MACA Limited and its Controlled Entities

ABN 42 144 745 782

ASX Preliminary Final Report
30 June 2012

Lodged with the ASX under
Listing Rule 4.3A

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Commentary

MACA Continues Exceptional Earnings Growth

MACA Limited ('MACA') (ASX: MLD) is pleased to announce a record result for the financial year ended 30 June 2012 with a 39.1% increase in net profit after tax to $37.7 million on revenue of $334.9 million, an increase of 34.4%.

The MACA board has elected to pay a final dividend of 4.5 cents per share fully franked, taking the full year dividend to 8.0 cents per share fully franked.

Financial and Operational Highlights

- Operating Revenue up 34.4% to $334.9 million
- EBITDA up 31.6% to $86.3 million
- Net profit after tax up 39.1% to $37.7 million
- Net cash from operating activities of $52.8 million
- Cash on hand of $39.9 million. Net debt of $14.9 million
- Final Dividend of 4.5 cents per share (fully franked)
- Order book stands at $1,322 million as at June 2012

Results Summary

2012 FY Full Year Results	30 June 2012	30 June 2011	Movement
Revenue	$334.9m	$249.2m	34.4%
EBITDA	$86.3m	$65.6m	31.6%
EBIT	$57.1m	$42.8m	33.4%
Net Profit Before Tax	$54.0m	$39.8m	35.7%
Net Profit After Tax	$37.7m	$27.1m	39.1%
Contracted Work in Hand	$1,322m	$1,356m	
Operating Cash Flow	$52.8m	$57.8m	
Earnings per share – basic	25.1 cents	19.7 cents	26.8%
Dividends per share (fully franked)	8.0 cents	6.0 cents	33.3%

Results for Announcement to the Market

Results Discussion

MACA has continued to achieve strong growth with revenue increasing by 34.4% to $334.9 million and net profit after tax up 39.1% to $37.7 million. Earnings per share increased by 26.8% from 19.8 cents in 2011 to 25.1 cents in 2012. Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') increased by 31.6% on the previous year to $86.3 million.

Consistent and reliable operational performance characterised the period as new projects were successfully commenced at Garden Well (Regis Resources Limited), Ellendale (Kimberley Diamond Company) and Peculiar Knob in South Australia (Arrium Limited), MACA's first project outside Western Australia. Projects at Jack Hills (Crosslands Resources) and Spotted Quoll (Western Areas) were successfully completed early in this calendar year with personnel and equipment successfully redeployed and utilised across other MACA projects.

Retained earnings grew the net asset value by $29 million to $117.2 million and total assets increased to $226.2 million, driven by investments in property, plant and equipment of $73 million.

MACA has continued to develop positive relationships with its clients, employees and stakeholders due to the hands on approach of its senior management and a 'can do' attitude which is embedded in the culture of the organisation. An internal programme has been instigated to ensure that as the workforce continues to grow the strength of the MACA culture is retained.

The group workforce has grown to over 800 people (including contractors) as MACA successfully recruited skilled personnel to grow the business in a safe and productive manner. MACA recognises that people are its most important asset and strives to put in place strategies that encourage learning, innovation and a willingness to pursue the vast career opportunities that a successful growing business can provide.

Most pleasingly, the ongoing commitment to providing a safe working environment resulted in MACA operating lost time injury (LTI) free throughout the reporting period.

The recently formed MACA Civil business generated revenue of $40.6 million and is expected to grow significantly assisted by existing, well established relationships of the MACA Group and an enhanced reputation following successful completion of public and private sector works.

Following the recent departure of Mr Chris Tuckwell, MACA is in the process of appointing a new Managing Director but meanwhile the MACA business continues to be run by the founding executives, led by the Operations Director, Geoff Baker.

Mr Baker said "The continued exceptional performance of MACA is driven by our passion to ensure that our clients expectations are met and exceeded. Working in a safe and responsible manner while delivering a quality and reliable service to our clients is paramount to our sustained success. We strive to provide a safe and enjoyable working environment which enables us to retain and attract quality personnel required to deliver on our objectives. It is these qualities that have enabled us to once again achieve a record financial result and place us in a strong position for further growth in 2013 with our high level of work in hand."

The MACA board has elected to pay a final dividend of 4.5 cents per share fully franked with a record date of 6 September 2012 and a payment date of 26 September 2012.

Outlook

MACA's relationship with its clients and growing reputation in the industry continues to generate significant opportunities for growth from both existing and potential new clients, as demonstrated by the recent award of further works with Atlas Iron on its Mt Dove project. Despite a somewhat subdued market environment, MACA is well positioned both financially and operationally to support its clients in successfully delivering on their growth aspirations. With the current level of work in hand and considering the potential for further extension works with existing clients, MACA is well placed for further growth.

We look forward to achieving continued growth during the 2013 financial year and beyond while delivering positive outcomes and attractive returns for our clients, shareholders and other key stakeholders.

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
42 144 745 782	30 June 2012	30 June 2011

1. Results for Announcement to the Market

		2012 $'000	2011 $'000	% Change
1.1.	**Revenue from ordinary activities**	334,884	249,226	Up 34%
1.2.	**Profit after tax from ordinary activities attributable to members.**	37,675	27,080	Up 39%
1.3.	**Net profit for the period attributable to members**	37,675	27,080	Up 39%
1.4.	**Dividends** The final dividend for the year ended 30 June 2012 is $0.045.			
1.5.	**Record date for determining entitlements to the final dividend.**	6th September 2012		

2. Individual and Total Dividends Per Security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:				
Current year	26 September 2012	4.5 cents	4.5 cents	-
Previous year	21 September 2011	3 cents	3 cents	-
Interim dividend:				
Current year	30 March 2012	3.5 cents	3.5 cents	-
Previous year	31 March 2011	3 cents	3 cents	-
Total:				
Current year	-	8 cents	8 cents	-
Previous year	-	6 cents	6 cents	-

3. Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan.

4. NTA backing

	30 June 2012	30 June 2011
Net tangible asset backing per ordinary security	78.17 cents	58.09 cents

5. Control gained over entities

Name of entity (or group of entities)	Riverlea Corporation Pty Ltd

Date control gained	1 July 2011

Name of entity (or group of entities)	MACA Civil Plant Pty Ltd

Date control gained	25 October 2011

5.1. Loss of control over entities

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

6. Details of associates and joint venture entities

There are no associates or joint venture entities.

7. Commentary on results for the period

Refer covering commentary

8. Statement of compliance in regards to audit

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

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

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

N/A

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

N/A

Sign here: ______________________________ Date: 27 August 2012

Finance Director

Print name: Ross Williams

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Revenue	2	334,884	249,226
Other income	2	9,277	9,257
Direct costs		(276,680)	(205,984)
Finance costs		(3,053)	(3,039)
Share based payment expense		(358)	(1,073)
Other expenses from ordinary activities		(10,442)	(6,954)
Profit before income tax	3	53,628	41,433
Income tax expense	4	(16,323)	(12,712)
Profit for the year		37,305	28,721
Other comprehensive income:			
Net gain on revaluation of financial assets		136	308
Other comprehensive income for the year, net of tax		136	308
Total comprehensive income for the year		37,441	29,029
Profit / (loss) attributable to:			
Non-controlling interest		(370)	1,641
Members of the parent entity		37,675	27,080
		37,305	28,721
Total comprehensive income attributable to:			
Non-controlling interest		(370)	1,744
Members of the parent entity		37,811	27,285
		37,441	29,029
Earnings per share:			
Basic earnings per share (cents)	8	25.12	19.70
Diluted earnings per share (cents)	8	24.45	19.31

The accompanying notes form part of these financial accounts

Consolidated Statement of Financial Position

as at 30 June 2012

	Note	2012 $'000	2011 $'000
CURRENT ASSETS			
Cash and cash equivalents		39,879	50,563
Trade and other receivables	9	58,764	28,669
Inventory		2,790	2,111
WIP		857	-
Other assets		4,208	405
TOTAL CURRENT ASSETS		106,498	81,748
NON CURRENT ASSETS			
Financial assets	10	3,488	3,294
Investments accounted for using the equity method	11	-	500
Property, plant and equipment	13	113,832	70,328
Deferred tax assets		2,347	1,512
TOTAL NON CURRENT ASSETS		119,667	75,634
TOTAL ASSETS		226,165	157,382
CURRENT LIABILITIES			
Trade and other payables	14	39,885	25,020
Financial liabilities	15	22,029	18,153
Current tax liabilities		8,442	4,034
Short–term provisions		5,327	2,565
TOTAL CURRENT LIABILITIES		75,683	49,772
NON-CURRENT LIABILITIES			
Deferred tax liabilities		431	401
Financial liabilities	15	32,800	18,966
TOTAL NON-CURRENT LIABILITIES		33,231	19,367
TOTAL LIABILITIES		108,914	69,139
NET ASSETS		117,251	88,243
EQUITY			
Issued capital	16	35,695	35,570
Reserves		1,235	741
Retained profits		79,933	52,008
Parent Interest		116,863	88,319
Non-controlling Interest		389	(76)
TOTAL EQUITY		117,251	88,243

The accompanying notes form part of these financial accounts

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Issued Capital $'000	Retained Profits $'000	Financial Assets Reserve $'000	Option Reserve $'000	Non Controlling Interests $'000	Total $'000
BALANCE AT 1 JULY 2010	-	23,550	154	-	10,813	34,517
Profit for the period	-	27,080	-	-	1,641	28,721
SUB-TOTAL	-	50,630	154	-	12,454	63,238
Other comprehensive income:						
Revaluation of Investment	-	-	206	-	103	309
SUB-TOTAL	-	50,630	360	-	12,557	63,547
Shares issued	37,153	-	-	-	-	37,153
Cost of capital raising	(1,583)	-	-	-	-	(1,583)
Options issued	-	-	-	126	-	126
Acquisition of non-controlling interest	-	12,378	255	-	(12,633)	-
Dividends paid	-	(11,000)	-	-	-	(11,000)
BALANCE AT 30 JUNE 2011	35,570	52,008	615	126	(76)	88,243
				-		
BALANCE AT 1 JULY 2011	35,570	52,008	615	126	(76)	88,243
Profit for the period	-	37,675	-	-	(370)	37,305
SUB-TOTAL	35,570	89,683	615	126	(446)	125,548
Other comprehensive income:						
Revaluation of Investment	-	-	136	-	-	136
SUB-TOTAL	35,570	89,683	751	126	(446)	125,684
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)
BALANCE AT 30 JUNE 2012	35,695	79,933	751	484	389	117,251

The accompanying notes form part of these financial accounts

Consolidated Statement of Cash Flows

for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		315,439	262,519
Payments to suppliers and employees		(247,610)	(192,615)
Dividends received		113	168
Interest received		1,261	1,518
Interest paid		(3,053)	(3,039)
Income tax (paid)/refund		(13,331)	(10,773)
Net Cash Provided By Operating Activities	20(b)	52,819	57,778
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash acquired from purchase of subsidiary		859	230
Proceeds from sale of investments		-	-
Purchase of investments		-	(500)
Proceeds from sale of property, plant and equipment		623	409
Purchase of property, plant and equipment		(32,562)	(19,159)
Repayments of/ (Loans) to Related Parties		-	750
Net Cash Used In Investing Activities		(31,080)	(18,270)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	33,417
Repayment of borrowings		(22,674)	(17,224)
Dividends paid		(9,750)	(11,000)
Dividends paid to non controlling interests		-	-
Net Cash Used In Financing Activities		(32,424)	5,193
Net increase/(decrease) in cash held		(10,685)	44,702
Cash at 1 July		50,563	5,861
Cash at 30 JUNE	20(a)	39,878	50,563

The accompanying notes form part of these financial accounts

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The preliminary financial report is a financial report that has been prepared in accordance with the recognition and measurement aspects of the Australian Accounting Standards, Australian Accounting Interpretations, other authorative pronouncements of the Australian Accounting Standards Board, Corporations Act 2001 and Appendix 4E of the Australian Securities Exchange listing rules.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report 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. Material accounting policies adopted for preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

This financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b. 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 power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

c. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

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

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

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

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

d. Income Tax

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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

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

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

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

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

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

e. Inventories

Inventories and work in progress are measured at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

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 comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	2.5%
Plant and equipment	2.5%–50%
Low value pool	18.75%–37.5%
Motor vehicles	18.75%–50%

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

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

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

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 that is transferred to entities in the consolidated group, are classified as finance leases.

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

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

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

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

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.

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

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

i. the amount at which the financial asset or financial liability is measured at initial recognition;

ii. less principal repayments;

iii. 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

iv. 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.

a. *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.

b. *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.)

c. *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.

d. 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.)

e. Financial liabilities

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

Fair value

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.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

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

i. Impairment of Assets

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

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

j. Foreign Currency Transactions and Balances

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.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

– assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at average exchange rates for the period; and

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

k. Employee Benefits

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

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 is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting 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.

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.

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

r. 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.

s. Critical Accounting Estimates and Judgments

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

Key estimates

i. Impairment

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

ii. Taxation

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

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 are 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 directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

t. Rounding of Amounts

The parent entity 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. Comparative information has been adjusted to reflect this change.

	2012 $'000	2011 $'000
NOTE 2. REVENUE AND OTHER INCOME		
Revenue from Continuing Operations:		
Sales revenue		
– Sales	324,854	240,701
	324,854	240,701
Other revenue		
– Interest received	1,261	1,518
– Dividends received	113	169
– Other revenue	8,656	6,838
	10,030	8,525
Total Revenue	334,884	249,226
Other Income		
– Gain / (Loss) on sale of plant and equipment	43	647
– Gain / (Loss) on sale of investments	-	-
– Discount on acquisition	352	234
– Rebates	8,882	8,376
Total Other Income	9,277	9,257

NOTE 3. PROFIT FOR THE YEAR

	2012 $'000	2011 $'000
Expenses:		
Depreciation and amortisation		
– Plant and equipment	27,990	21,512
– Motor vehicles	1,283	1,276
– Other	5	4
Total depreciation and amortisation expense	29,278	22,792
Employee benefits expense		
– Direct labour	71,946	43,873
– Payroll tax	3,546	1,709
– Superannuation	4,100	2,669
– Employee entitlements accrual	4,955	3,755
– Share Based Payments	358	1,073
– Other	191	226
Total employee benefits expense	85,096	53,305

	2012 $'000	2011 $'000
Repairs, service and maintenance	17,457	17,408
Materials and supplies	33,560	32,696

NOTE 4. INCOME TAX EXPENSE

	2012 $'000	2011 $'000
(a) The components of tax expense comprise:		
Current	17,075	13,394
Deferred	(752)	(682)
	16,323	12,712
(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% (2011: 30%)	16,088	12,430
Add tax effect of:		
– dividend imputation	1,268	600
– other non allowable items	132	540
– Other taxable items	2,926	1,353
– Prior year adjustment	136	
Less tax effect of:		
– franking credits on dividends received	(4,227)	(2,001)
– Prior year adjustment		(10)
– other deductible items		(200)
Income tax attributable to the entity	16,323	12,712
The applicable weighted average effective tax rate as	30.4%	30.7%

NOTE 5. BUSINESS COMBINATIONS

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
Purchase consideration - Cash:		900
Less:		
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

NOTE 6. AUDITORS' REMUNERATION

	2012 $'000	2011 $'000
Remuneration of the parent entity auditors for:		
– Auditing or reviewing the financial report	105	75

NOTE 7. DIVIDENDS

	2012 $'000	2011 $'000
Distributions paid		
Interim fully franked ordinary dividend of $0.035 (2011: 0.03) per share franked at the tax rate of 30% (2010: 30%)	5,250	4,500
2011 final dividend (fully franked) of $0.03 per share paid in 2012 (2011: 0.0578)	4,500	6,500
	9,750	11,000
Proposed final fully franked ordinary dividend of $0.045 (2011: $0.03) per share franked at the tax rate of 30% (2011: 30%)	6,750	4,500
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 2012 being the latest tax year end to balance date.	27,651	20,426

NOTE 8. EARNINGS PER SHARE

	2012 $'000	2011 $'000
a. Reconciliation of earnings to profit and loss		
Profit	37,305	28,721
(Profit)/loss attributable to non controlling interest	370	(1,641)
Earnings used to calculate basic EPS	37,675	27,080
Earnings used in the calculation of dilutive EPS	37,675	27,080
b. Weighted average number of ordinary shares outstanding during the year in calculating basic EPS	150,000	137,453
Weighted average number of dilutive options outstanding	4,093	2,782
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	154,093	140,234

NOTE 9. TRADE AND OTHER RECEIVABLES

	2012 $'000	2011 $'000
CURRENT		
Trade debtors	58,764	28,669
	58,764	28,669

NOTE 10. FINANCIAL ASSETS

	2012 $'000	2011 $'000
NON CURRENT		
Shares in Listed corporations at Fair Value	3,488	3,294
	3,488	3,294

NOTE 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associated companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership interest 2012 %	Ownership interest 2011 %	Carrying Amounts of investment 2012 $'000	Carrying Amounts of investment 2011 $'000
Riverlea Corporation Pty Ltd	Civil Contracting	Australia	Ord	-	33.33		500

An additional 26.67% of Riverlea was acquired resulting in a business combination. Refer to note 5 for further details.

NOTE 12. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)* 2012	Percentage Owned (%)* 2011
Parent entity:			
MACA Limited	Australia	-	-
Subsidiaries:			
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	60%	60%
Riverlea Corporation Pty Ltd	Australia	60%	33.33%
MACA Civil Plant Pty Ltd	Australia	60%	-

* Percentage of voting power in proportion to ownership

NOTE 13. PROPERTY, PLANT & EQUIPMENT

	2012 $'000	2011 $'000
PLANT AND EQUIPMENT		
Plant and equipment – at cost	187,106	120,351
Accumulated depreciation	(77,964)	(52,706)
	109,142	67,645
Motor vehicles – at cost	8,547	5,876
Accumulated depreciation	(4,373)	(3,476)
	4,174	2,400
Leased plant and equipment – at cost	1,080	1,440
Accumulated depreciation	(1,080)	(1,440)
	-	-
Low value pool – at cost	59	52
Accumulated depreciation	(47)	(42)
	12	10
Leasehold improvements – at cost	552	292
Accumulated depreciation	(48)	(19)
	504	273
Total plant and equipment	113,832	70,328
Total property, plant and equipment	113,832	70,328

NOTE 14. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
CURRENT		
Unsecured Liabilities:		
Trade creditors	32,608	20,306
Sundry creditors and accruals	7,277	4,714
	39,885	25,020

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

	2012 $'000	2011 $'000

NOTE 15. FINANCIAL LIABILITIES

	2012 $'000	2011 $'000
CURRENT		
Secured Liabilities:		
Finance lease liability	22,029	18,153
	22,029	18,153
NON-CURRENT		
Secured Liabilities		
Finance lease liability	32,800	18,966
	32,800	18,966

NOTE 16. ISSUED CAPITAL

	2012 $'000	2011 $'000
150,000,000 (2011:150,000,000) Fully paid ordinary shares with no par value	35,696	35,571

(a) **Ordinary shares:**

	No.	No.
At the beginning of the reporting period	150,000,000	134
Converted into 2 shares on incorporation	-	(132)
Shares issued during the year		
– 2 September 2010 Acquisition of MACA Plant Pty Ltd	-	56,737,315
– 2 September 2010 Acquisition of MACA Crushing Pty Ltd	-	1,206,505
– 2 September 2010 Redemption of nominees shares	-	(2)
– 3 September 2010 Acquisition of non-controlling interest in Mining and Civil Australia Pty Ltd	-	35,786,326
– 4 September 2010 Share based payments	-	946,769
– 16 September 2010 Share split	-	20,323,085
– 28 October 2010 Initial Public Offering	-	35,000,000
At reporting date	150,000,000	150,000,000

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

	2012 $'000	2011 $'000
NOTE 17. CAPITAL & LEASING COMMITMENTS		
(a) **Capital expenditure commitments**		
Capital expenditure commitments contracted for:		
Plant and equipment purchases	47,259	34,484
Payable		
– not later than 12 months	47,259	34,484
– between 12 months and 5 years	-	-
– greater than 5 years	-	-
Minimum Commitments	47,259	34,484
(b) **Finance lease commitments**		
Payable — minimum lease payments		
– not later than 12 months	25,039	20,176
– between 12 months and 5 years	35,403	20,184
– greater than 5 years		-
Minimum lease payments	60,442	40,360
Less: Future Finance Charges	(5,613)	(3,240)
	54,829	37,120
(c) **Operating lease commitments**		
Non-cancellable operating leases contracted for but not capitalised in the accounts:		
Payable — minimum lease payments		
– not later than 12 months	652	1,062
– between 12 months and 5 years	-	652
– greater than 5 years	-	-
	652	1,714

NOTE 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities.

NOTE 19. 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. A new segment was identified for the Group for this reporting period. This is as a result of the Group's diversification into civil contracting. Accordingly, the identified segment has been included in these financial statements.

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

Segment assets

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

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

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

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

- head office and other administration expenditure

	Contract Civil Services $'000	Contract Mining Services $'000	Total Operations $'000
(a) Segment performance			
30 June 2012			
Revenue			
External sales	40,613	294,271	334,884
Total segment revenue	40,613	294,271	333,884

	Contract Civil Services $'000	Contract Mining Services $'000	Total Operations $'000
Reconciliation of segment revenue to group income			
Other income	(41)	9,318	9,277
Total group Income	40,572	303,589	344,161
Segment net profit before tax	(924)	54,925	54,001
Reconciliation of segment result to group net profit/(loss) before tax			
Unallocated items:			
- Head office administration expenditure			(373)
Net profit before tax from continuing operations			53,628
30 June 2011			
Revenue			
External sales		249,226	249,226
Total segment revenue		249,226	249,226
Reconciliation of segment revenue to group income			
Other income		9,257	9,257
Total group revenue		258,483	258,483
Segment net profit before tax		42,516	42,516
Reconciliation of segment result to group net profit/(loss) before tax			
Unallocated items:			
- Head office administration expenditure			(1,083)
Net profit before tax from continuing operations			41,433

(b) Segment assets

30 June 2012

Segment assets

Opening balance 1 July 2011	-	101,514	101,514
Additions through business combination			
Additions	7,874	71,986	79,860
Disposals	(564)	(358)	(922)
Other movements in segment assets			
Closing balance 30 June 2012	7,310	173,142	180,452

	Contract Civil Services $'000	Contract Mining Services $'000	Total Operations $'000
Reconciliation of segment assets to group assets			
Unallocated assets:			
- Cash			39,878
- Financial assets			3,488
- Deferred tax assets			2,347
Total group assets			226,165
30 June 2011			
Segment assets			
Opening balance 1 July 2010	-	82,355	82,355
Additions through business combination			
Additions	-	19,159	19,159
Disposals			
Other movements in segment assets			
Closing balance 30 June 2011	-	101,514	101,514
Reconciliation of segment assets to group assets			
Unallocated assets:			
- Cash			50,563
- Financial assets			3,793
- Deferred tax assets			1,512
Total group assets			157,382

(c) Segment liabilities

	Contract Civil Services $'000	Contract Mining Services $'000	Total Operations $'000
30 June 2012			
Segment liabilities			
Opening balance 1 July 2011	**-**	64,704	64,704
Additions	6,418	28,919	35,337
Disposals	-		
Closing balance 30 June 2012	6,418	93,623	100,041
Reconciliation of segment liabilities to group liabilities			
Unallocated assets:			
- current tax liabilities			8,442
- deferred tax liabilities			431
Total group liabilities			108,914

	Contract Civil Services $'000	Contract Mining Services $'000	Total Operations $'000
30 June 2011			
Segment liabilities			
Opening balance 1 July 2010	**-**	58,251	58,251
Additions	**-**	6,453	6,453
Disposals	**-**	-	-
Closing balance 30 June 2011	**-**	64,704	64,704

Reconciliation of segment liabilities to group liabilities	
Unallocated assets:	
- current tax liabilities	4,034
- deferred tax liabilities	401
Total group liabilities	69,139

(d) All revenue is sourced from Australia.

NOTE 20. CASH FLOW INFORMATION

(a) **Reconciliation of Cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2012 $'000	2011 $'000
Cash and cash equivalents	39,878	50,563
Bank overdraft	-	-
	39,878	50,563

(b) **Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax**

	2012 $'000	2011 $'000
Operating profit after income tax	37,305	28,721
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	29,278	22,792
Equity Adjustment		197
Net (gain)/loss on disposal of plant and equipment	(43)	(647)
Net (gain)/loss on disposal of investments	(352)	(234)
Share based payment	358	1,073

NOTE 20. CASH FLOW INFORMATION

	2012 $'000	2011 $'000
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(32,124)	6,171
(Increase)/decrease in other assets	(1,775)	94
(Increase)/decrease in inventories	(1,536)	(1,868)
Increase/(decrease) in trade and other payables	15,343	(1,664)
Increase/(decrease) in income tax payable	4,408	3,074
Increase/(decrease) in deferred tax payable	(806)	(919)
Increase/(decrease) in provisions	2,763	988
	52,819	57,778

(c) **Non-cash financing and Investing Activities**

During the year the economic entity acquired plant and equipment with an aggregate value of $40,093,203 (2011: $15,106,540) by means of finance leases. These acquisitions are not reflected in the statement of cash.

(d) **Acquisition of Entities**

During the year the economic entity did not acquire any entities by non-cash means (2011: $93,730,146)

NOTE 21. SHARE-BASED PAYMENTS

(a) Options

There were no options issued for the year ended 30 June 2012. The weighted average fair value of options granted during the previous year was $0.2745.

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

	Number	Weighted Average Exercise price
Options outstanding as at 30 June 2010	-	-
Granted	4,602,993	1.15
Forfeited	(424,963)	1.15
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2011	4,178,030	1.15
Granted	-	-
Forfeited	(170,000)	1.15
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2012:	4,008,030	1.15

NOTE 21. SHARE-BASED PAYMENTS

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

The weighted average remaining contractual life of options outstanding at year end was 1.5 years. The exercise price of outstanding shares at the end of the reporting period was $1.15

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

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

(b) Performance Rights

500,000 Performance Rights issued to Mr Tuckwell for nil cash consideration were be subject to him remaining in continuous employment with the Company and to specified performance criteria (Performance Criteria) which must be satisfied over a specified period of time (Performance Period) before the Performance Rights can vest. The Rights were independently valued at $594,000 using a Monte-Carlo simulation model.

The Performance Period was the period beginning on 1 July 2011 and ending on 30 June 2014, but as Mr Tuckwell resigned the rights were forfeited.

Rights outstanding as at 30 June 2011	-
Granted	500,000
Forfeited	(500,000)
Rights outstanding as at 30 June 2012	-

NOTE 22. 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 Company, the results of those operations, or the state of affairs of the Company in future financial years.