

ASX ANNOUNCEMENT**1 September 2014**

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

By electronic lodgement**Q & A regarding MCS Full Year Results****Q: We understand that you have now stabilised the business but where to from here?**

A: As we stabilise each of the divisions to reinforce the base on which to grow, it is important that we acknowledge that each of our divisions are not as strong as they could be due to size or customer concentration. Therefore as we stabilise, we are also looking at ways to broaden the earnings base through organic and acquisitive growth opportunities.

- Oil & Gas – the Oil & Gas division, through restructure and the successful sale of the Liquip business, will be a \$120 million revenue business going forward. Its reduced customer base means we have to look for other opportunities to bolster this division. These may include smaller acquisitions operating in the bulk supply chain and will also see us rebrand this business.
- Heavy Haulage & Lifting – the Heavy Haulage & Lifting division is beginning to see a bottoming of the market at current levels. Its financial performance has been consistent over the past three months and the team are bidding for new work in areas outside of the traditional core region of Queensland. Our focus is to reduce this business' asset base and improve utilisation.
- Specialised Transport – since acquiring the WA Freight Group in April 2014, we have integrated the business into the McAleese framework without issue. Our plans are to further build out this business leveraging its skill set in the Less Than Truckload (LTL) market and through small acquisitions in what is a highly fragmented segment of the Australian transport industry.
- Bulk Haulage – the Bulk Haulage division is focused on delivering a smooth haulage ramp up from 3mtpa to 6mtpa for the Atlas Iron Mt Webber mine. This business has grown quite successfully through organic opportunities and we expect it to continue to do so.

Q. With the iron ore price at current levels are you seeing any pressure to reduce costs in your business?

A: Our focus is to work collaboratively with our customer, Atlas Iron, to reduce their cost base. There is a range of operational efficiency initiatives we have identified that could potentially deliver cost savings of ~\$15 million. The Bulk Haulage division is capital intensive and its assets work hard for the duration of haulage contracts. It is therefore important that we retain benchmark returns to reinvest and ensure the sustainability of this area of our business.

Q. What is the timeframe for the appointment of a permanent CFO?

A: We have commenced a formal recruitment process and will announce this appointment in due course.

- Ends -

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