MARKET
ANNOUNCEMENT

maca Limited
ABN 42 144 745 782

21 February 2014

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MACA Delivers another Record Half Year Result

MACA Limited ('MACA') (ASX: MLD) is pleased to announce that it has once again delivered a record half year result, with net profit after tax for the half year to 31 December 2013 of $32.6 million (up 44% on pcp) on revenue of $304.6 million (up 47%). The board has resolved to increase the interim dividend by 44% to 6.5 cents per share, consistent with increased earnings and strong operating cash flow. The dividend will be fully franked and will be payable on 24 March 2014 to eligible shareholders who are recorded on the Company's register as at the Record date of 11 March 2013.

Financial and Operational Highlights

- Contract Revenue up 47% to $304.6 million
- EBITDA up 35% to $74.3 million
- Net profit after tax up 44% to $32.6 million
- Cash and listed investments totaling $167 million
- Interim Dividend of 6.5 cents per share fully franked (up 44%)
- Continued increase in scope and tenure of contracts
- Order book remains very strong at $1.52 billion as at 31 Dec 13
- Revenue guidance for FY2014 confirmed at >$550 million (up 15%)
- Strong financial position to pursue new contracts, in respect of which MACA sees significant opportunities

Results Summary

FY2014 Half Year Results		31 December 2013	31 December 2012	Change
Contract Revenue	$M	304.6	207.5	47%
EBITDA	$M	74.3	55.2	35%
EBIT	$M	49.6	37.2	33%
Net Profit Before Tax	$M	46.5	34.5	35%
Net Profit After Tax [1] (attributable to members)	$M	32.6	22.6	44%
Earnings per share – basic	cps	18.8	15.0	25%
Dividend per share (fully franked)	cps	6.5	4.5	44%

[1] NPAT excludes minority interest

Results Discussion and Outlook

Contract revenue for the 6 month period to 31 December 2013 was $304.6 million, up 47% on the previous corresponding period with net profit after tax of $32.6 million, an increase of 44%. EBITDA increased by 35% to $74.3 million and cash generation was strong with operating cash flow being $61.4 million for the period.

The strong half year result continues to demonstrate the consistency and the growth in MACA's earnings which are underpinned by a long term contract profile with growing mining companies across a diversified range of commodities. MACA's earnings are closely aligned with quality mid-tier miners who have successfully transitioned from the construction phase to production and have further plans to grow which MACA has the capability and funding to support.

MACA's core mining and crushing division has continued to perform well during the reporting period. The significant investment in capital during the previous financial year has translated to increased earnings and high levels of utilisation following the successful deployment of this capital to new and growing projects. Availability levels have also remained high due to the modern nature of MACA'S fleet and maintenance programmes. This has supported operational performance with production targets being consistently met.

MACA Civil Pty Ltd, which is now 100% owned by MACA, has continued to make steady progress with revenue of $38.8 million for the half year (up 14% on the prior corresponding period). In MACA Civil, a continued focus on reducing overheads has resulted in the division delivering a net profit after tax of $2.1 million for the period. Further efficiencies are planned for the second half. The Civil division is well placed to win further contracts into FY2015 based on current tendering activity levels.

Despite the temporary suspension of operations at its Garden Well and Rosemont projects due to a highly unusual weather event (refer ASX release 20 February 2014), MACA reaffirms its full year revenue guidance of >$550 million. Had this event not occurred, MACA would have been in a position to announce a revenue upgrade to the market with respect to the full financial period ended 30 June 2014, with profit margins consistent with those achieved in FY2013. The suspension will have an adverse impact on second half FY2014 margins due to holding costs to be borne by MACA and the additional costs associated with recommencing operations in a staged manner. As a result, while MACA continues to expect that NPAT for FY2014 will exceed that achieved in FY2013, margins for the full FY2014 period will be lower than market expectations prior to the event. MACA does not expect that this weather event will have any impact on FY2015 earnings.

With $430 million of contracted revenue already secured for FY2015, and total work in hand of $1.52 billion, MACA is well placed to deliver further growth. MACA continues to see significant opportunities, both with existing and prospective new clients, which are expected to drive earnings into FY2015 and beyond.

MACA has continued to make a significant contribution to the community and the welfare, training and development of its people. MACA again looks forward to proudly supporting the 'Sunsuper Ride to Conquer Cancer' (which directly supports Medical Research) and many other worthwhile community projects.

Managing Director, Doug Grewar, said "It is particularly pleasing to have delivered this outstanding result during a period in which many of our peers have forecast a deterioration in earnings. Another record half year of profitable growth is testimony to the sustainable business model that MACA has established and the passion of our people. Our continued strong operating performances and track record of project delivery has been recognised by our clients, resulting in further extensions of existing work as well as new contact awards during 2013. With approximately $167 million in cash and listed investments MACA has a strong balance sheet with significant capacity to take on more contracts. It is also pleasing to see the increased contribution our civil business has made to our half year result. With our workforce growing to more than 1200, we have maintained our highest commitment to the safety of our people with a strong focus on training and putting our people first. The contribution of our people is critical to the ongoing success of MACA and is well recognised in everything we do."

Operations Director, Geoff Baker, commented "We take great pride in being able to support our clients in achieving their objectives and we look forward to continuing to develop these relationships as MACA continues to enhance its capability across all facets of its business to provide a reliable, safe and efficient contracting solution. Our ability to work with Regis to mitigate the impacts of such an unusual weather event is a great demonstration of our core values and 'Can Do' approach to all that we do."

We are proud of the returns we have provided to shareholders since listing in 2010 and look forward to continuing to deliver attractive returns by operating safely, profitably and continuing to contribute to the success of our clients.

For further information please contact:

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Finance Director
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MACA Limited and its Controlled Entities

ABN 42 144 745 782

Half Year Financial Report and Appendix 4D

31 December 2013

MACA Limited and its Controlled Entities

ABN 42 144 745 782

Half Year Financial Report
31 December 2013

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Results for Announcement to the Market –Appendix 4D

Current Reporting Period: Half-year ended 31 December 2013
Previous Corresponding Reporting Period: Half-year ended 31 December 2012

Earnings	% Change	Amount $'000
Revenue from ordinary activities	+46.9%	306,239
Profit from ordinary activities after tax attributable to members of the parent	+44.5%	32,575
Net profit attributable to members of the parent	+44.5%	32,575

Information regarding the increase in revenue and profit for the period is set out in the covering announcement accompanying this Report, and in the Review of Operations in the Directors' Report on page 2.

Dividends	Amount per share	Franked amount per share
Final dividend for 2013	5.5 cents	5.5 cents
Interim dividend for 2014	6.5 cents	6.5 cents

The Directors have determined to pay an interim dividend based on the December 2013 half year result of 6.5c per share.

The Company paid a final fully franked dividend for the 2013 financial year of 5.5 cents per share on 26 September 2013.

The record date for entitlement to the interim dividend is 11 March 2014.
The payment date for the interim dividend is 24 March 2014.

Dividend reinvestment plan

There was no dividend reinvestment plan in place at 31 December 2013.

Net Tangible Assets	31 December 2013	31 December 2012
Net tangible assets per share	128.75 cents	89.85 cents

Details of Entities Where Control has been Gained or Lost During the Period

During the period the Group ceased to control MACA Civil Plant Pty Ltd. The 100% owned subsidiary had not traded and was deregistered on 18 December 2013. There were no other control changes during the period.

Directors' Report

Your directors present their report on MACA Limited ("the Company") and its controlled entities ("the Consolidated Entity" or "the Group") for the half year ended 31 December 2013.

Directors

The names of the directors in office at any time during or since the end of the half-year are:

Andrew Edwards – Non Executive Chairman
Douglas Jon Grewar – Managing Director, CEO
Geoffrey Alan Baker – Operations Director
Ross Campbell Williams – Finance Director, CFO
Linton John Kirk – Non Executive Director
Joseph Ronald Sweet – Non Executive Director

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

A summary of consolidated revenues and results for the half year is set out below –

	2013	**2012**
	$'000	$'000
Revenue	306,239	208,511
Net profit after tax	32,575	23,765
Profit attributable to members of MACA Limited	32,575	22,550

MACA Limited is pleased to report it has delivered a net profit after tax attributable to members of $32.6 million for the half year to 31 December 2013.

Financial and Operating Highlights

- Operating Revenue of $306.2 million
- EBITDA of $73.3 million
- Net Profit after tax attributable to members of $32.6 million
- Dividend of 6.5c per share
- Order book of $1,524 million as at December 2013

Group revenue increased due to continued growth in the core mining and crushing segments. The investment in capital during the previous financial year has translated into increased earnings and assisted in maintaining high levels of plant availability. Margins remained strong with positive contributions from all divisions.

MACA Civil, now 100% owned, focused on overhead reduction during the half resulting in an improved contribution. The division is well placed to secure new contracts into FY2015 following an increase in tendering opportunities in the sector.

MACA holds great value in its people and retains the highest focus on maintaining a safe work environment for all employees, contractors and stakeholders. The Company's targeted training and career development programmes ensure a highly skilled and experienced workforce to meet and exceed client expectations.

The Company has further demonstrated its consistency in delivering increased performance and growth during the half. MACA's earnings are underpinned by long term contract profiles with growing resource owners across a diversified commodity base.

MACA's broad client base is represented by international, ASX listed companies and public sector instrumentalities across Western Australia and South Australia. The Company continues to pursue growth through its existing customers and with new customers which align to sustainable future company growth and performance aspirations.

Operating Cash Flow and Capital Expenditure

Operating cash flow for the six months ending 31 December 2013 was $61.4 million, up from $41.9 million in the prior corresponding period.

Capital expenditure for the first half of this financial year was $33.76 million relating to plant and equipment required to support the growth of the group and execute new contracts. Capital equipment purchases were funded by a combination of cash and equipment finance contracts. In addition to the above equipment, the company financed $10 million of new Crusher costs, which had been incurred in the prior reporting period. The company did not enter into any off balance sheet financing arrangements.

Interim Dividend

The directors have determined to pay a fully franked interim dividend of 6.5c per share with a record date of 11 March 2014 and payment date of 24 March 2014.

The total dividend paid during the half year was $9,487,500 (2012: $6,750,000).

Events Subsequent to Balance Date

After balance date events included the following:

- A significant weather event has caused disruption to the Group's operations at Garden Well and Rosemont and MACA has been issued with a force majeure notice by the client. For further details refer to the ASX release on 20 February 2014.
- The Group has committed to the purchase of capital equipment with a cost of $2.2 million.
- The vendors of MACA Civil Pty Ltd were paid an additional $2 million subsequent to balance date upon meeting specific earnings targets.

No other matters or circumstances have arisen since the end of the half 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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2013.

Directors' Report

Rounding of Amounts

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

Outlook

Despite the temporary suspension of operations at its Garden Well and Rosemont projects, MACA reaffirms its FY14 revenue forecast of in excess of $550 million (an increase of 15% over FY13). However, as a result of the weather event suspending operations, revenue and margins in the second half will be lower than those achieved in the first half. MACA expects NPAT for FY14 to exceed that achieved in FY13.

With a strong work in hand position of $1.52 billion as at 31 December 2013, including $430 million of contracted revenue for the FY15, MACA is well placed to pursue opportunities to achieve growth.

MACA has identified significant new contract opportunities and is currently in advanced negotiations for contract extensions which would increase FY15 revenue by a further $50 million approximately.

The company remains committed to maintaining a strong and conservatively geared balance sheet as is evidenced by the sound equity and net cash positions.

We look forward to continuing to reward our shareholders with attractive returns by operating safely, profitably and making a significant contribution to the success of our clients.

This report is made in accordance with a resolution of directors.

DOUG GREWAR
Managing Director, CEO

DATED at PERTH this 20th day of February 2014.

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

As lead auditor for the review of MACA Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 20th day of February 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2013

	Note	31 December 2013 $'000	31 December 2012 $'000
Revenue	2	306,239	208,511
Other income	2	9,802	8,198
Direct costs		(258,927)	(172,175)
Finance costs		(3,113)	(2,751)
Share-based payment expense		(221)	(242)
Other expenses from ordinary activities		(7,291)	(7,075)
Profit before income tax expense		46,489	34,466
Income tax expense		(13,914)	(10,701)
Profit for the period		**32,575**	**23,765**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Net gain on revaluation of financial assets		1,260	267
Total comprehensive income for the period		33,835	24,032
Profit attributable to:			
- Non-controlling interest		-	1,215
- Members of the parent entity		32,575	22,550
		32,575	23,765
Total comprehensive income attributable to:			
- Non-controlling interest		-	1,215
- Members of the parent entity		33,835	22,817
		33,835	24,032
Earnings per share:			
- Basic (cents per share)	3	18.86	15.03
- Diluted (cents per share)	3	18.79	14.64

The accompanying notes form part of these financial accounts

Condensed Consolidated Statement of Financial Position

as at 31 December 2013

		31 December 2013 $'000	30 June 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents		162,398	122,969
Trade and other receivables		68,917	60,435
Inventory		3,820	3,704
Work in progress		3,214	(99)
Other assets	5	1,513	1,318
TOTAL CURRENT ASSETS		239,862	188,327
NON CURRENT ASSETS			
Financial assets		4,300	2,500
Property, plant and equipment		187,229	177,481
Deferred tax assets		4,023	4,340
TOTAL NON CURRENT ASSETS		195,552	184,321
TOTAL ASSETS		435,414	372,648
CURRENT LIABILITIES			
Trade and other payables		78,045	61,386
Financial Liabilities		39,623	33,567
Current tax liabilities		7,462	7,608
Short–term provisions		8,743	7,289
TOTAL CURRENT LIABILITIES		133,873	109,850
NON-CURRENT LIABILITIES			
Deferred tax liabilities		674	127
Financial Liabilities		70,323	60,615
TOTAL NON-CURRENT LIABILITIES		70,997	60,742
TOTAL LIABILITIES		204,870	170,592
NET ASSETS		230,544	202,056
EQUITY			
Issued capital	6	94,918	89,298
Reserves		(2,427)	(2,207)
Retained earnings		138,053	114,965
TOTAL EQUITY		230,544	202,056

The accompanying notes form part of these financial accounts

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 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 2012	35,695	79,933	751	-	484	389	117,252
Profit attributable to members of the parent entity	-	22,550	-	-	-	-	22,550
Profit attributable to non-controlling interests	-	-	-	-	-	1,215	1,215
Other comprehensive income:							
Revaluation of Investment	-	-	267	-	-	-	267
TOTAL COMPREHENSIVE INCOME	-	22,550	267	-	-	1,215	24,032
Share based payment	-	-	-	-	242	-	242
Dividends paid	-	(6,750)	-	-	-	-	(6,750)
BALANCE AT 31 DECEMBER 2012	35,695	95,733	1,018	-	726	1,604	134,776
BALANCE AT 1 JULY 2013	89,298	114,965	60	(3,277)	1,010	-	202,056
Profit attributable to members of the parent entity	-	32,575	-	-	-	-	32,575
Other comprehensive income:							
Revaluation of Investment	-	-	1,259	-	-	-	1,259
TOTAL COMPREHENSIVE INCOME	-	32,575	1,259	-	-	-	33,834
Shares Issued	5,468	-	-	-	-	-	5,468
Capital Raising Costs	152	-	-	-	-	-	152
Share based payment	-	-	-	-	221	-	221
Exercise of Options	-	-	-	-	(1,200)	-	(1,200)
Transactions with non-controlling interests	-	-	-	(500)	-	-	(500)
Dividends paid	-	(9,487)	-	-	-	-	(9,487)
BALANCE AT 31 DECEMBER 2013	94,918	138,053	1,319	(3,777)	31	-	230,544

The accompanying notes form part of these financial accounts

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2013

	31 December 2013 $'000	31 December 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	311,134	211,780
Payments to suppliers and employees	(234,360)	(154,827)
Dividends Received	197	197
Interest received	1,421	768
Interest paid	(3,113)	(2,751)
Income tax paid	(13,889)	(13,234)
Net cash provided by operating activities	61,390	41,933
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	604	1,218
Purchase of property, plant and equipment	(6,039)	(23,967)
Net cash provided by / (used in) investing activities	(5,435)	(22,749)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Issue	4,572	-
Net movement in borrowings	(11,611)	(12,102)
Dividends paid by the parent	(9,487)	(6,750)
Net cash provided by / (used in) financing activities	(16,526)	(18,852)
Net increase/(decrease) in cash held	39,429	332
Cash and cash equivalents at the beginning of the period	122,969	39,878
Cash and cash equivalents at the end of financial period	162,398	40,210

The accompanying notes form part of these financial accounts

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of MACA Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the following half-year.

b. **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

c. **New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period**

(i) *Consolidated financial statements, joint arrangements and disclosure of interests in other entities*

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

– AASB 10: *Consolidated Financial Statements;*

– AASB 127: *Separate Financial Statements* (August 2011);

– AASB 2011–7*: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and

– AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.*

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards (where they apply to the Group) in the current half-year reporting period are as follows:

– *Consolidated financial statements:*

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012–2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(d).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) *Fair value measurements and disclosures*

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(e), should be incorporated in these financial statements.

(iii) *Other*

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.*

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10*: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

d. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent MACA Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

e. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share- based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

– *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

– *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

– *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

f. **Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies**

The critical estimates and judgments are consistent with those applied and disclosed in the June 2013 annual report.

The half-year financial report was authorised for issue on the 20th of February 2014 by the board of directors.

	31 December 2013 $'000	31 December 2012 $'000
NOTE 2. PROFIT BEFORE INCOME TAX		
The operating profit before income tax includes the following specific income and expenses:		
Revenue:		
Contract Trading Revenue	304,621	207,546
Other revenue:		
Dividends received	197	197
Interest received	1,421	768
	1,618	965
	306,239	208,511
Other Income:		
Profit/(Loss) on sale of property, plant and equipment	(342)	(167)
Rebates and other sundry income	10,144	8,365
Total other income	9,802	8,198
Expenses:		
Depreciation and Amortisation		
Depreciation on plant and equipment	24,740	18,024
Total Depreciation and Amortisation	24,740	18,024
Employee Benefits Expenses (excluding share based payments)		
Wages and salaries	72,751	40,809
Superannuation	4,197	3,085
Other employee entitlements	8,107	8,799
Total Employee Benefits Expenses	85,055	52,693
Share based payments.	221	242
Rental expenses relating to operating leases		
Minimum lease payments	367	380

NOTE 3. EARNINGS PER SHARE (EPS)	**Cents per share**	**Cents per share**
Basic earnings per share	18.86	15.03
Diluted earnings per share	18.79	14.64
(a) Profit for the period attributable to members of the parent entity	32,575	22,550

	31 December 2013 Shares	31 December 2012 Shares
(b) Weighted average number of ordinary shares outstanding during the period in calculating basic EPS	173,065,895	150,000,000
Weighted average number of dilutive options outstanding	102,448	4,008,030
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	173,168,343	154,008,030

NOTE 4. DIVIDENDS

	31 December 2013 $'000	31 December 2012 $'000
Final fully franked ordinary dividend of 5.5 cents (2012: 4.5 cents) per share franked at the tax rate of 30% (2012: 30%)	9,487	6,750

NOTE 5. OTHER ASSETS

	31 December 2013 $'000	30 June 2013 $'000
Deposit	791	1,263
Prepayments	721	55
	1,512	**1,318**

NOTE 6. ISSUED CAPITAL

	31 December 2013 $'000	30 June 2013 $'000
176,458,977 (30 June 2013: 172,500,000) Fully paid ordinary shares	94,918	89,298
	No.	No.
At beginning of reporting period	172,500	150,000
Shares issued during the period	3,959	22,500
At reporting date	176,459	172,500

All of these shares were eligible to participate in dividends from the date of issue.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At a 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.

NOTE 7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

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

The Group's financial assets and liabilities measured and recognised at fair value at 31 December 2013 and 30 June 2013 on a recurring basis are as follows:

31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Financial assets – listed investments	4,300	-	-	4,300
30 June 2013				
Assets				
Financial assets – listed investments	2,500	-	-	2,500

Methods and valuation techniques

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

NOTE 8. 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 business and geographical segments being the provision of civil and contract mining services to the mining industry throughout Western Australia and South Australia.

	Civil Services $'000	Contract Mining Services $'000	Total Segments $'000
(a) Segment performance			
31 December 2013			
Revenue			
External sales	38,780	265,841	304,621
Total segment revenue	38,780	265,841	304,621
Reconciliation of segment revenue to group revenue			
Unallocated items:			
- Dividend and Interest Income			1,618
Total Revenue			306,239
Reconciliation of segment revenue to group income			
Other income	-	9,802	9,802
Total group income	38,780	275,643	316,041
Segment net profit before tax	2,990	42,103	45,093
Reconciliation of segment result to group net profit/(loss) before tax			
Unallocated items:			
- Dividend and Interest income			1,617
- Head office administration expenditure			(221)
Net profit before tax from continuing operations			46,489

NOTE 8. OPERATING SEGMENTS ***(CONT.)***

(a) Segment performance

	Civil Services $'000	Contract Mining Services $'000	Total Segments $'000
31 December 2012			
Revenue			
External sales	34,009	173,537	207,546
Total segment revenue	34,009	173,537	207,546
Reconciliation of segment revenue to group revenue			
Unallocated items:			
Dividend and Interest Income			965
Total Revenue			208,511
Reconciliation of segment revenue to group income			
Other income	86	8,112	8,198
Total group income	34,095	181,649	216,709
Segment net profit before tax	2,865	30,889	33,754
Reconciliation of segment result to group net profit/(loss) before tax			
Unallocated items:			
- Dividend and Interest income			965
- Head office administration expenditure			(253)
Net profit before tax from continuing operations			34,466

(b) Segment assets

	Civil Services $'000	**Contract Mining Services $'000**	**Total Segments $'000**
Opening balance 1 July 2013	15,113	227,726	242,839
Additions	1,274	21,799	23,073
Disposals	(604)	(614)	(1,218)
Closing balance 31 December 2013	15,783	248,911	264,694
Reconciliation of segment assets to group assets			
Unallocated assets:			
– Cash			162,398
– Financial assets			4,300
– Deferred tax assets			4,022
Total Group Assets			435,414

NOTE 8. OPERATING SEGMENTS ***(CONT.)***

(b) Segment assets

	Civil Services $'000	Contract Mining Services $'000	Total Segments $'000
Opening balance 1 July 2012	7,310	173,142	180,452
Additions	7,958	55,696	63,654
Disposals	(155)	(1,112)	(1,267)
Other movements in segment assets	-	-	-
Closing balance 30 June 2013	15,113	227,726	242,839
Reconciliation of segment assets to group assets			
Unallocated assets:			
- Cash			122,969
- financial assets			2,500
- deferred tax assets			4,340
			372,648

NOTE 9. CONTINGENT LIABILITIES

There are no material contingent liabilities as at 31 December 2013.

NOTE 10. INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2013. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		At 31 December 2013	At 30 June 2013	At 31 December 2013	At 30 June 2013
MACA Mining Pty Ltd	Australia	100%	100%	Nil%	Nil%
MACA Plant Pty Ltd	Australia	100%	100%	Nil%	Nil%
MACA Crushing Pty Ltd	Australia	100%	100%	Nil%	Nil%
MACA Civil Pty Ltd	Australia	100%	100%	Nil%	Nil%
Riverlea Corporation Pty Ltd	Australia	100%	100%	Nil%	Nil%
MACA Civil Plant Pty Ltd	Australia	0%	100%	Nil%	Nil%

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements. MACA Civil Plant Pty Ltd had not traded and was deregistered during the period.

NOTE 11. EVENTS AFTER THE BALANCE SHEET DATE

After balance date events included the following:

- A significant weather event caused disruption to the Group's operations at Garden Well and Rosemont and MACA has been issued with a force majeure notice by the client. For further details refer to the ASX release on 20 February 2014.
- The Group has committed to the purchase of capital equipment with a cost of $2.2 million. This will be funded via a combination of both cash and equipment finance contracts.
- The vendors of MACA Civil Pty Ltd were paid an additional $2 million subsequent to balance date upon meeting specific earnings targets.

No other matters or circumstances have arisen since the end of the half 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.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

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

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:

DOUG GREWAR
Managing Director, CEO

DATED at PERTH this 20th day of February 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MACA LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of MACA Limited which comprises the consolidated condensed statement of financial position as at 31 December 2013, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of MACA Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of MACA Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MACA Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MACA Limited is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

MOORE STEPHENS

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 20th day of February 2014