to deliver consistent margins on growing revenue to achieve strong financial performance. This has been driven by reliable and consistent operational performance and the prudent allocation of capital to generate earnings.

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.

	FY2013 \$'M	FY2012 \$'M	Change
Revenue	\$475.9	\$334.9	42.1%▲
EBITDA	\$116.3	\$86.3	34.8%▲
EBIT	\$76.9	\$57.1	34.7%▲
Net Profit before tax	\$71.8	\$54.0	33.0%▲
Net Profit after tax	\$49.5	\$37.7	31.3%▲
Contracted Work in Hand	\$1,713	\$1,322	29.6%▲
Operating Cashflow	\$111.8	\$52.8	111.7%▲
Dividend per share (fully franked)	10.0 cents	8.0 cents	25.0%▲
Basic earnings per share	31.5 cents	25.1 cents	25.5%▲

## FUTURE DEVELOPMENTS

The Directors are of the opinion that the new financial year will be a period of ongoing growth.

MACA strives to achieve continual improvement in its capabilities across all elements of the business and is committed to ensuring this drives efficiencies and delivers positive outcomes for all stakeholders.

The improvement in MACA's Total Recordable Injury Frequency Rate (TRIFR) is an illustration of its commitment to the health and safety of its workforce as the company continues to deliver on its growth strategy.

The Chairman's Address and the Managing Director's Review of Operations include an overview of likely future developments in the operations of the Group.

## OUTLOOK

The board and management of MACA Limited remain committed to achieving solid, sustainable earnings growth and developing the work in hand position through supporting its valued portfolio of clients and increasing its portfolio of projects with quality customers.

## ENVIRONMENTAL ISSUES

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

## Director's Report

### 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
Doug Grewar	20,000	0.01%	-	20,000	0.01%
Geoff Baker	15,000,000	8.70%	-	15,000,000	8.70%
Ross Williams	2,500,000	1.45%	-	2,500,000	1.45%
Joseph Sweet	100,000	0.06%	-	100,000	0.06%
Andrew Edwards	20,000	0.01%	-	20,000	0.01%
Linton Kirk	-	-	-	-	-
Total	17,640,000	10.23%	-	17,640,000	10.23%

### MEETINGS OF DIRECTORS

The number of directors meetings which directors were eligible to attend (including Committee meetings) and the number attended by each director during the year ended 30 June 2013 were as follows:

	Director's Meeting		Committee Meetings			
	Number eligible to attend	Number attended	Audit Committee Number eligible to attend	Number attended	Remuneration Committee Number eligible to attend	Number attended
Andrew Edwards	7	7	2	2	3	3
Doug Grewar (appointed 1/10/12)	4	4	-	-	-	-
Linton Kirk (appointed 1/10/12)	4	4	1	1	3	3
Chris Tuckwell (resigned 25/7/12)	1	1	-	-	-	-
Ross Williams	7	7	-	-	-	-
Geoff Baker	7	7	-	-	-	-
Joseph Sweet	7	7	2	2	3	3

### 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 23 and forms part of the directors' report for the financial year ended 30 June 2013.

#### ASIC Class Order 98/100 Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and director's report have been rounded to the nearest thousand dollars.



## REMUNERATION REPORT

### a) Details of the Key Management Personnel ("KMP")

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	General Manager – Business Development
Tim Gooch	General Manager - Mining
Mitch Wallace	General Manager – Plant
Maurice Dessauvage (appointed 1/5/2013)	General Manager – Civil
Andrew Sarich (ceased KMP from 1/5/2013)	Operations Manager – Civil

Darren Erikssen ceased as KMP 30/6/2012

### b) Remuneration Policy

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.

During the financial year, the remuneration committee engaged Godfrey Remuneration Group as a remuneration consultant to review the levels of senior executive and non executive remuneration being paid.

Godfrey Remuneration Group was paid \$33,000 for this review and the remuneration recommendations provided. No other services were provided by Godfrey Remuneration Group.

In order to ensure that the Godfrey Remuneration Group work was free from undue influence by executive KMP, the terms of engagement, among other matters, required Godfrey Remuneration Group to report its recommendations directly to the Chair of the remuneration committee. A declaration was received from Godfrey Remuneration Group as part of its report that advice provided was made free from undue influence of senior executives.

### c) Non Executive Directors Fees

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. The Group will be requesting this limit be increased at the Annual General Meeting. This is to provide for any future increases to Non-Executive Directors fees and to allow for any changes to the Board make up and potential increases in the number of Non-Executive Directors.

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.

### d) Senior Executives

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 KMP comprise of three components. The first two comprise a base salary package, (including superannuation and other benefits) and a variable cash bonus for short term incentives (STI). The third component is cash or performance rights issued as a long term incentive (LTI), which to date has been implemented for only two executives as outlined below. The STI and LTI compensation structure is made up of a combination of profit performance targets, delivered safety targets and personnel targets as well as total shareholder return.

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 2012/13 financial year was up to 25% of the base salary package dependent on the individual executive. The 2013/14 STI component is up to 25% of base salary. The hurdle components in 2013/14 comprise Net Profit after Tax, Earnings per Share, Return on Capital Employed, safety, and staffing measures. Further detail on the STI payments made in the 2012/13 year is set out later in this Remuneration Report.

## Director's Report

The Group has a LTI in place for Operations Director Mr Geoff Baker on the following terms:

A retention bonus paid in cash of \$750,000 subject to a further 2 years of continued service with MACA from 3 November 2011. The full amount will be paid on 3 November 2013 if the share price at this date is equal to or greater than \$2.20. Should the share price be less than \$2.20 but greater than \$1.90 at this date, the payment will be pro-rated between these amounts. Should the share price be less than \$1.90 at this date, no retention bonus will be paid.

The Group will seek approval at the AGM for the issue of performance rights to the Managing Director Mr Doug Grewar pursuant to an LTI Plan on the following terms:

- The performance rights will have a 3 year vesting period
- Vesting conditions will include continuous employment during this period plus performance hurdles
- The performance hurdles will comprise a 25% growth in earnings per share component and a 75% relative TSR component against a specified group of comparable companies
- The number of performance rights issued will be determined as 30% of Mr Grewar's current fixed annual remuneration divided by the independently assessed value of a performance right.
- Full particulars of the terms and conditions will be set out in the information sent to shareholders for the purposes of the forthcoming annual general meeting.

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

### e) Relationship Between the Remuneration Policy and Company Performance

The table below sets out summary information about the Company's statutory earnings and movements in shareholder wealth since listing.

	2011	2012	2013
Net profit before tax (\$m)	41.4	54.0	71.8
Net profit after tax (\$m)	28.7	37.7	49.5
Share price at year-end	\$2.45	\$2.25	\$1.77
Interim dividend (fully franked)	3.0 cps	3.5 cps	4.5 cps
Final dividend (fully franked)	3.0 cps	4.5 cps	5.5 cps
Basic earnings per share	19.7	25.1	31.5

### f) Key Terms of Employment Contracts

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 from 1 to 6 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:

Doug Grewar – Managing Director

- The company and the employee are required to give 6 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 – General Manager - Business Development

- The company and the employee are required to give 3 months notice of termination.

Tim Gooch – General Manager - Mining

- The company and the employee are required to give 3 months notice of termination.

Mitch Wallace – General Manager - Plant

- The company and the employee are required to give 1 months notice of termination.

Andrew Sarich – Operations Manager - MACA Civil (ceased as KMP from 1 May 2013)

- The company and the employee are required to give 3 months notice of termination.

Maurice Dessauvague – General Manager - MACA Civil

- The company and the employee are required to give 3 months notice of termination.

Chris Tuckwell – Managing Director (ceased 25 July 2012)

- The company and the employee are required to give 3 months notice of termination.



## g) KMP Compensation

### 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 sets out the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Group KMP	Position held as at 30 June 2013 and any change during the year	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	Total
		Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	
Group Key Management Personnel						
Executive						
Doug Grewar	Managing Director (appointed 1/10/12)	18.47%	-	-	81.53%	100.0%
Chris Tuckwell	Managing Director (resigned 25/7/12)	-	-	-	100.0%	100.0%
Ross Williams	Finance Director	17.42%	-	-	82.58%	100.0%
Geoff Baker	Operations Director	42.15%	-	-	57.85%	100.0%
David Edwards	General Manager - Business Development	17.30%	-	-	82.70%	100.0%
Tim Gooch	General Manager - Mining	4.34%	-	-	94.80%	100.0%
Mitchell Wallace	General Manager - Plant	5.12%	-	-	94.88%	100.0%
Andrew Sarich	Operations Manager – Civil (ceased KMP 1/5/2013)	4.13%	-	-	95.87%	100.0%
Maurice Dessauvagie	General Manager – Civil (appointed 1 May 2013)	-	-	-	100.0%	100.0%
Non Executive						
Andrew Edwards	Chairman, Non Executive Director	-	-	-	100.0%	100.0%
Joseph Sweet	Non Executive Director	-	-	-	100.0%	100.0%
Linton Kirk	Non Executive Director (appointed 1/10/12)	-	-	-	100.0%	100.0%

## Director's Report

The following table sets out the benefits and payments details, in respect to the financial year, and 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 2013.**

	Salary, fees and leave	Short-term benefits			Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
		Profit share and bonuses	Non-monetary	Other	Pension and superannuation	Other	Incentive plans	LSL	Shares/Units	Options/Rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>FY2013</b>													
<b>Executive Directors</b>													
Doug Grewar (appointed 1/10/12)	413,442	103,125	-	4,432	37,209	-	-	-	-	-	-	-	558,208
Chris Tuckwell * (resigned 25/07/12)	168,948	-	-	-	4,757	-	-	-	-	-	-	-	173,705
Geoff Baker	506,188	126,547	-	10,628	-	-	250,000	-	-	-	-	-	893,363
Ross Williams	409,365	98,725	-	21,737	36,842	-	-	-	-	-	-	-	566,669
<b>Non Executive Directors</b>													
Andrew Edwards	124,615	-	-	-	11,215	-	-	-	-	-	-	-	135,830
Joseph Sweet	84,240	-	-	-	-	-	-	-	-	-	-	-	84,240
Linton Kirk (appointed 1/10/12)	52,500	-	-	-	4,725	-	-	-	-	-	-	-	57,225
<b>Other Executives</b>													
David Edwards	477,714	119,428	-	30,000	-	-	-	-	-	63,006	-	-	690,148
Tim Gooch	436,800	23,569	-	25,561	31,310	-	-	-	-	25,203	-	-	542,443
Mitchell Wallace	340,200	21,384	-	-	30,618	-	-	-	-	25,203	-	-	417,405
Maurice Dessauvagine (Appointed 1/5/2013)	19,038	-	-	962	1,713	-	-	-	-	-	-	-	21,713
Andrew Sarich	277,908	13,750	-	16,111	25,012	-	-	-	-	-	-	-	332,781
<b>Total for KMP for 2013 year</b>	<b>3,310,958</b>	<b>506,528</b>	<b>-</b>	<b>109,431</b>	<b>183,401</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>113,412</b>	<b>-</b>	<b>-</b>	<b>4,473,730</b>
<b>FY2012</b>													
<b>Executive Directors</b>													
Chris Tuckwell * (Resigned as Director 25/07/12)	459,615	135,000	-	7,840	43,660	-	-	-	-	-	-	-	646,115
Geoff Baker	478,668	111,250	-	13,727	-	-	250,000	-	-	-	-	-	853,645
Ross Williams	341,577	93,430	-	18,240	33,266	-	-	-	-	-	-	-	486,513
<b>Non Executive Directors</b>													
Andrew Edwards	120,000	-	-	-	10,800	-	-	-	-	-	-	-	130,800
Joseph Sweet	76,268	-	-	-	-	-	-	-	-	-	-	-	76,268
Karen Field (Resigned as Director 30/04/12)	62,192	-	-	-	5,597	-	-	-	-	-	-	-	67,789
<b>Other Executives</b>													
David Edwards	475,138	114,780	-	6,198	-	-	-	-	-	38,889	-	-	635,005
Tim Gooch	406,769	10,000	-	17,116	36,609	-	-	-	-	-	-	-	470,494
Mitchell Wallace	292,846	6,750	-	4,137	26,356	-	-	-	-	15,556	-	-	345,645
Andrew Sarich	268,749	-	-	4,951	24,187	-	-	-	-	-	-	-	297,887
Darren Erikssen	246,794	-	-	5,628	14,711	-	-	-	-	-	-	-	267,133
<b>Total for KMP for 2012 year</b>	<b>3,228,616</b>	<b>471,210</b>	<b>-</b>	<b>77,837</b>	<b>195,186</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>54,445</b>	<b>-</b>	<b>-</b>	<b>4,277,294</b>

\* Chris Tuckwell was issued 550,000 performance rights, but they did not vest as a result of his resignation

## CASH BONUSES, PERFORMANCE-RELATED BONUSES AND SHARE-BASED PAYMENTS

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

	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 \$
<b>Group Key Management Personnel</b>					(Note 2)				
Geoff Baker	Cash	22.12.2011	750,000	Note 1(a)	-	-	100%	03.11.2013	0 - 750,000
David Edwards	Options	02.11.2010	130,392	Note 1(b)	40%	-	20%	02.11.2013	n/a
Mitchell Wallace	Options	02.11.2010	52,156	Note 1(b)	40%	-	20%	02.11.2013	n/a
Tim Gooch	Options	02.11.2010	52,156	Note 1(b)	40%	-	20%	02.11.2013	n/a

Note 1 (a) – This retention bonus was granted as part of Geoff Baker's long term incentive plan which is designed to incentivise Geoff to remain with the Company. This bonus is subject to a performance period and a minimum share price of MACA at the time of vesting.

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.

## OPTIONS AND RIGHTS GRANTED

There were no options granted during the financial year.

There were no performance rights granted during the financial year.

Subsequent to balance date the Group has put in place a LTI for Key Management Personnel pursuant to which performance rights will be issued to each of Mr Doug Grewar (subject to shareholder approval) and to Mr Tim Gooch, Mr Mitch Wallace and Mr Maurice Dessauvagie. The key components of the LTI structure are set out under (d) above. The value of the performance rights to be issued to each executive will range from 20-30% of each executives fixed annual remuneration.

The performance hurdles within the LTI Plan were selected to align returns to shareholders with the financial performance of the Group.

- Total Shareholder Return – 75% weighting assessed against a comparator group of peers.
- Earnings per Share – 25% weighting to EPS growth against predetermined hurdles set by the remuneration committee and approved by the board.



## Director's Report

### h) Short Term Incentive (STI) Payments

Key management personnel below were granted cash bonuses for the 2013 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 forecast Net Profit After Tax result – weighting 50%
- Health and Safety – the Company's Long Term Injury Frequency Rate to be lower than the mining industry standard LTIFR – weighting 50%

The remuneration packages of the Managing Director – Mr Doug Grewar, Finance Director – Mr Ross Williams, Operations Director – Mr Geoff Baker and General Manager -Business Development – Mr David Edwards included a cash bonus component of 25% of the base salary for the 2013 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



**ROSS WILLIAMS**

Finance Director

Dated at PERTH this 27<sup>th</sup> day of September 2013

# Auditor's Independence Declaration

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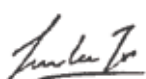
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## AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF MACA LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013  
there have been no contraventions of:

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



**Suan-Lee Tan**  
Partner



**Moore Stephens**  
Chartered Accountants

Signed at Perth this 27<sup>th</sup> day of September 2013

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# Corporate Governance

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 released on 30 June 2010 ('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 2013 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.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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 adjusted for 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.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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 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 12 to 13 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;
- 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 best 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 Mr Linton Kirk 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 is intended to 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, being the Board Charter and Nomination Committee Charter in the Corporate Governance Statement within its Annual Report and its website disclosure, in accordance with this recommendation, including the following policies and procedures.

In determining the independence of each Director, 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.

## Corporate Governance

It is a policy of the Board that each director 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 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 appointments 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.

### PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

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 established a Diversity Procedure and a Human Resources and Cultural Diversity Policy, both of which are available on the Company's website.

The Company will continue to integrate its diversity policy within the recruitment and appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates for all Board and Senior Executive positions, using external experts where necessary.

The Company is currently reviewing its succession plans, promotions and turnover to ensure an appropriate focus on diversity. The Company has identified specific factors to take account of in recruitment and selection processes to encourage diversity. The Company has also developed programs to raise awareness of the advantages of diversity and develop a broader pool of skilled and experienced senior management and board candidates, including, diversity education, workplace development programs mentoring programs and targeted training and development.

The Company has Identified and removed barriers to diversity that existed within the Company to create an inclusive and supportive organisation which enables employees to develop to its full potential. The Company has focused on developing a culture which recognises that employees at all levels of the Company may have domestic responsibilities and family commitments and will implement any other strategies the Board and management may develop from time to time.

**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.*

The Company has developed objectives aimed at enhancing diversity in a broader context and, more specifically gender diversity. The Board views this as a process of continual improvement, however the initial measurable objectives are indicated below and will be expanded over time:

Item	Measurable Objective	Progress
1	Report on gender diversity and salary equality	The Human Resources Manager has been appointed as the Company's Diversity Manager to oversee the application of the Diversity Policy and provide the Board with regular measurement and review as to the effectiveness of the Policy and objectives. At each board meeting directors are provided up to date information on gender diversity and salary equality.
2	Increase the representation of women as a percentage of total employees to 15% by 2015	The Group has increased its female participation rate from 13% to 14% over the past 12 months. The Group continues to develop initiatives aimed at increasing this percentage on a continual basis, particularly at the Senior and Executive Management Levels. Women with high potential are identified and provided with career development opportunities.
3	Promote an equal opportunity culture	The Group promotes a culture of equal employment which is supported by the board and executive management team. Remuneration levels are determined based on position and competency, not gender. Review processes are supported by diversity surveys.

The Company is also aiming to achieve salary equality across gender at all levels of the organisation.

**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 2013 is:

	%	Number
In whole organisation	14	141
In senior executive positions	-	-
On the Board	-	-

The Company will continue to strive to achieve these gender objectives on an ongoing basis. The aim is to appoint more women into senior executive and Board roles, as opportunities arise and as appropriate candidates are identified. This will be done with the implementation of the Group's diversity policy and the regular reporting to the Board on progress in achieving these objectives.

**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.

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

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 Committee Charters, which are 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.



## Corporate Governance

The members of the Audit Committee as at the date of this report are:

- Mr Linton Kirk, Chair, independent non-executive director
- 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 charter which is disclosed on the Company's website.

### **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.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE AND BALANCED DISCLOSURE**

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.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

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.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

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, utilising the Risk Committee, 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 and Operations Directors are 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.*

In respect of the 2013 financial year, the Managing Director acting as the Chief Executive Officer and the 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 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.

### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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;
- Mr Andrew Edwards, independent non-executive director;
- Mr Linton Kirk, independent non-executive 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 16 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 17 to 22.

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 17 to 22. Further details regarding senior executive remuneration are set out in the Remuneration Report on pages 17 to 22.

#### 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 Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>Revenue</b>	2	475,853	334,884
Other income	2	12,342	9,277
Direct costs		(395,199)	(276,680)
Finance costs		(5,121)	(3,053)
Share based payment expense		(526)	(358)
Other expenses from ordinary activities		(15,535)	(10,442)
<b>Profit before income tax</b>	3	71,814	53,628
Income tax expense	4	(21,382)	(16,323)
<b>Profit for the year</b>		50,432	37,305
<b>Other comprehensive income:</b>			
Net gain/(loss) on revaluation of financial assets		(691)	136
<b>Other comprehensive income for the year, net of tax</b>		(691)	136
<b>Total comprehensive income for the year</b>		49,741	37,441
Profit attributable to:			
Non-controlling interest		887	(370)
Members of the parent entity		49,545	37,675
		50,432	37,305
Total comprehensive income attributable to:			
Non-controlling interest		887	(370)
Members of the parent entity		48,854	37,811
		49,741	37,441
Earnings per share:			
Basic earnings per share (cents)	8	31.50	25.12
Diluted earnings per share (cents)	8	30.73	24.45

The accompanying notes form part of these financial accounts

# Consolidated Statement of Financial Position

as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	122,969	39,879
Trade and other receivables	10	60,435	58,764
Inventory		3,704	2,790
Work in Progress		(99)	857
Other assets	11	1,318	4,208
<b>TOTAL CURRENT ASSETS</b>		<b>188,327</b>	<b>106,498</b>
<b>NON CURRENT ASSETS</b>			
Financial assets	12	2,500	3,488
Property, plant and equipment	14	177,481	113,832
Deferred tax assets	15	4,340	2,347
<b>TOTAL NON CURRENT ASSETS</b>		<b>184,321</b>	<b>119,667</b>
<b>TOTAL ASSETS</b>		<b>372,648</b>	<b>226,165</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	61,386	39,885
Financial Liabilities	17	33,567	22,029
Current tax liabilities	15	7,608	8,442
Short-term provisions	18	7,289	5,327
<b>TOTAL CURRENT LIABILITIES</b>		<b>109,850</b>	<b>75,683</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	15	127	431
Financial Liabilities	17	60,615	32,800
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>60,742</b>	<b>33,231</b>
<b>TOTAL LIABILITIES</b>		<b>170,592</b>	<b>108,914</b>
<b>NET ASSETS</b>		<b>202,056</b>	<b>117,251</b>
<b>EQUITY</b>			
Issued capital	19	89,298	35,695
Reserves		(2,207)	1,235
Retained Profits		114,965	79,933
Parent Interest		202,056	116,863
Non-controlling Interest		-	389
<b>TOTAL EQUITY</b>		<b>202,056</b>	<b>117,251</b>

The accompanying notes form part of these financial accounts

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

	Issued Capital \$'000	Retained Earnings \$'000	Financial Assets Reserve \$'000	General Reserve \$'000	Option Reserve \$'000	Non Controlling Interests \$'000	Total \$'000
BALANCE AT 1 JULY 2011	35,570	52,008	615	-	126	(76)	88,243
Profit/(loss) for the year	-	37,675	-	-	-	(370)	37,305
<b>Other comprehensive income:</b>							
Revaluation of Investment	-	-	136	-	-	-	136
Total comprehensive income	-	37,675	136	-	-	(370)	37,441
Shares issued	-	-	-	-	-	-	-
Tax benefit of capital raising costs	125	-	-	-	-	-	125
Options issued	-	-	-	-	358	-	358
Acquisition of non-controlling interest	-	-	-	-	-	834	834
Dividends paid	-	(9,750)	-	-	-	-	(9,750)
<b>BALANCE AT 30 JUNE 2012</b>	<b>35,695</b>	<b>79,933</b>	<b>751</b>	<b>-</b>	<b>484</b>	<b>388</b>	<b>117,251</b>
					-		
BALANCE AT 1 JULY 2012	35,695	79,933	751	-	484	388	117,251
Profit/(loss) for the year	-	49,545	-	-	-	887	50,432
<b>Other comprehensive income:</b>							
Revaluation of Investment	-	-	(691)	-	-	-	(691)
Total comprehensive income	-	49,545	(691)	-	-	887	49,741
Shares issued	56,250	-	-	-	-	-	56,250
Capital raising costs	(2,647)	-	-	-	-	-	(2,647)
Options issued	-	-	-	-	526	-	526
Transactions with non-controlling interests	-	-	-	(3,277)	-	-	(3,277)
Acquisition of non-controlling interest	-	-	-	-	-	(1,275)	(1,275)
Dividends paid	-	(14,513)	-	-	-	-	(14,513)
<b>BALANCE AT 30 JUNE 2013</b>	<b>89,298</b>	<b>114,965</b>	<b>60</b>	<b>(3,277)</b>	<b>1,010</b>	<b>-</b>	<b>202,056</b>

The accompanying notes form part of these financial accounts

# Consolidated Statement of Cash Flows

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		487,514	315,440
Payments to suppliers and employees		(348,229)	(247,610)
Dividends received		338	113
Interest received		1,468	1,261
Interest paid		(5,121)	(3,053)
Income tax (paid)/refund		(24,216)	(13,331)
<b>Net cash provided by operating activities</b>	23(b)	111,754	52,820
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net cash acquired from purchase of subsidiary		-	859
Purchase of investments		(3,000)	-
Proceeds from sale of property, plant and equipment		1,267	623
Purchase of property, plant and equipment		(36,331)	(32,562)
Repayments of/ (Loans) to Related Parties		-	-
<b>Net cash used in investing activities</b>		(38,064)	(31,080)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue		53,603	-
Repayment of borrowings		(29,689)	(22,674)
Dividends paid		(14,513)	(9,750)
<b>Net cash provided by (used in) financing activities</b>		9,401	(32,424)
Net increase/(decrease) in cash held		83,091	(10,684)
Cash and cash equivalents at beginning of financial year		39,878	50,563
Cash and cash equivalents at end of financial year	23(a)	122,969	39,879

The accompanying notes form part of these financial accounts



# Notes to the Financial Statements

for the year ended 30 June 2013

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 27<sup>th</sup> September 2013 by the directors of the company.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

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

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### 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 13 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 Profit or Loss and Other 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 (i.e. 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.

## Notes to the Financial Statements

### for the year ended 30 June 2013

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value uplifts in the value of pre-existing equity holdings are taken to the Statement of Profit or Loss and Other 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 Profit or Loss and Other 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 Profit or Loss and Other 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.

There were no investments in associates as at 30 June 2013.

##### 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 as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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

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

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

### **e. Construction Contracts and Work in Progress**

Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date compared to the expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

### **f. 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 Profit or Loss and Other Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Profit or Loss and Other Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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

#### ***Plant and equipment***

Plant and equipment are measured on the cost basis 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 1(i) for details of impairment).

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Profit or Loss and Other 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% - 66.67%
Low value pool	18.75% - 37.5%
Motor vehicles	18.75% - 50%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### **g. Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership 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.

#### **h. 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 (i.e. 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.



## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Classification and subsequent measurement*

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

*Fair value* 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.

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *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 an indication that 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 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.

#### **i. 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.

#### **j. 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.

#### **k. 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. The fair value of shares is ascertained as the market bid price. The fair value of options and performance rights are ascertained using a Black-Scholes pricing model and a Monte Carlo simulation respectively 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 date 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. The impact of the revision of original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustment to the equity settled Option Reserve.

#### **l. 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.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **m. 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.

### **n. 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).

### **o. 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.

### **p. 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.

### **q. 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 cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **r. Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised in a separate reserve within equity attributable to owners of MACA Limited.

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### s. 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.

#### t. 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 Group's best estimates. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Group's understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that best estimate, pending an assessment by the Australian Taxation Office.

##### *iii. Estimation of Useful Lives of Assets*

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

#### **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 Group's understanding thereof. At the current stage of the Group's development and its current environmental impact such treatment is considered reasonable and appropriate.

#### **u. Rounding of Amounts**

The group has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000.



## Notes to the Financial Statements for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 2. REVENUE AND OTHER INCOME</b>			
<b>Revenue from Continuing Operations:</b>			
<i>Sales revenue</i>			
– Sales		461,921	324,854
		461,921	324,854
<i>Other revenue</i>			
– Interest received		1,468	1,261
– Dividends received		338	113
– Other revenue		12,126	8,656
		13,932	10,030
Total Revenue		475,853	334,884
<b>Other Income</b>			
– Gain / (Loss) on sale of plant and equipment		(166)	43
– Discount on acquisition		-	352
– Other income		12,508	8,882
Total Other Income		12,342	9,277

## NOTE 3. PROFIT FOR THE YEAR

<b>Expenses:</b>			
Depreciation and amortisation			
– Plant and equipment		37,498	27,990
– Motor vehicles		1,885	1,283
– Other		20	5
Total depreciation and amortisation expense		39,403	29,278
Employee benefits expense			
– Direct labour		95,376	71,946
– Payroll tax		2,410	3,546
– Superannuation		6,654	4,100
– Employee entitlements accrual		10,143	4,955
– Share based payment		526	358
– Other		306	191
Total employee benefits expense		115,415	85,096
Repairs, service and maintenance		23,247	17,457
Materials and supplies		47,771	33,560

## Notes to the Financial Statements

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 4. INCOME TAX EXPENSE</b>			
(a) The components of tax expense comprise:			
Current		22,599	17,075
Deferred	15(c)	(1,217)	(752)
		21,382	16,323
(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% (2012: 30%)		21,544	16,088
Add tax effect of:			
– dividend imputation		1,909	1,268
– other non allowable items		206	132
– other taxable items		4,353	2,926
– prior year adjustments		(266)	136
Less tax effect of:			
– franking credits on dividends received		(6,364)	(4,227)
– other deductible items			
Income tax attributable to the entity		21,382	16,323
The applicable weighted average effective tax rate as		29.8%	30.4%

## NOTE 5. BUSINESS COMBINATIONS

### 2013

There were no business combinations for the year ended 30 June 2013

### 2012

On 1 July 2011 the Group acquired a further 26.67% of the issued capital in Riverlea Corporation Pty Ltd (taking the total held to 60%), a company mostly involved in contracting of civil services.

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

	Acquiree's carrying amount at 1 July 2011 \$'000	Fair value at 1 July 2011 \$'000
<i>Purchase consideration - Cash:</i>		900
<i>Less:</i>		
Cash and cash equivalents	1,259	1,259
Trade and other receivables	5,170	5,170
Other assets	143	143
Property, plant and equipment	707	707
Trade and other payables	(4,177)	(4,177)
Financial liabilities	(290)	(290)
Current tax liabilities	(678)	(678)
Provisions	(48)	(48)
	2,086	2,086
Percentage of ownership (60%) of identifiable assets acquired and liabilities assumed		1,252
Gain on acquisition		352

## Notes to the Financial Statements

for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>NOTE 6. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)</b>		
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 2013.		
The totals of remuneration paid to KMP of the company and Group during the year are as follows:		
Short-term employee benefits	3,928	3,778
Post-employment benefits	183	195
Other long-term benefits	250	250
Share based payments	113	54
	4,474	4,277

### a) KMP Options and Rights Holdings

The number of options and rights 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
<b>30 June 2013</b>								
David John Edwards	500,000	-	-	-	500,000	-	-	-
Mitch Wallace	200,000	-	-	-	200,000	-	-	-
Geoffrey Alan Baker	-	-	-	-	-	-	-	-
Ross Campbell Williams	-	-	-	-	-	-	-	-
Christopher Mark Tuckwell (resigned 25 July 2012)	-	-	-	-	-	-	-	-
(Hugh) Andrew Edwards	-	-	-	-	-	-	-	-
Joseph Ronald Sweet	-	-	-	-	-	-	-	-
Tim Gooch	200,000	-	-	-	200,000	-	-	-
Doug Grewar (appointed 1/10/2012)	-	-	-	-	-	-	-	-
Linton Kirk (appointed 1/10/2012)	-	-	-	-	-	-	-	-
Maurice Dessauvagie (appointed 1/5/2013)	-	-	-	-	-	-	-	-
Andrew Sarich	-	-	-	-	-	-	-	-
	900,000	-	-	-	900,000	-	-	-
<b>30 June 2012</b>								
David John Edwards	500,000	-	-	-	500,000	-	-	-
Mitch Wallace	200,000	-	-	-	200,000	-	-	-
Geoffrey Alan Baker	-	-	-	-	-	-	-	-
Ross Campbell Williams	-	-	-	-	-	-	-	-
Christopher Mark Tuckwell (resigned 25 July 2012)	-	550,000	-	(550,000)	-	-	-	-
(Hugh) Andrew Edwards	-	-	-	-	-	-	-	-
Joseph Ronald Sweet	-	-	-	-	-	-	-	-
Karen Lesley Field (resigned 30 April 2012)	-	-	-	-	-	-	-	-
Tim Gooch	200,000	-	-	-	200,000	-	-	-
Darren Erikssen	-	-	-	-	-	-	-	-
Andrew Sarich	-	-	-	-	-	-	-	-
	900,000	550,000	-	(550,000)	900,000	-	-	-

## Notes to the Financial Statements

### for the year ended 30 June 2013

## NOTE 6. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

### 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
<b>30 June 2013</b>						
David John Edwards	17,000,000	-	-	-	(2,000,000)	15,000,000
Geoffrey Alan Baker	18,000,000	-	-	-	(3,000,000)	15,000,000
Tim Gooch	-	-	-	-	-	-
Ross Campbell Williams	4,500,000	-	-	-	(2,000,000)	2,500,000
Christopher Mark Tuckwell (resigned 25 July 2012)	700,000	-	(700,000)	-	-	-
(Hugh) Andrew Edwards	20,000	-	-	-	-	20,000
Joseph Ronald Sweet	100,000	-	-	-	-	100,000
Andrew Sarich	38,000	-	-	-	(38,000)	-
Doug Grewar (appointed 1/10/2012)	-	-	20,000	-	-	20,000
Linton Kirk (appointed 1/10/2012)	-	-	-	-	-	-
Maurice Dessauvague (appointed 1/5/2013)	-	-	-	-	-	-
Mitch Wallace	-	-	-	-	-	-
	40,358,000	-	(680,000)	-	(7,038,000)	32,640,000
<b>30 June 2012</b>						
David John Edwards	21,000,000	-	-	-	(4,000,000)	17,000,000
Geoffrey Alan Baker	21,000,000	-	-	-	(3,000,000)	18,000,000
Tim Gooch	-	-	-	-	-	-
Ross Campbell Williams	9,000,000	-	-	-	(4,500,000)	4,500,000
Christopher Mark Tuckwell (resigned 25 July 2012)	1,000,000	-	-	-	(300,000)	700,000
(Hugh) Andrew Edwards	20,000	-	-	-	-	20,000
Joseph Ronald Sweet	100,000	-	-	-	-	100,000
Karen Lesley Field (resigned 30 April 2012)	-	-	-	-	-	-
Andrew Sarich	40,000	-	-	-	(2,000)	38,000
Darren Erikssen	-	-	-	-	-	-
Mitch Wallace	-	-	-	-	-	-
	52,160,000	-	-	-	(11,802,000)	40,358,000

### 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 30: Related Party Transactions.



## Notes to the Financial Statements for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 7. DIVIDENDS</b>			
Distributions paid:			
Interim fully franked ordinary dividend of \$0.045 (2012: \$0.035) per share franked at the tax rate of 30% (2012: 30%)		7,763	5,250
2012 final dividend (fully franked) of \$0.045 per share paid in 2013 (2012: \$0.03)		6,750	4,500
		14,513	9,750
Total dividends per share for the period \$		0.10	0.08
Proposed final fully franked ordinary dividend of \$0.055 (2012: \$0.045) per share franked at the tax rate of 30% (2012: 30%)		9,488	6,750
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 2013 being the latest tax year end to balance date.		41,569	27,651
Subsequent to year end the franking account would be reduced by the proposed dividend		(4,066)	(2,893)
<b>NOTE 8. EARNINGS PER SHARE</b>			
a. Reconciliation of earnings to profit and loss			
Profit		50,432	37,305
Profit attributable to non controlling interest		(887)	370
Earnings used to calculate basic EPS		49,545	37,675
Earnings used in the calculation of dilutive EPS		49,545	37,675
b. Weighted average number of ordinary shares outstanding during the year in calculating basic EPS		157,274	150,000
Weighted average number of dilutive options outstanding		3,971	4,093
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		161,245	154,093
<b>NOTE 9. CASH AND CASH EQUIVALENTS</b>			
Cash at bank	23	122,969	39,879
<b>NOTE 10. TRADE AND OTHER RECEIVABLES</b>			
CURRENT			
Trade debtors		60,435	58,764

### 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 10. 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 within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

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

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Gross amount \$'000	Past due and impaired \$'000	Past due but not impaired (months overdue) < 1 month \$'000	Within initial trade terms \$'000
<b>30 June 2013</b>				
Trade and term receivables	60,435	-	9,601	50,834
Other receivables	-	-	-	-
Total	60,435	-	9,601	50,834
<b>30 June 2012</b>				
Trade and term receivables	58,764	-	21,184	37,580
Other receivables	-	-	-	-
Total	58,764	-	21,184	37,580

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	2013 \$'000	2012 \$'000
<b>b. Financial assets classified as loans and receivables</b>			
Trade and other receivables			
- Total current		60,435	58,764
- Total non-current		-	-
		60,435	58,764

	2013 \$'000	2012 \$'000
<b>NOTE 11. OTHER ASSETS</b>		
CURRENT		
Prepayments	55	2,309
Deposit	1,263	1,899
	1,318	4,208

### NOTE 12. FINANCIAL ASSETS

	2013 \$'000	2012 \$'000
NON CURRENT		
Available for Sale Financial Assets:	2,500	3,488
Shares in listed corporations, at fair value	2,500	3,488

### NOTE 13. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2013	2012
<b>Parent entity:</b>			
MACA Limited	Australia	-	-
<b>Subsidiaries:</b>			
MACA Mining Pty Ltd (formerly Mining & Civil Australia Pty Ltd)	Australia	100%	100%
MACA Plant Pty Ltd	Australia	100%	100%
MACA Crushing Pty Ltd	Australia	100%	100%
MACA Civil Pty Ltd	Australia	100%	60%
Riverlea Corporation Pty Ltd	Australia	100%	60%
MACA Civil Plant Pty Ltd	Australia	100%	60%

\* Percentage of voting power in proportion to ownership

#### Acquisition of Controlled Entities

On 30 June 2013 MACA Ltd acquired the remaining 40% of MACA Civil Pty Ltd, Riverlea Corporation Pty Ltd and MACA Civil Plant Pty Ltd which it did not already own. Consideration paid was \$3,000,000 cash with an additional amount of \$2,000,000 payable subject to the Civil business achieving specific performance targets for the year ending 30 June 2014.

## Notes to the Financial Statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>NOTE 14. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment – at cost	286,572	187,106
Accumulated depreciation	(115,042)	(77,964)
	171,530	109,142
Motor vehicles – at cost	11,284	8,547
Accumulated depreciation	(6,066)	(4,373)
	5,218	4,174
Leased plant and equipment – at cost	1,080	1,080
Accumulated depreciation	(1,080)	(1,080)
	-	-
Low value pool – at cost	129	59
Accumulated depreciation	(67)	(47)
	62	12
Leasehold improvements – at cost	781	552
Accumulated depreciation	(110)	(48)
	671	504
Total plant and equipment	177,481	113,832
Total property, plant and equipment	177,481	113,832

### 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 \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Leased plant and equipment \$'000	Low value Pool \$'000	Leasehold improvements \$'000	Total \$'000
Opening balance at 1 July 2011	-	67,646	2,400	-	10	273	70,328
Additions	-	69,612	3,118	-	7	260	72,997
Disposals	-	(623)	(299)	-	-	-	(923)
Additions through acquisition of entities	-	413	294	-	-	-	708
Revaluation increments/ (decrements)	-	-	-	-	-	-	-
Depreciation expense	-	(27,906)	(1,339)	-	(5)	(29)	(29,278)
Capitalised borrowing cost and depreciation	-	-	-	-	-	-	-
Balance at 30 June 2012		109,142	4,174		12	504	113,832
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2012		109,142	4,174		12	504	113,832
Additions	-	100,699	3,320	-	70	229	104,320
Disposals	-	(1,013)	(254)	-	-	-	(1,267)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-
Depreciation expense	-	(37,298)	(2,022)	-	(20)	(63)	(39,403)
Capitalised borrowing cost and depreciation	-	-	-	-	-	-	-
Balance at 30 June 2013		171,530	5,218		62	671	177,481

## Notes to the Financial Statements

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 15. TAX</b>			
<b>(a) Liabilities</b>			
CURRENT			
Income tax		7,608	8,442
NON-CURRENT			
Deferred tax liability comprises:			
Prepayments		-	58
Other		127	373
Total		127	431
<b>(b) Assets</b>			
NON-CURRENT			
Deferred tax assets comprises:			
Provisions		3,235	1,972
Other		1,105	375
Total		4,340	2,347
<b>(c) Reconciliations</b>			
<b>i. Gross movements</b>			
The overall movement in the deferred tax account is as follows:			
Opening balance		1,916	1,111
(Charge)/credit to income statement		1,217	752
(Charge)/credit to equity		1080	53
Closing balance		4,213	1,916
<b>ii. Deferred tax liabilities</b>			
The movement in deferred tax liabilities for each temporary difference during the year is as follows:			
Other:			
Opening balance		431	401
Charge / (Credit) to income statement		(46)	(28)
Charge / (Credit) to equity		(258)	58
Closing balance		127	431
<b>iii. Deferred tax assets</b>			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Provisions:			
Opening balance		1,972	1,003
Credit to income statement		1,263	969
Closing balance		3,235	1,972
Other:			
Opening balance		375	500
Charge / (Credit) to equity		730	(125)
Closing balance		1,105	375

## Notes to the Financial Statements for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 16. TRADE AND OTHER PAYABLES</b>			
CURRENT			
Unsecured Liabilities:			
Trade creditors		43,611	32,608
Sundry creditors and accruals		17,775	7,277
		61,386	39,885
Creditors are non-interest bearing and settled at various terms up to 45 days.			
<b>Financial liabilities at amortised cost classified as trade and other payables</b>			
Trade and other payables			
- Total current		61,386	39,885
- Total non-current		-	-
		61,386	39,885
<b>NOTE 17. FINANCIAL LIABILITIES</b>			
CURRENT			
Secured Liabilities:			
Finance lease liability		33,567	22,029
		33,567	22,029
NON-CURRENT			
Secured Liabilities			
Finance lease liability		60,615	32,800
		60,615	32,800
a. Total current and non-current secured liabilities:			
Finance lease liability	20	94,182	54,829
		94,182	54,829
b. The carrying amounts of non-current assets pledged as security are:			
Finance lease liability		103,260	53,323
		103,260	53,323
<b>NOTE 18. PROVISIONS</b>			
CURRENT			
Employee Entitlements		7,289	5,327
<b>a. Movement in provisions:</b>		<b>Employee entitlements</b>	<b>Total</b>
<b>Consolidated:</b>			
Opening balance as at 1 July		5,327	2,565
Additional provisions		10,143	4,955
Amounts used		(8,181)	(2,193)
Closing balance as at 30 June		7,289	5,327
<b>b. Provision for employee benefits</b>			
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.			



## Notes to the Financial Statements

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 19. ISSUED CAPITAL</b>			
172,500,000 (2012:150,000,000) Fully paid ordinary shares with no par value		89,298	35,695
<b>a. Ordinary shares:</b>		No.	No.
At the beginning of the reporting period		150,000,000	150,000,000
Converted into 2 shares on incorporation		-	-
Shares issued during the year		22,500,000	-
-		172,500,000	150,000,000
At reporting date			
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>b. Capital Management:</b>			
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.			
Total borrowings	27	94,182	54,829
Less cash and cash equivalents	9	(122,969)	(39,879)
Net debt		(28,787)	14,950
Total equity		202,056	117,251
Total capital		173,269	132,201
Gearing ratio		(17%)	11%

	Note	2013 \$'000	2012 \$'000
<b>NOTE 20. CAPITAL &amp; LEASING COMMITMENTS</b>			
<b>(a) Capital expenditure commitments</b>			
Capital expenditure commitments contracted for:			
Plant and equipment purchases		19,653	47,259
Payable			
- not later than 12 months		19,653	47,259
- between 12 months and 5 years		-	-
- greater than 5 years		-	-
Minimum Commitments		19,653	47,259
<b>(b) Finance lease commitments</b>			
Payable — minimum lease payments			
- not later than 12 months		38,110	25,039
- between 12 months and 5 years		65,078	35,403
- greater than 5 years		-	-
Minimum lease payments		103,188	60,442
Less: Future Finance Charges		(9,006)	(5,613)
	17	94,182	54,829

## Notes to the Financial Statements for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>NOTE 20. CAPITAL &amp; LEASING COMMITMENTS (CONTINUED)</b>			
<b>(c) Operating lease commitments</b>			
Non-cancellable operating leases contracted for but not capitalised in the accounts:			
Payable — minimum lease payments			
- not later than 12 months		1,025	652
- between 12 months and 5 years		1,300	-
- greater than 5 years		-	-
		2,325	652

## NOTE 21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities.

## NOTE 22. OPERATING SEGMENTS

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 two businesses and one geographical segment being the provision of civil and contract mining services to the mining industry throughout Australia.

### 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:

- Dividends, interest, head office and other administration expenditure

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 22. OPERATING SEGMENTS (CONTINUED)

	Contract Civil Services \$'000	Contract Mining Services \$'000	Total Operations \$'000
<b>(a) Segment performance</b>			
30 June 2013			
<b>Revenue</b>			
External sales	77,557	396,490	474,047
<b>Total segment revenue</b>	77,557	396,490	474,047
Reconciliation of segment revenue to group revenue			
Unallocated items:			
- Dividend and Interest Income			1,806
<b>Total revenue</b>			475,853
Reconciliation of segment revenue to group income			
Other income	366	11,976	12,342
Total group income	77,923	410,272	488,195
<b>Segment net profit before tax</b>	2,696	67,838	70,534
Reconciliation of segment result to net profit before tax:			
Unallocated items:			
- Dividend and Interest income			1,806
- Head office administration expenditure			(526)
<b>Net profit before tax from continuing operations</b>			71,814
30 June 2012			
<b>Revenue</b>			
External sales	40,613	292,897	333,510
<b>Total segment revenue</b>	40,613	292,897	333,510
Reconciliation of segment revenue to group revenue			
Unallocated items:			
- Dividend and Interest Income			1,374
<b>Total revenue</b>			334,884
Reconciliation of segment revenue to group income			
Other income	(41)	9,318	9,277
<b>Total group revenue</b>	40,572	303,589	344,161
<b>Segment net profit before tax</b>	(924)	53,551	52,627
Reconciliation of segment result to net profit before tax:			
Unallocated items:			
- Dividend and Interest income			1,374
- Head office administration expenditure			(373)
<b>Net profit before tax from continuing operations</b>			53,628
<b>(b) Segment assets</b>			
30 June 2013			
<b>Segment assets</b>			
<b>Opening balance 1 July 2012</b>	7,310	173,142	180,452
Additions	7,958	55,696	63,654
Disposals	(155)	(1,112)	(1,267)
Other movements in segment assets	-	-	-
<b>Closing balance 30 June 2013</b>	15,113	227,726	242,839

## Notes to the Financial Statements for the year ended 30 June 2013

### NOTE 22. OPERATING SEGMENTS (CONTINUED)

	Contract Civil Services \$'000	Contract Mining Services \$'000	Total Operations \$'000
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets:			
- Cash			122,969
- financial assets			2,500
- deferred tax assets			4,340
<b>Total group assets</b>			<b>372,648</b>
30 June 2012			
<b>Segment assets</b>			
<b>Opening balance 1 July 2011</b>	-	101,514	101,514
Additions through business combination	-	-	-
Additions	7,874	71,986	79,860
Disposals	(564)	(358)	(922)
Other movements in segment assets	-	-	-
<b>Closing balance 30 June 2012</b>	<b>7,310</b>	<b>173,142</b>	<b>180,452</b>
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets:			
- cash			39,878
- financial assets			3,488
- deferred tax assets			2,347
<b>Total group assets</b>			<b>226,165</b>
<b>(c) Segment liabilities</b>			
30 June 2013			
<b>Segment liabilities</b>			
<b>Opening balance 1 July 2012</b>	6,418	93,623	100,041
Additions	5,147	57,669	62,816
Disposals	-	-	-
<b>Closing balance 30 June 2013</b>	<b>11,545</b>	<b>151,292</b>	<b>162,857</b>
<i>Reconciliation of segment liabilities to group liabilities</i>			
Unallocated assets:			
- current tax liabilities			7,608
- deferred tax liabilities			127
<b>Total group liabilities</b>			<b>170,591</b>
30 June 2012			
<b>Segment liabilities</b>			
<b>Opening balance 1 July 2011</b>	-	64,704	64,704
Additions	6,418	28,919	35,337
Disposals	-	-	-
<b>Closing balance 30 June 2012</b>	<b>6,418</b>	<b>93,623</b>	<b>100,041</b>
<i>Reconciliation of segment liabilities to group liabilities</i>			
Unallocated assets:			
- current tax liabilities			8,442
- deferred tax liabilities			431
<b>Total group liabilities</b>			<b>108,914</b>

#### **(d) All revenue is sourced from Australia.**

#### **(e) Major customers**

The Group has a number of customers to whom it provides both products and services. The Group supplies 3 single external customers in the mining segment which account for 31.2%, 26.1% and 19.8% of external revenue. (2012: 20%, 16%, 11%). The next most significant client accounts for 7% (2012: 9%) of external revenue.

## Notes to the Financial Statements

for the year ended 30 June 2013

Note	2013 \$'000	2012 \$'000
<b>NOTE 23. CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of Cash</b>		
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	122,969	39,879
Bank overdraft	-	-
	122,969	39,879
<b>(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax</b>		
Operating profit after income tax	50,432	37,305
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	39,404	29,278
Net (gain)/loss on disposal of plant and equipment	166	(43)
Discount on acquisition of Subsidiaries	-	(352)
Share based payment	526	358
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	359	(32,124)
(Increase)/decrease in other assets	863	(1,774)
(Increase)/decrease in inventories & WIP	42	(1,536)
Increase/(decrease) in trade and other payables	20,834	15,343
Increase/(decrease) in income tax payable	(834)	4,408
Increase/(decrease) in deferred tax payable	(2,000)	(806)
Increase/(decrease) in provisions	1,962	2,763
	111,754	52,820
<b>(c) Non-cash financing and Investing Activities</b>		
During the year the economic entity acquired plant and equipment with an aggregate value of \$66,888,229 (2012: \$40,093,203) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.		
Acquisition of Entities		
During the year the economic entity did not acquire any entities by non-cash means (2012 \$Nil)		

## NOTE 24. SHARE-BASED PAYMENTS

(a) There were no options issued for the year ended 30 June 2013. The weighted average fair value of options granted during the previous year was \$Nil.

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

	Number	Weighted average exercise price
<b>Options outstanding as at 30 June 2011</b>	4,178,030	1.15
Granted	-	-
Forfeited	(170,000)	1.15
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2012</b>	4,008,030	1.15
Granted	-	-
Forfeited	(36,784)	1.15
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2013</b>	3,971,246	1.15
Options exercisable as at 30 June 2013:	-	-
Options exercisable as at 30 June 2012:	-	-



## NOTE 24. SHARE-BASED PAYMENTS (CONTINUED)

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

All options expire on 1 January 2014, and are exercisable between 2 November 2013 to 1 January 2014. The exercise price of all outstanding options at the end of the reporting period was \$1.15. The weighted average remaining contractual life of the options outstanding at year end was 0.5 years

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

(b) Performance Rights

There were no Performance Rights issued for the year ended 30 June 2013. (2012: 500,000)

## NOTE 25. AUDITORS REMUNERATION

	2013 \$'000	2012 \$'000
Remuneration of the parent entity auditors for:		
— Auditing or reviewing the financial report	135	105

## NOTE 26. EVENTS AFTER THE BALANCE SHEET DATE

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

## NOTE 27. FINANCIAL RISK MANAGEMENT

### Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries 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	2013 \$'000	2012 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	9	122,969	39,879
Loans and receivables			
— Trade and other receivables	10(b)	60,435	58,764
Available-for-sale financial assets:			
— at fair value			
— listed investments	12	2,500	3,488
Total Financial Assets		185,904	102,131
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
— Trade and other payables	16	61,386	39,885
— Borrowings	17	94,182	54,829
Total Financial Liabilities		155,568	94,714

### 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.

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

##### *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 27 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 10(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 10(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.

## NOTE 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2013 '000	2012 '000	2013 '000	2012 '000	2013 '000	2012 '000	2013 '000	2012 '000
<b>Financial liabilities due for payment</b>								
Trade and other payables	61,386	39,885	-	-	-	-	61,386	39,885
Finance lease liabilities	33,567	22,029	60,615	32,800	-	-	94,182	54,829
Total contractual outflows	94,953	61,914	60,615	32,800	-	-	155,568	94,714
Total expected outflows	94,953	61,914	60,615	32,800	-	-	155,568	94,714
<b>Financial assets — cash flows realisable</b>								
Cash and cash equivalents	122,969	39,879	-	-	-	-	122,969	39,879
Trade, term and loans receivables	60,435	58,764	-	-	-	-	60,435	58,764
Other investments	-	-	2,500	3,488	-	-	2,500	3,488
Total anticipated inflows	183,404	98,643	2,500	3,488	-	-	185,904	102,131
Net (outflow)/inflow on financial instruments	88,451	36,729	(58,115)	(29,312)	-	-	30,336	7,417

### Financial assets pledged as collateral

No financial assets have been pledged as security for debt.

#### 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	
	2013 \$'000	2012 \$'000	Within 1 Year		1 to 5 Years		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 %	2012 %
			2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000						
<b>Financial Assets:</b>												
Cash	122,969	39,879	-	-	-	-	-	-	122,969	39,879	1.81	3.24
Trade and other receivables	-	-	-	-	-	-	60,435	58,764	60,435	58,764	N/A	N/A
<b>Total Financial Assets</b>	122,969	39,879	-	-	-	-	60,435	58,764	183,404	98,643		
<b>Financial Liabilities:</b>												
Finance lease	-	-	38,110	25,039	65,078	35,403	-	-	103,188	60,442	5.23	6.58
Trade and other payables	-	-	-	-	-	-	51,926	39,885	51,926	39,885	N/A	N/A
<b>Total Financial Liabilities</b>	-	-	38,110	25,039	65,078	35,403	51,926	39,885	155,114	100,327		

##### 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.

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Sensitivity Analysis

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

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

	Profit \$'000	Equity \$'000
Year ended 30 June 2013		
+/- 2% in interest rates	+/- 27	+/- 27
+/- 10% in listed investments	+/- 250	+/- 250
Year ended 30 June 2012		
+/- 2% on interest rates	+/- 25	+/- 25
+/- 10% in listed investments	+/- 348	+/- 348

#### 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.

	2013 \$'000	2012 \$'000
<b>NOTE 28. PARENT INFORMATION</b>		
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.		
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>		
<b>ASSETS</b>		
Current assets	49,937	33,496
<b>TOTAL ASSETS</b>	<b>184,283</b>	<b>128,127</b>
<b>LIABILITIES</b>		
Current liabilities	1,298	194
<b>TOTAL LIABILITIES</b>	<b>1,342</b>	<b>194</b>

## Notes to the Financial Statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>NOTE 28. PARENT INFORMATION (CONTINUED)</b>		
<b>EQUITY</b>		
Issued capital	181,822	127,594
Option reserve	1,010	484
(Accumulated losses)/ Retained profits	109	(145)
<b>TOTAL EQUITY</b>	<b>182,941</b>	<b>127,933</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>		
Profit for the year (including interco dividends)	14,766	340
Total comprehensive income	14,766	340

### Guarantees

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

### Contingent liabilities

There were no contingent liabilities as at 30 June 2013 (2012: none).

### Contractual commitments

	2013 \$'000	2012 \$'000
Plant and equipment		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTE 29. COMPANY DETAILS

*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

## NOTE 30. RELATED PARTY TRANSACTIONS

### (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 6: Interests of Key Management Personnel (KMP).

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

#### ii. 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.



## Notes to the Financial Statements

### for the year ended 30 June 2013

## NOTE 30. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties:

### Other related parties:

Key management person and/or related party	Transaction	2013 \$	2012 \$
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	252,000
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.	169,800	169,800
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.	1,968,258	1,117,351
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	125,000	385,000
<b>Amounts payable at year end arising from the above transactions (Receivables Nil)</b>		<b>2013 \$</b>	<b>2012 \$</b>
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.		249,102	137,742

## NOTE 31. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments (December 2010)* and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

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.

## **NOTE 31. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)**

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of “control” and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

This Standard is not expected to impact the Group's financial statements as the Group currently has no interests in any joint ventures or operations.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

- AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

- AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

## Notes to the Financial Statements

for the year ended 30 June 2013

### NOTE 31. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

- AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the “corridor” approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

These Standards are not expected to impact the Group's financial statements as the Group currently has no defined benefit plans.

- AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:

- AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

# Director's Declaration

The directors of the company declare that:

1. The financial statements set out on pages 31 to 64 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 2013 and of the performance for the year ended on that date of the company and consolidated group;
2. The Managing Director (acting as 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 directors' 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:



**Ross Williams**  
Finance Director

Dated at Perth this 27<sup>th</sup> day of September 2013

# Independent Auditor's Report

**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

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## **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 consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year 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 year's end or from time to time during the financial year.

#### *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 (IFRS).

#### *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 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 judgment, 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 provided to the directors as at the time of this auditor's report.



## Independent Auditor's Report

### *Auditor's 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 2013 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the remuneration report as included in the Directors' Report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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 2013 complies with s 300A of the *Corporations Act 2001*.



**Suan-Lee Tan**  
Partner



**Moore Stephens**  
Chartered Accountants

Signed at Perth this 27<sup>th</sup> day of September 2013

# Shareholder Information

As at 31 August 2013

## 1. Numbers of Holders of Equity Securities

### a. Ordinary Share Capital

172,500,000 fully paid ordinary shares are held by 1,324 individual shareholders.

### b. Listed Options

There are no listed options.

### c. Unlisted Options

3,971,246 unlisted options exercisable after 2 November 2013 are held by 59 individual holders

### d. Distribution of Holders of Equity Securities as of 6 September 2013

	Total Holders	Units	% of issued capital
1 - 1,000	222	124,110	0.07
1,001 - 5,000	505	1,527,440	0.89
5,001 - 10,000	308	2,568,334	1.49
10,001 - 100,000	258	7,017,830	6.00
100,001 - and over	31	161,262,286	90.45
Total	1,324	172,500,000	100.00

### e. Substantial Share and Option Holders

The names of the substantial shareholders listed in the Company's register as at 31 August 2013:

	Number
1. National Nominees Limited	27,938,762
2. JP Morgan Nominees Australia Limited	25,116,264
3. Gemblue Nominees Pty Ltd <The G A Baker Family A/C>	15,000,000
4. Mining & Civil Management Services Pty Ltd	15,000,000
5. Mr Francis Joseph Maher + Ms Sharon Jane Maher <The Maher Family A/C>	14,800,000
6. HSBC Custody Nominees (Australia) Limited	13,554,279

The names of the substantial option holders listed in the Company's register as at 31 August 2013:

	Number	Exercise Price	Expiry Date
Mr David Edwards	500,000	1.15 cents	1 Jan 2014
Mr Mitch Wallace	200,000	1.15 cents	1 Jan 2014
Mr Tim Gooch	200,000	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 2013, there were 37 holders who held shares that were unmarketable parcels.

## 2. Twenty Largest Shareholders

	Name	Number	Percentage
1.	NATIONAL NOMINEES LIMITED	27,938,762	16.20
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	25,116,264	14.56
3.	GEMBLUE NOMINEES PTY LTD <THE G A BAKER FAMILY A/C>	15,000,000	8.70
4.	MINING & CIVIL MANAGEMENT SERVICES PTY LTD	15,000,000	8.70
5.	MR FRANCIS JOSEPH MAHER + MS SHARON JANE MAHER <THE MAHER FAMILY A/C>	14,800,000	8.58
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,554,279	7.86
7.	MR JAMES EDWARD MOORE + MS JULIA CATHERINE MOORE	7,850,000	4.55
8.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	6,968,381	4.04
9.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,907,006	3.42
10.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	5,517,665	3.20
11.	BNP PARIBAS NOMS PTY LTD <DRP>	5,299,915	3.07
12.	BNP PARIBAS NOMINEES PTY LTD ACF PENGANA <DRP A/C>	3,614,232	2.10
13.	CITICORP NOMINEES PTY LIMITED	2,616,607	1.52
14.	MR ROSS CAMPBELL WILLIAMS <WILLIAMS TRADING A/C>	2,500,000	1.45
15.	AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	1,156,738	0.67
16.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,129,876	0.66
17.	ZERO NOMINEES PTY LTD	1,000,000	0.58
18.	BRISQOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	954,294	0.55
19.	BAINPRO NOMINEES PTY LIMITED	888,447	0.52
20.	QIC LIMITED	596,548	0.35

### 3. Twenty Largest Listed Option Holders

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

### 4. Restricted Securities

There were no restricted securities at the date of this report.



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