

**27 February 2015**

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**By electronic lodgement**

**Q & A regarding MCS Interim Results**

**Q. MCS had previously flagged that asset sales would total in excess of \$100 million. Is that still an achievable target?**

During the six months to 31 December 2014, asset sales generated \$86.8 million in net proceeds and included the divestments of Liquip International and Beta Fluid Systems (\$68.3 million) and the sale of surplus Cootes Transport (\$9.8 million) and HH&L (\$8.3 million) equipment.

McAleese is targeting to conclude the sale of Cloncurry Quarry and residual equipment sales in Cootes Transport and Heavy Haulage & Lifting during the second half. It is anticipated that the combined proceeds of these sales and those undertaken during 1H FY2015 will generate in excess of \$100 million. This total excludes any further rationalisation of the asset base in the Heavy Haulage & Lifting division as a result of the current business review.

**Q. What is the capital expenditure profile for the Group moving into the second half?**

The majority of the Group's capital expenditure program for the year has been completed during 1H FY2015 (\$42.9 million). It is anticipated that 2H FY2015 expenditure will be limited to maintenance and some residual committed growth capex for the Bulk Haulage division. 2H FY2015 net capex will approximate 50% of depreciation for the period.

**Q. What are the key focus areas for the business as it moves into 2H FY2015?**

McAleese is working with its customer base to improve operational performance, efficiency and productivity. In particular, the Group continues to work with customer Atlas Iron, whose management has demonstrated a strong commitment to constructively identify a range of opportunities to improve efficiency and reduce costs, ensuring a sustainable outcome for both businesses in a difficult trading environment. These initiatives provide confidence that its mines will continue to operate.

Furthermore, through strengthening the balance sheet, reducing debt and a conservative approach to capital expenditure, McAleese anticipates it will be better placed to take advantage of diversification opportunities in the medium term.