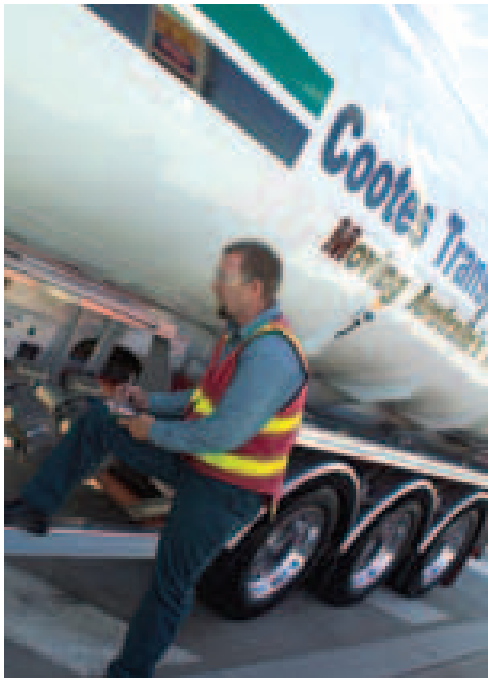


Prospectus

McALEESE GROUP

JOINT LEAD MANAGERS

CREDIT SUISSE

J.P.Morgan

MACQUARIE

McAleese Limited ACN 156 354 068

Important Notices

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in McAleese Limited (ACN 156 354 068) (**"McAleese Group"**) (**"Shares"**).

Lodgement and Listing

This Prospectus is dated 12 November 2013 and was lodged with the Australian Securities and Investment Commission (**"ASIC"**) on that date. Neither ASIC nor the Australian Securities Exchange (**"ASX"**) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. McAleese Group will apply within seven days after the date of this Prospectus to ASX for listing of McAleese Group and quotation of the Shares on ASX.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in McAleese Group. In particular, in considering the prospects of McAleese Group, you should consider the risks that could affect the financial performance of McAleese Group. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in McAleese Group. Some of the risks that should be considered by prospective investors are set out in Section 5. There may be risks in addition to the risks set out in Section 5 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of McAleese Group, the repayment of capital by McAleese Group or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by McAleese Group, the Directors, SaleCo or the directors of SaleCo.

As set out in Section 7.10.3, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis. McAleese Group disclaims all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Exposure Period

The Corporations Act prohibits McAleese Group from processing applications to subscribe for Shares under this Prospectus (**"Applications"**) in the seven day period after the date of lodgement of this Prospectus (**"Exposure Period"**). The Exposure Period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the *Corporations Act*. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Forward looking statements

This Prospectus contains forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Prospectus, are expected to take place (including the assumptions set out in Section 4.7). Such forward looking statements are not guarantees of future performance and involve uncertainties, assumptions and known and unknown risks, including the risks set out in Section 5, many of which are beyond the control of McAleese Group and the Directors. McAleese Group and the Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. Except where required by law, McAleese Group has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of McAleese Group. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial year periods

All references to FY2011, FY2012, FY2013 and FY2014 appearing in this Prospectus are to the historical financial years ended 30 June 2011, 30 June 2012 or 30 June 2013 and the forecast financial year ending 30 June 2014, respectively, unless otherwise indicated.

Financial Information

Section 4 sets out the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is also set out in Section 4. The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Sections 2, 3 and 5.

Obtaining a copy of this Prospectus

A hard copy of this Prospectus is available free of charge to any Broker Firm Applicant in Australia by calling 1300 733 154 (within Australia) or +61 2 8767 1018 (outside Australia) from 8.30am to 5.30pm (Melbourne time) during the Broker Firm Offer period from Wednesday, 20 November 2013 to Wednesday, 27 November 2013. The Prospectus is available on McAleese Group's website (www.mcaleese.com.au).

No cooling off rights

Cooling off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by McAleese Group. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary set out in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne time. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. There may be discrepancies between totals and sums of components in tables contained in this Prospectus due to rounding.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and any other applicable securities laws is available.

See Section 7.7 for more detail on selling restrictions that apply to the offer and sale of Shares in jurisdictions outside of Australia.

Privacy

By filling out the Application Form to apply for Shares you are providing personal information to McAleese Group through its service provider, Link Market Services Limited (**"Share Registry"**), which is contracted by McAleese Group to manage Applications. McAleese Group, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and administer McAleese Group.

If you do not provide the information requested in the Application Form, McAleese Group and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by McAleese Group, which it considers may be of interest to you.

Your personal information may also be provided to McAleese Group's members, agents and service providers on the basis that they deal with such information in accordance with McAleese Group's privacy policy and applicable laws. The members, agents and service providers of McAleese Group may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of McAleese Group. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows.

Telephone: 1300 554 474
Address: Locked Bag A14,
Sydney South,
NSW 1235

Report on Financial Information and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian retail clients with a financial services guide in relation to the review under the *Corporations Act*.

The financial services guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker.

If you have any questions about whether to invest in McAleese Group you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in McAleese Group.

Supplementary Prospectus

Supplementary prospectus dated 22 November 2013 to be read together with the prospectus dated 12 November 2013 issued by McAleese Limited ACN 156 354 068 and McAleese SaleCo Limited ACN 165 966 905 offering fully paid ordinary shares in McAleese Group

This document is a supplementary prospectus. It supplements a prospectus dated 12 November 2013 issued by McAleese Limited ACN 156 354 068 (**McAleese Group**) and McAleese SaleCo Limited ACN 165 966 905 offering fully paid ordinary shares in McAleese Group (**Prospectus**).

This supplementary prospectus must be read together with the Prospectus.

A term with a defined meaning in the Prospectus has the same meaning in this supplementary prospectus.

Additional information relating to the review of Cootes Transport fleet maintenance

This supplementary prospectus contains additional information relating to the ongoing review of Cootes Transport fleet maintenance following the Mona Vale Accident.

As noted in the Prospectus, immediately following the Mona Vale Accident, Roads and Maritime Services NSW (**RMS**) undertook an initial inspection of the Cootes Transport fleet in NSW in early October 2013. This inspection identified a number of significant maintenance defects which resulted in approximately 82% of the Cootes Transport NSW fleet being removed from service to undertake repairs (33% with major defects and 49% with minor defects).

In immediate response to the initial findings from the RMS inspection, Cootes Transport withdrew the whole of its fleet in Australia for independent inspection. Cootes Transport undertook the rectification of the defects identified by the regulators and independent inspections both internally and through external repair providers before the relevant vehicle was cleared to return to service. In some cases in NSW, it was necessary to make multiple attempts at rectification before RMS was prepared to clear a vehicle to return to service.

Since that time, RMS has undertaken additional random and targeted inspections of the Cootes Transport NSW fleet. Following the identification of further defects in the Cootes Transport NSW fleet, in early November 2013, RMS began a further inspection of approximately one third of the Cootes Transport NSW fleet, representing 111 prime movers and trailers. The prime movers and trailers selected for further inspection were predominately those that RMS had previously identified as having major defects in October 2013. While this inspection process is continuing, it is close to completion. This inspection process has identified further major and minor defects, including defects that had recurred following their earlier repair by either Cootes Transport or external repair providers. While the initial repairs enabled the vehicles to be returned to service, they failed to identify and rectify the underlying cause of the defects. Cootes Transport is working to rectify identified underlying defects and is clearing the prime movers and trailers with RMS before they return to service.

While Cootes Transport continues to work with RMS, RMS has expressed an ongoing concern that major defects continue to be identified through the inspection process.

In response to this second round of RMS inspections, Cootes Transport has made further changes to its maintenance and inspection processes including the:

- implementation of more detailed fault finding processes;
- undertaking of complete inspection and rectification of all issues for each vehicle being worked on;
- engagement of the assistance of an external technical brake expert;
- improvement of the part quality being utilised; and
- deployment of brake rollers in its Smithfield workshop to undertake its own testing.

Cootes Transport is also utilising external repair providers to complete some of the rectification work.

Cootes Transport is continuing its comprehensive review of its maintenance processes, the scope of which includes:

- the effectiveness of existing maintenance practices;
- the effectiveness of pre start inspections and defect reporting processes;
- review of tolerances and wear limit standards on safety critical items;
- review of the preventative maintenance program and opportunities for improvement; and
- review of the structure of the maintenance organisation and resourcing requirements.

As noted in the Prospectus, the Board has appointed independent non-executive Director Don Telford to lead a sub-committee on safety that will provide oversight, governance and implementation of any learnings arising from the Mona Vale Accident and subsequent review of fleet maintenance to ensure maintenance improvement plans are implemented effectively and in a timely manner.

As at the date of this supplementary prospectus, there continue to be ongoing unresolved maintenance issues in relation to the Cootes Transport NSW fleet and the Cootes Transport fleet is not yet operating at full capacity with approximately 54 units out of 959 units (23 prime movers out of 344 prime movers and 31 trailers out of 615 trailers) remaining out of service and subject to repair. Subject to any further reviews, McAleese Group expects to have substantially the whole of the Cootes Transport fleet fully operational by early December 2013. Since October 2013, Cootes Transport has also introduced 24 new prime movers.

Cootes Transport, in conjunction with regulators, is also reviewing the registration of vehicles in its fleet to ensure vehicles are registered in the correct State. A vehicle operating in NSW that does not leave the State for a continuous period of 48 hours in every 90 days must be registered in that State. This will require Cootes Transport to re-register a significant number of prime movers and trailers in NSW and other States and this is being progressively implemented.

The South Australian Department of Planning, Transport and Infrastructure is also continuing a series of further inspections following which they will have completed a review of the whole of the South Australian based Cootes Transport fleet. VicRoads, in conjunction with RMS, have also undertaken an audit of Fatigue and Mass Management processes in Victoria for which Cootes Transport are accredited under the National Heavy Vehicle Accreditation Scheme.

Cootes Transport expects to remain subject to additional scrutiny, ongoing inspections and review of its equipment and systems by RMS and other State regulators. Cootes Transport continues to fully cooperate and liaise with each of the State regulators.

As disclosed in the Prospectus, the previous and ongoing unavailability of some of the Cootes Transport fleet due to ongoing maintenance issues has meant that Cootes Transport has not been able to meet all of its contractual obligations, which could lead to the loss of contracts, including a failure to retain work currently subject to tender as referred to in the Prospectus, the reduction of services under contracts and in some cases claims for contractual compensation. As a result of the ongoing fleet maintenance review, Cootes Transport's reputation with regulators has been damaged and Cootes Transport may lose certain accreditations, licences or authorisations that it currently holds if it is unable to resolve the ongoing maintenance issues. Any of these events may occur in the short or long term, in particular if Cootes Transport is unable to resolve the ongoing maintenance issues.

As disclosed in the Prospectus, the Mona Vale Accident is currently being investigated by NSW police with a Coronial Inquiry likely to be held in 2014. Cootes Transport may be subject to criminal prosecution in relation to the Mona Vale Accident.

Cootes Transport may also be subject to fines and penalties as a result of the Mona Vale Accident, the defects and issues in the Cootes Transport fleet, the incorrect registration of Cootes Transport vehicles and other issues. These fines and penalties may be imposed by RMS, VicRoads, South Australian Department of Planning, Transport and Infrastructure, Queensland Department of Transport and Main Roads, Main Roads Western Australia, the NSW police, NSW Environment Protection Authority, WorkCover NSW and other workplace safety authorities.

As set out in the Prospectus, McAleese Group has identified direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance of $10.5 million. McAleese Group continues to believe that this is an appropriate and reasonable estimate of these costs. In addition as set out in Section 4 of the Prospectus, McAleese Group has increased its ongoing repairs and maintenance spend for Cootes Transport by $3.5 million per annum and its planned capital expenditure by a further $6 million in FY2014 which will increase prime mover and trailer replacements and maintenance capital expenditure.

The loss of contracts, or failure to retain contracts, and the loss of accreditations, licences or authorisations would require Cootes Transport to review the way in which it currently conducts its business. As noted in the Prospectus, McAleese Group will also review its participation in contracts deemed not to provide sufficient returns. This may result in McAleese Oil & Gas being a smaller business.

Applications

An Applicant wishing to apply for Shares should still use the Application Form for Shares included in the accompanying Prospectus.

Contents

The Offer

Total number of IPO Shares offered through the Offer	113.1 million
Number of Shares to be held by Existing Shareholders at Completion of the Offer	174.3 million
Total number of Shares on issue at Completion of the Offer	287.4 million
Offer Price per Share	$1.47
Market capitalisation at the Offer Price[1]	$421.8 million
Enterprise value at the Offer Price[2]	$635.2 million
Enterprise value/pro forma consolidated FY2014 forecast EBITDA[3]	5.0x
Enterprise value/pro forma consolidated FY2014 forecast EBIT[4]	8.1x
Offer Price/pro forma consolidated FY2014 forecast NPAT per Share[5]	9.5x
Annualised forecast FY2014 dividend yield at the Offer Price[6]	5.0%

Important Dates

Prospectus date	Tuesday, 12 November 2013
Broker Firm Offer opens	9.00am (Melbourne time) Wednesday, 20 November 2013
Broker Firm Offer closes	5.00pm (Melbourne time) Wednesday, 27 November 2013
Expected commencement of trading on ASX on a conditional and deferred settlement basis	Thursday, 28 November 2013
Allotment of Shares (Completion of the Offer) and last day of conditional trading	Monday, 2 December 2013
Expected despatch of holding statements	Tuesday, 3 December 2013
Shares expected to begin trading on a normal settlement basis	Wednesday, 4 December 2013

Dates may change

These dates are indicative only and may change. McAleese Group, in consultation with the Underwriters, has the right to vary the dates and times of the Offer, including to extend the closing date of the Offer, close the Offer early or to accept late Applications either generally or in particular cases without notice. Investors are encouraged to submit their Applications as soon as possible after the Broker Firm Offer opens.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 7.3.2 of this Prospectus and on the back of the Application Form.

1 Calculated by multiplying the Offer Price by the number of Shares on issue at Completion of the Offer. Shares may not trade at the Offer Price after Listing.

2 Enterprise value of McAleese Group is defined as market capitalisation at the Offer Price of $1.47 plus pro forma net debt of $213.3 million as calculated in Section 4. Excludes minority interest of National Crane Hire to reflect McAleese Group's commitment to acquire 100% of the National Crane Hire business (see discussion outlined in Section 4.3.3).

3 Calculated as the enterprise value of McAleese Group divided by pro forma EBITDA (before individually significant items). This valuation multiple represents a valuation metric that may enable investors to assess the valuation of comparable businesses before the impact of depreciation, amortisation and different capital and taxation structures.

4 Calculated as the enterprise value of McAleese Group divided by pro forma EBIT (before individually significant items). This valuation multiple represents a valuation metric that may enable investors to assess the valuation of comparable businesses before the impact of different capital and tax structures.

5 NPAT is pro forma net profit after tax (before individually significant items). No minority interest expense is included in the pro forma NPAT reflecting McAleese Group's commitment to acquire 100% of National Crane Hire.

6 Calculated based on McAleese Group's forecast dividend for the seven months from date of Completion of the Offer grossed up for 12 months as if the dividend was paid for the full 12 months from 1 July 2013.

The Chairman's Letter

Dear Investor,

On behalf of the Board, thank you for taking the time to consider an investment in McAleese Group.

McAleese Group is an Australian provider of specialised transport and logistics solutions. McAleese Group operates a portfolio of transport and logistics businesses that provide heavy haulage and lifting solutions across Australia, bulk commodities haulage and liquid fuels and petroleum distribution in key metropolitan centres and on interstate routes, and also design and manufacture fuel transfer equipment for domestic and international markets.

McAleese Group generates its revenue from a diversified portfolio of transport and logistics services and assets that reduces its reliance on a single industry, commodity, end-market or geography. McAleese Group has a high level of recurring business with many of its key customers which include original equipment manufacturers (**"OEM"**), engineering, procurement and construction management (**"EPCM"**) firms, leading mining companies and global oil and gas companies. This recurring business has translated into valuable, long standing relationships with these customers.

McAleese Group's strategy is to continue to build a leading diversified transport and logistics company. By leveraging its scale, operating track record and management expertise, McAleese Group intends to develop profitable and sustainable businesses. McAleese Group plans to enhance its portfolio of transport and logistics solutions by further consolidating its positions in the markets in which it currently operates, expanding its operations into new market segments and adding new product capabilities. This strategy is well supported by a strong management team and Board of Directors with extensive industry experience and a proven track record in acquiring and growing transport and logistics businesses.

McAleese Group's pro forma forecast EBITDA for FY2014 is $126.8 million, representing a compound annual growth rate (**"CAGR"**) in pro forma EBITDA of 14.1% from FY2011 to FY2014.

As with all companies, McAleese Group is subject to a range of risks. These include the loss of key customers, material contracts or revenue, a delay or inability to enter into new material contracts, a decrease in production activity, capital investment and construction activity in the Australian resource, energy and infrastructure sectors and exposure to material operational incidents such as the recent Mona Vale Accident in the Northern suburbs of Sydney. These risks, and others, are further discussed in Section 5 of this Prospectus. Any of these risks could, if they eventuate, have a material adverse effect on McAleese Group's business, financial condition, operating and financial performance and the value of its Shares.

The proceeds of the Offer received by McAleese Group will be applied to repay bank debt, to pay certain expenses associated with the Offer and to pay direct costs associated with the Mona Vale Accident and the subsequent review of fleet maintenance. The proceeds of the Offer received by SaleCo will be paid to existing McAleese Group shareholders who have sold Shares into the Offer and used to pay some of the expenses of the Offer. I will not be selling any shares as part of the Offer. The Directors, senior management and certain existing McAleese Group shareholders of McAleese Group who will continue to own Shares after the Offer, including me, have entered into voluntary escrow arrangements that limit their ability to sell Shares until after the release of McAleese Group's FY2014 financial results.

On behalf of the Board of Directors and management, I look forward to welcoming you as a shareholder of McAleese Group.

Yours sincerely,

Mark Rowsthorn
Chairman

Investment Overview

1.

1. Investment Overview

A. Introduction

Topic	Summary	For more information
What is McAleese Group?	McAleese Group is an Australian provider of specialised transport and logistics solutions. McAleese Group operates a portfolio of transport and logistics businesses that provide heavy haulage and lifting solutions across Australia, bulk commodities haulage and liquid fuels and petroleum distribution in key metropolitan centres and on interstate routes, and also design and manufacture fuel transfer equipment for domestic and international markets.	Section 3
What is the Offer?	McAleese Group is offering to issue 92.5 million New Shares and SaleCo is offering to transfer 20.5 million Existing Shares.	Section 7.1
Why is the Offer being conducted?	The Offer is being conducted to: – provide McAleese Group with a liquid market for its Shares and an opportunity for new investors to acquire its Shares; – repay in part McAleese Group's bank debt; – enhance McAleese Group's financial flexibility to pursue the growth opportunities outlined in Section 3.1.3; and – provide McAleese Group with enhanced access to capital markets. The Offer also provides the Existing Shareholders with an opportunity to realise part of their investment in McAleese Group. Proceeds received by McAleese Group from the issue of New Shares will be applied to: – repay bank debt and a portion of other debt related costs[1], $117.7 million; – pay certain expenses of the Offer, $7.8 million; and – pay direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance. The proceeds of $30.2 million received by SaleCo for the sale of Existing Shares will be paid to those Existing Shareholders who sold Existing Shares to SaleCo and used to pay some of the expenses of the Offer.	Section 7.1.1

B. Key features of the McAleese Group business model

Topic	Summary	For more information
How does McAleese Group generate its income?	McAleese Group generates its income by providing services through two operating divisions: – McAleese Specialised Transport & Lifting (representing approximately 34% of consolidated pro forma revenue in FY2013); and – McAleese Bulk & Liquid Transport (representing approximately 66% of consolidated pro forma revenue in FY2013).	Section 3
What is McAleese Group's strategy?	McAleese Group's strategy is to continue to build a leading diversified transport and logistics company. By leveraging its scale, operating track record and management expertise, McAleese Group intends to develop profitable and sustainable businesses. McAleese Group plans to enhance its portfolio of transport and logistics solutions by further consolidating its positions in the markets in which it currently operates, expanding its operations into new market segments and adding new product capabilities. This strategy is well supported by a strong management team and Board of Directors with extensive industry experience and a proven track record in acquiring and growing transport and logistics businesses.	Section 3.1.3

1 Includes upfront fees on the Senior Debt Facility ($2.3 million), costs to exit certain existing floating to fixed rate interest hedges ($1.3 million) and accrued interest on the existing debt facilities.

B. Key features of the McAleese Group business model

Topic	Summary	For more information
Which industries does McAleese Group operate in?	McAleese Group is a large land based transport and logistics operator. At present, its operations span multiple service lines, including: – heavy haulage and lifting solutions; – resources road transport and logistics; and – liquid fuels and petroleum distribution and the design and manufacture of fuel transfer equipment.	Sections 2.2, 2.3 and 2.4
How does McAleese Group expect to fund its operations?	McAleese Group expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. Further funding is provided under the Senior Debt Facility which comprises: – a $300 million syndicated cash advance facility (**"Facility A"**); and – a $25 million revolving multi-option facility (**"Facility B"**). McAleese Group expects that Facility A will be drawn to $220 million immediately following Completion of the Offer. Facility B will be undrawn initially.	Section 4.4.3

C. Key strengths

Topic	Summary	For more information
Strong market positions	McAleese Group has leading market positions in: – heavy haulage and lifting solutions in Queensland; and – aircraft refuellers, fuel tanker equipment and fuel transfer equipment. McAleese Group also has a strong market position in resource producing regions of Western Australia for bulk commodities haulage and in aircraft refuelling. These market positions are underpinned by a combination of technical expertise and specialisation, established infrastructure and long term customer relationships.	Section 3.1.4.1
Diversified revenue streams	McAleese Group generates its revenue from a diversified portfolio of transport and logistics services and assets that reduce its reliance on a single industry, commodity, end-market or geography.	Section 3.1.4.2
Long standing customer relationships	McAleese Group has a high level of recurring business with many of its key customers which has translated into long standing relationships.	Section 3.1.4.3
Large base of revenue earned from contracts	McAleese Group's financial profile is underpinned by the majority of its revenue being derived from recurring contracts. McAleese Group's financial performance has been supported by a strong history of contract renewals and the winning of new contracts. Pro forma consolidated EBITDA increased from $85.4 million in FY2011 to $125.6 million in FY2013 and the pro forma consolidated EBITDA margin increased from 14.2% to 17.0% over the same period. Pro forma consolidated revenue and EBITDA are forecast to grow over the Forecast Period at 4.7% and 0.9% respectively.	Section 3.1.4.4

C. Key strengths

Topic	Summary	For more information
Strong management team and Board with extensive industry experience	McAleese Group is led by an experienced management team comprising Paul Garaty (Managing Director and Chief Executive Officer), Keith Price (Executive Director and General Manager, McAleese Specialised Transport & Lifting) and Chris Keast (Executive General Manager, McAleese Bulk & Liquid Transport), each of whom have over 30 years of transport, industrial and logistics industry experience. Chris Keast is supported by Andrew Simpson (General Manager, McAleese Resources) and Matt Tamplin (General Manager, McAleese Oil & Gas), each of whom have over 10 years of industry experience. Chief Financial Officer Chris Nunn has over 30 years of experience working in senior financial, commercial and other financial roles in both ASX listed and private companies. The management team is overseen by a Board of Directors which includes members with extensive experience in industry. Non-Executive Chairman, Mark Rowsthorn has over 35 years of experience in the Australian and international transport and logistics sectors, including previous roles as Managing Director of Asciano Limited and Executive Director Operations of Toll Holdings Limited. McAleese Group's other Directors have diverse credentials and valuable industry, corporate finance and accounting experience.	Section 3.1.4.5
A proven track record in acquiring and growing transport and logistics businesses	McAleese Group's management team and Board of Directors have a proven track record in acquiring and growing transport and logistics businesses. In October 2011, Mark Rowsthorn acquired a substantial interest in McAleese Group and joined the Board of Directors with the goal of enhancing McAleese Group's strategy to build leadership positions across a diversified range of transport and logistics markets. Since joining McAleese Group, Mark has worked with the Existing Shareholders and senior management to help identify growth opportunities for the business. In particular, the acquisition of International Energy Services (**"IES Group"**) in 2012 expanded McAleese Group's service capability and contributed an additional platform for growth through McAleese Bulk & Liquid Transport, which returned pro forma consolidated revenue and EBITDA CAGRs of 7.2% and 19.6% respectively between FY2011 to FY2013. McAleese Bulk & Liquid Transport is forecast to grow strongly in the forecast period. Given the large number of regionally focused participants in the industries in which it operates, McAleese Group believes that there are opportunities for industry consolidation. McAleese Group is continuously reviewing potential acquisitions.	Sections 3.1.4.6 and 4

D. Key risks

Topic	Summary	For more information
Loss of key customers, material contracts or revenue	McAleese Group's contracts may generally be terminated without cause by its customers, and on termination, McAleese Group is generally only entitled to be paid for work already performed with no compensation to cover loss of future revenue or profit. As a usual part of its business, McAleese Group's contracts with customers are subject to tender and renewal processes. Material contracts, particularly in McAleese Bulk & Liquid Transport, are generally subject to tender after periods of three to five years. The Shell and BP fuel and petroleum distribution contracts (due to expire at the end of June 2014 for Shell and at the end of March 2014 for BP) are currently subject to tender and it is anticipated that these contracts will be awarded by the end of calendar year 2013 or in early 2014. The Origin LPG distribution contract will go to tender in the forecast period and is due to expire in June 2014. There can be no guarantee that McAleese Group will be successful in tender or contractual renewal processes or that McAleese Group will be able to renew any contract on the same or better terms. McAleese Group could lose one or more key customers or material contracts, including during the forecast period, due to a range of events including as a result of the Mona Vale Accident and subsequently identified maintenance defects and associated matters. Any loss of key customers or material contracts may materially and adversely affect McAleese Group's revenue, profitability and growth. Revenue under McAleese Group's contracts is earned based on work performed with no minimum quantities specified. Any reduction in volumes or delays of work under contract may result in a loss or deferral of anticipated revenue under the relevant contract in a given period.	Section 5.1.1
A delay or inability to enter into new material contracts	A number of contracts in McAleese Specialised Transport & Lifting are due to end, or the work under them is due to decline, in FY2014 as the infrastructure projects to which they relate are completed or move into a different stage of development. McAleese Group may not be able to enter into new contracts for the provision of services to new infrastructure projects with similar margins or there may be a delay in McAleese Group entering into such new contracts.	Section 5.1.2
A decrease in production activity or investment in the Australian resources sector	A decrease in demand for Australian resources may adversely impact on the level of production activity, and the ability to invest, of some of McAleese Group's customers. A reduction in the level of production activity or investment in the Australian resources sector may reduce the demand for McAleese Group's services.	Section 5.1.3
A decrease in capital investment and construction activity in the Australian infrastructure sector	There can be no assurance that the current levels of capital investment and construction activity in the Australian infrastructure sector will grow, be maintained or not be reduced in the future. Any failure to maintain, or a reduction in, the current levels of capital investment and construction activity in the Australian infrastructure sector, or any changes or delays in the timeline for the construction or completion of infrastructure projects, may reduce the demand for McAleese Group's services.	Section 5.1.4

D. Key risks

Topic	Summary	For more information
Liquid fuels and petroleum distribution activity in Australia may decrease or change	A slowdown in economic activity in Australia may lead to reduced demand for McAleese Group's liquid fuels and petroleum distribution services and materially and adversely affect McAleese Group's revenue, profitability and growth. The profitability of McAleese Oil & Gas is impacted by the volume mix of fuel products distributed. The composition of market demand for various fuel products (e.g. LPG versus petroleum) may change. This may result in McAleese Group distributing more fuel products with lower profit margins, which may materially and adversely affect McAleese Group's profitability.	Section 5.1.5
Consequences of the Mona Vale Accident and the subsequently identified maintenance and associated matters	In addition to some of the general risks in Section 5, McAleese Group considers that the following consequences may arise from the Mona Vale Accident and the subsequently identified maintenance and associated matters, any of which may materially and adversely affect McAleese Group's revenue, profitability and growth. More than one of these consequences may arise simultaneously. – Loss of a material contract in whole or part, including a failure to renew a contract or the early termination of a contract for a failure to perform, including where the customer wishes to reduce its reliance on McAleese Group. – Difficulty in sourcing new contracts or new customers. – Claims for compensation from affected customers under contracts. – Damage to relationships with regulators. – Loss of accreditation, licences or authorisations. – Prosecution, and imposition of penalties, by a regulator. Such penalties could include penalties for vehicle defects under the NSW *Road Transport (Vehicle and Driver Management) Act 2005* of up to $55,000 per offence or penalties imposed by the NSW Environment Protection Authority. – One-off costs, e.g. repair costs and increased annual capital expenditure beyond that currently estimated by McAleese Group. – Additional expenditure required as a result of the findings or recommendations of any Coronial Inquiry relating to the Mona Vale Accident. – Increase in insurance costs or inability to obtain insurance. – Increase in indebtedness if McAleese Group draws further debt to deal with the cash cost of any of the matters noted above.	Section 5.1.6
McAleese Group may not achieve its growth objectives or be able to fund its growth	McAleese Group intends to grow revenue and profitability through a series of organic and acquisitive growth strategies. McAleese Group's ability to effectively pursue its growth strategy (including undertaking acquisitions and incurring capital expenditure) may in part depend on its ability to raise additional equity or debt. If adequate funds are not available on acceptable terms, McAleese Group may not be able to take advantage of growth opportunities, which may have a material adverse impact on McAleese Group's future financial performance.	Section 5.1.7
McAleese Group's customers may reduce their level of outsourcing	If there is a decline in the level of outsourcing by customers operating in any of the industries served by McAleese Group, this may materially and adversely affect McAleese Group's operating and financial performance.	Section 5.1.8
Inability to restructure National Crane Hire	A delay in implementing the restructure of National Crane Hire or the restructure not providing the expected costs savings and increases in profitability may materially and adversely affect McAleese Group's operational and financial performance.	Section 5.1.9

D. Key risks

Topic	Summary	For more information
McAleese Group's operations and profitability may be impacted by material incidents	McAleese Group is exposed to a range of risks relating to operational failures and accidents and workplace accidents that may result in project delays, damage to property or contamination of the environment, serious personnel injuries or fatalities. Such incidents may result in the termination by customers of material contracts, an obligation on McAleese Group to pay compensation or damages, damage to McAleese Group's reputation or a reduction in McAleese Group's capacity to generate repeat business or to compete for new work. Any of these outcomes may materially and adversely affect McAleese Group's profitability and growth.	Section 5.1.10
Adverse weather conditions could negatively affect McAleese Group's business	Adverse weather conditions and natural disasters may directly disrupt McAleese Group's operations and indirectly affect McAleese Group's operations by disrupting McAleese Group's customers' operations. The future occurrence of adverse weather conditions may materially and adversely affect McAleese Group's financial position, profitability and growth.	Section 5.1.11
McAleese Group may not be able to retain key personnel	McAleese Group is required to maintain a skilled workforce due to the specialised nature of its services. McAleese Group may not be able to retain skilled employees or find timely suitable replacements for employees who depart.	Section 5.1.12
McAleese Group may be unable to recruit skilled employees	A shortage of the skilled employees required by McAleese Group may result in an increase in McAleese Group's labour costs, not all of which may be passed through to customers.	Section 5.1.13
McAleese Group may fail to adequately maintain its fleet	If McAleese Group fails to adequately maintain its fleet, this may result in mechanical problems or failure causing disruptions to business operations, higher operating costs or deterioration in McAleese Group's ability to provide transport and lifting solutions to an adequate standard that satisfies customer requirements. These circumstances may materially and adversely affect McAleese Group's reputation, profitability and growth.	Section 5.1.16
McAleese Group may not be able to pass on increases to its input costs	Any increases in costs that cannot be passed onto customers could negatively impact McAleese Group's profitability. There may be instances where McAleese Group is unable to recover, is delayed in recovering, or is limited in its recovery of increases in its input costs from customers.	Section 5.1.18

E. Key Offer details

Topic	Summary	
What are the key Offer statistics?	Offer Price per IPO Share	$1.47
	Total number of New Shares offered under the Prospectus	92.5 million
	Total number of Existing Shares offered under the Prospectus	20.5 million
	Total number of IPO Shares offered under the Prospectus through the Institutional Offer and Broker Firm Offer	**113.1 million**
	Total cash proceeds received by McAleese Group from the Offer[1]	$136.0 million
	Total cash proceeds received by SaleCo from the Offer[2]	$30.2 million
	Total number of Shares on issue at Completion of the Offer	**287.4 million**
	Market capitalisation at the Offer Price[3]	$421.8 million
	Pro forma net debt[4]	**$213.3 million**
	Enterprise value[5]	$635.2 million

E. Key Offer details

Topic	Summary	

1 This is the total amount of cash received by McAleese Group under the Offer (before payment of any expenses) and is calculated by multiplying the Offer Price (of $1.47) by the number of New Shares offered under the Prospectus. The uses of proceeds are described in Section 7.1.1.
2 This is the total amount of cash received by SaleCo under the Offer (before payment of any expenses) and is calculated by multiplying the Offer Price (of $1.47) by the number of Existing Shares offered under the Prospectus. The uses of proceeds are described in Section 7.1.1.
3 Calculated by multiplying the Offer Price by the number of Shares on issue on Completion of the Offer. Shares may not trade at the Offer Price post-Listing.
4 Pro forma net debt of $213.3 million as calculated in Section 4.4.1.
5 Enterprise value of McAleese Group as disclosed on page 2.

What are the key investment metrics and financial information?

Summary pro forma investment metrics	
Enterprise value/FY2014 pro forma EBITDA[1]	5.0x
Enterprise value/FY2014 pro forma EBIT[2]	8.1x
Offer price/pro forma consolidated FY2014 forecast NPAT per Share[3]	9.5x

Summary pro forma financial information

	Pro forma historical[4]			Pro forma forecast[5]
$ million	**FY2011**	**FY2012**	**FY2013**	**FY2014**
Revenue	600.7	665.3	740.8	775.3
EBITDA (before individually significant items)[6]	85.4	102.8	125.6	126.8
EBIT (before individually significant items)[6]	44.2	66.7	83.9	78.8
NPAT				36.5
NPAT (before individually significant items)[6]				44.4
EPS (cents)				15.4
Forecast DPS (cents)[7]				4.3
Key ratios[8]				
Net debt[9]/FY2014 pro forma EBITDA[10]				1.68x
FY2014 pro forma EBIT/net interest expense[11]				5.5x
Gearing ratio[12]				33.6%
Annualised forecast FY2014 dividend yield[13]				5.0%

1 Calculated as enterprise value of McAleese Group as disclosed on page 2, divided by forecast pro forma EBITDA (before individually significant items). This valuation multiple represents a valuation metric that may enable investors to assess the valuation of comparable businesses before the impact of depreciation, amortisation and different taxation and capital structures.
2 Calculated as enterprise value as disclosed on page 2, divided by pro forma forecast EBIT (before individually significant items). This valuation multiple represents a valuation metric that may enable investors to assess the valuation of McAleese Group comparable businesses before the impact of different taxation and capital structures.
3 Commonly referred to as price/earnings or PE ratio. A PE ratio is a comparison of a company's share price to its pro forma NPAT (before individually significant items) (as disclosed on page 2) per share for a specified financial period.
4 See Section 4 for full details of the pro forma results.
5 The pro forma Forecast Financial Information is based on certain general and specific assumptions set out in Section 4.7 and accounting policies set out in Appendix A and is subject to risks set out in Section 5.
6 See Section 4.3.2 for full details of individually significant items.
7 Based on dividend for the seven months from date of Completion of the Offer proposed by the McAleese Group Board.
8 Please refer to Section 4.4.2.4 which outlines McAleese Group's loan covenants and how they are calculated. The key ratios above are calculated differently to the loan covenants and are more reflective of common financial stability ratios.
9 Pro forma net debt of $213.3 million as calculated in Section 4.4.1.
10 This ratio is a measure of leverage and gives an indication as to the level of debt relative to a company's earnings for a specified financial period.
11 Commonly referred to as an interest coverage ratio. An interest coverage ratio gives an indication of a company's net interest expense relative to its earnings before interest and tax for a specified financial period.
12 The gearing ratio is defined as pro forma net debt as calculated in Section 4.4.1 divided by the market capitalisation at the Offer Price plus pro forma net debt. A gearing ratio indicates the extent to which a company's total capitalisation is funded by debt.
13 Annualised dividend yield as disclosed on page 2.

F. Dividends

Topic	Summary	For more information
What is the dividend payout policy?	The payment of dividends by McAleese Group is at the complete discretion of the Directors. The decision as to whether or not a dividend will be paid will be subject to a number of considerations including the general business environment, the operating results and financial position of McAleese Group, capital requirements, regulatory restrictions and any other factors the Directors may consider relevant including any acquisitions which the Directors determine to undertake in the future. Subject to the considerations outlined above, beyond the Prospectus forecast period, the Directors' current intention is to pay out approximately 40 – 50% of McAleese Group's net profit after tax in dividends.	Section 4.9
Will the dividends be franked?	It is intended that dividends will be franked to the fullest extent possible. The ability to frank dividends depends on a number of factors. The Directors do not provide any assurance of the extent to which any dividends paid by McAleese Group will be franked. However, as the majority of McAleese Group's profits are derived in Australia, a significant level of franking credits are expected to be generated.	Section 4.9
When will dividends on the Shares be paid?	The first dividend is expected to be paid in October 2014 for the seven months from Completion of the Offer to 30 June 2014. This dividend is forecast to be 4.3 cents per Share and fully franked. In future years, an interim dividend is expected to be payable annually in April, with a final dividend payable annually in October, subject to dividend policy matters outlined in Section 4.9.	Section 4.9

G. Key information on the experience of Directors and the management team

Topic	Summary	For more information
Who comprises the McAleese Group Board of Directors?	Mark Rowsthorn – Non-Executive Chairman Paul Garaty – Managing Director and Chief Executive Officer Wayne Kent – Independent Non-Executive Director and Deputy Chairman Gilberto Maggiolo – Non-Executive Director Mark McSweeney – Independent Non-Executive Director Keith Price – Executive Director and General Manager, McAleese Specialised Transport & Lifting Don Telford – Independent Non-Executive Director	Section 6.1
Who are the senior management of McAleese Group?	Paul Garaty – Managing Director and Chief Executive Officer Chris Nunn – Chief Financial Officer Chris Keast – Executive General Manager, McAleese Bulk & Liquid Transport Keith Price – Executive Director and General Manager, McAleese Specialised Transport & Lifting Andrew Simpson – General Manager, McAleese Resources Matt Tamplin – General Manager, McAleese Oil & Gas	Section 6.2

H. Significant interests of key persons and related party transactions

Topic	Summary	For more information
Who are the Existing Shareholders and what will be their interest in McAleese Group at Completion of the Offer?		Sections 7.1.4 and 9.3

Existing Shareholder	Shares sold under the Offer	Shareholding on Listing
Interests associated with:		
Mark Rowsthorn	Nil	87,023,217
Keith Price	5,895,436	19,580,333
Gilberto Maggiolo	1,020,196	19,829,738
Havenfresh Pty Ltd	1,020,196	19,829,738
Rasmussen Holdings Pty Ltd	5,503,487	12,919,750
Other Directors and management	1,637,520	9,226,551
Other[1]	5,463,437	5,898,896
Total	**20,540,272**	**174,308,223**

The Existing Shareholders are the current owners of McAleese Group. Some of the Existing Shareholders will sell some of their shareholding to SaleCo to sell in the Offer.

The Directors, senior management and certain Existing Shareholders who hold Shares at Completion of the Offer have entered into voluntary escrow arrangements and, subject to certain exceptions, may not sell, dispose of, or otherwise deal with their Existing Shares until five Business Days after the release to ASX of McAleese Group's audited financial accounts for the financial year ending 30 June 2014.

What significant benefits and interests are payable to the Directors, management and other persons connected to the Offer or McAleese Group?

Sections 6.3 and 9.4

These are the interests of Directors and management connected to the Offer or the Issuer.

Name	Shareholding on Listing	% Shares on issue
Interests associated with:		
Mark Rowsthorn	87,023,217	30.28%
Paul Garaty	2,957,550	1.03%
Wayne Kent	3,019,082	1.05%
Gilberto Maggiolo	19,829,738	6.90%
Mark McSweeney	86,837	0.03%
Keith Price	19,580,333	6.81%
Don Telford	121,608	0.04%
Chris Keast	2,129,050	0.74%
Other management	912,424	0.32%
Total	**135,659,839**	**47.21%**

Paul Garaty, Wayne Kent and Chris Keast have been granted loan funded Shares under McAleese Group's loan funded share plan. These loan funded Shares are included in the relevant person's shareholding in the above table, although they are held by a trustee.

Directors and other management are entitled to remuneration and fees on ordinary commercial terms.

Advisers and other service providers are entitled to fees for their services.

1 None of these Shareholders will own greater than 5% of Shares on Listing.

i. Key terms and conditions of the Offer

Topic	Summary	For more information
What is the Offer?	McAleese Group is offering to issue 92.5 million New Shares and SaleCo is offering to transfer 20.5 million Existing Shares. The IPO Shares being offered will represent approximately 39.34% of Shares on issue on Completion of the Offer and are being offered at an Offer Price of $1.47 per Share.	Section 7.1
How will the proceeds of the Offer be used?	Proceeds received by McAleese Group from the issue of New Shares will be applied to: – repay bank debt and a portion of other debt related costs[1], $117.7 million; – pay certain expenses of the Offer, $7.8 million; and – pay direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance. The proceeds of $30.2 million received by SaleCo for the sale of Existing Shares will be paid to those Existing Shareholders who sold Existing Shares to SaleCo and used to pay some of the expenses of the Offer.	Section 7.1.1
Will the Shares be listed?	McAleese Group will apply to ASX for admission to the official list of ASX and for the quotation of Shares on ASX under the code MCS. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the *Corporations Act*.	Section 7.10
How is the Offer structured?	The Offer comprises: – the Broker Firm Offer; and – the Institutional Offer.	Section 7.3, 7.4
Is the Offer underwritten?	The Offer is, subject to certain termination events, fully underwritten by the Underwriters.	Section 7.5, 9.6
What is SaleCo and what role does it play in the Offer?	SaleCo is a special purpose vehicle which has been established to enable the Selling Shareholders to sell all or a portion of their Existing Shares in McAleese Group. The Selling Shareholders have executed deed polls in favour of SaleCo under which they irrevocably offer to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional upon the commencement of conditional and deferred trading of Shares on ASX and the demerger of Existing Shares to the Selling Shareholders. As at the date of this Prospectus, Selling Shareholders have irrevocably offered to sell up to 20.5 million Existing Shares to SaleCo. The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to successful Applicants under the Offer for the Offer Price.	Section 9.3
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer was determined by the Underwriters and McAleese Group having regard to the allocation policy outlined in Sections 7.3.5 and 7.4.2. The allocation of Shares among Applicants in the Institutional Offer was determined by the Underwriters and McAleese Group. With respect to the Broker Firm Offer, it will be a matter for the Brokers how they allocate IPO Shares among their eligible clients.	Sections 7.3.5 and 7.4.2

1 Includes upfront fees on the Senior Debt Facility ($2.3 million), costs to exit certain existing floating to fixed rate interest hedges ($1.3 million) and accrued interest on the existing debt facilities.

I. Key terms and conditions of the Offer

Topic	Summary	For more information
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the shares?	You may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon your particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.8
How can I apply?	If you are an eligible investor, you may apply for Shares by completing a valid Application form (attached to or accompanying this Prospectus). To the extent permitted by law, an application under the Offer is irrevocable.	Section 7.3.2
When will I receive confirmation that my Application has been successful?	Please contact your Broker after Wednesday, 27 November 2013 to confirm your allocation of Shares. The allocation policy for the Offer will be published in several newspapers on the morning that conditional and deferred settlement trading of Shares on ASX is expected to commence, being Thursday, 28 November 2013. Holding statements are expected to be despatched to successful Applicants on or about Tuesday, 3 December 2013.	Section 7.3, 7.4
Where can I find more information about this Prospectus or the Offer?	Call the McAleese Group Offer Information Line on 1300 733 154 (within Australia) or +61 2 8767 1018 (outside Australia) from 8.30am until 5.30pm (Melbourne time) Monday to Friday. If you have any questions about whether to invest in McAleese Group you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in McAleese Group.	Section 7.2
Can the Offer be withdrawn?	McAleese Group reserves the right to withdraw the Offer at any time before the issue and transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded.	Section 7.8

Industry Overview

2.

2. Industry Overview

2.1 The Australian land based transport and logistics industry

2.1.1 What is the Australian land based transport and logistics industry?

Land based freight transport encompasses road and/or rail distribution services performed by trucking companies, rail companies, intermodal transport companies and specialised transport companies. Road freight dominates Australia's land based freight transport industry and is projected to account for 77.4% of total Australian freight volumes in the financial year ended June 2013[1] due to the low population density of Australia and comparatively limited fixed infrastructure connections from port to population centres.

McAleese Group is a large land based transport and logistics operator. At present, its operations span multiple service lines including:

- heavy haulage and lifting solutions (see industry description contained in Section 2.2);
- resources road transport and logistics (see industry description contained in Section 2.3); and
- liquid fuels and petroleum distribution and the design and manufacture of fuel transfer equipment (see industry description contained in Section 2.4).

2.1.2 What are the drivers of the Australian land based transport and logistics industry?

This industry services nearly all sectors of the economy. As a result, industry activity tends to track broader measures of economic activity such as gross domestic product growth. Non-cyclical markets such as foodstuffs underpin industry demand for freight transport whilst cyclical industries such as construction and mining have potential to drive heightened levels of demand for specialised transport and logistics solutions. According to the International Monetary Fund, the Australian economy grew at an annual rate of 3.6% in calendar year 2012 (**"CY"**) and is forecast to grow at 3.0% in CY2013. Between CY2014 and CY2018, Australian economic growth is projected to average 3.2%. According to Business Monitor International, sustained economic growth is expected to support a stable growth outlook for the Australian land based freight transport and logistics industry over the medium term.

2.1.3 Industry participants and service offering

The Australian land based transport and logistics industry is highly fragmented. The majority of participants tend to specialise in a small sub-set of services, with few companies of scale operating across industries and service lines which broadly include, but are not limited to, the following:

- third party road and rail based distribution services including road and rail logistics such as express courier, line haul, container, intermodal, temperature controlled, liquid fuels and petroleum transport, hazardous materials transport and truck delivery services;
- contract logistics and supply chain management including warehousing and distribution and supply chain management; and
- specialised transport and logistics solutions including heavy haulage, lifting solutions, bulk commodities haulage and associated services primarily to participants in the resources, energy and infrastructure (which comprises resources and energy related and non-resources and non-energy related infrastructure construction) sectors.

2.2 Heavy haulage and lifting solutions

2.2.1 What is the heavy haulage and lifting solutions industry?

The heavy haulage and lifting solutions industry comprises the handling of over-dimensional equipment and the supply of cranes on either a "wet" (with an operator) or "dry" (without an operator) hire basis, primarily for participants in the resources, energy and infrastructure sectors including OEMs, EPCMs, mining companies and oil and gas companies. Due to the specialist nature of equipment, operator skills and logistics support and coordination, some participants in the resources, energy and infrastructure sectors outsource heavy haulage and lifting solutions to third party providers. An overview of heavy haulage and lifting solutions is contained in Exhibit 2.1 overleaf.

2.2.2 What are the drivers of demand in the heavy haulage and lifting solutions industry?

Demand for heavy haulage and lifting solutions in Australia is primarily driven by new capital projects, project expansions and project maintenance in the resources, energy and related infrastructure sectors.

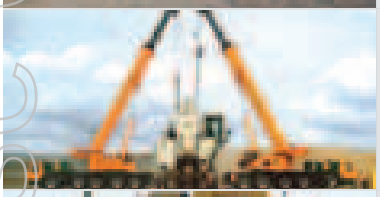
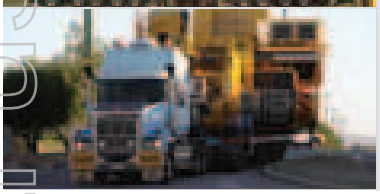
2.2.2.1 The level of new capital projects, project expansions and project maintenance in the resources, energy and related infrastructure sectors

Global demand for Australian minerals and energy contributes to the development of new capital projects and project expansions in Australia and, once constructed, subsequent maintenance activity.

1. Business Monitor International, "Australia Freight Transport Report", Q4 2013.

2. Industry Overview
(continued)

Exhibit 2.1 Heavy haulage and lifting solutions overview

	Transportation of heavy and over-dimensional equipment such as mining machinery and components, earthmoving machinery and components, heavy industrial components and other equipment and assets required in the construction and maintenance of resources, energy and infrastructure projects. Related services include equipment storage solutions, planning heavy haulage tasks and route survey preparation.
	Provision of lifting solutions, through a variety of crane types, to transfer products or equipment and handle materials principally in relation to the construction, maintenance and operation of resources, energy and infrastructure projects. Lifting solutions may be provided on a wet or dry hire basis.
	Co-ordination of lifting solutions in parallel with on-road transport to load, haul and unload heavy and over-dimensional equipment and specialist goods.

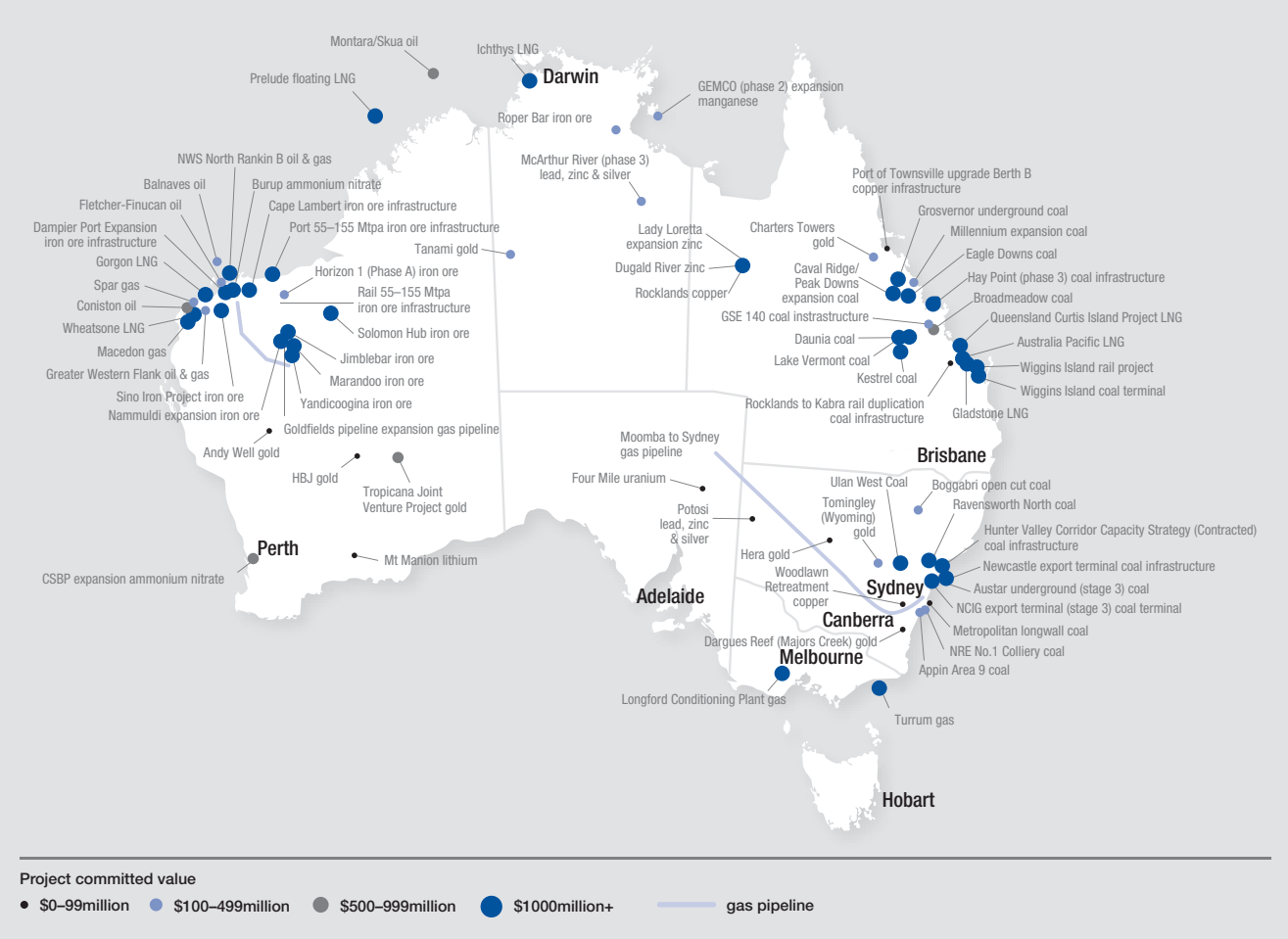
BREE estimates that, as at the end of April 2013, there were 73 resources projects, energy projects and related infrastructure projects throughout Australia at a committed stage of development (i.e. a project that has received a final investment decision and has either started, or is about to start, construction), with a total capital value of approximately $268 billion (an increase of 2.6% from April 2012 which was driven in part by cost increases to several key projects).

Exhibit 2.2 outlines the location of committed projects in Australia as at April 2013.

According to BREE, the value of committed resources, energy and related infrastructure projects reflects, in part, the decision to proceed with expansion projects based predominately on existing iron ore projects as well as new energy projects aimed at commercialising gas discoveries both in conventional basins (Western Australia) and non-conventional coal seam gas basins (North East Queensland). There has been significant growth in this value since April 2005, in particular for committed energy projects (including coal), with the value of committed projects in Australia growing at a CAGR of 28.9% between April 2005 and April 2013. LNG, gas and petroleum projects account for approximately $205 billion (76%) of the current total capital value of committed projects. McAleese Specialised Transport & Lifting has benefited from the growth in this sector given the strength of its customer relationships with key OEMs and EPCMs and its installed capacity.

While the total value of committed projects remains at record highs, there has been an emerging trend over the last twelve months of project proponents delaying or cancelling high value projects following declining productivity, particularly in the coal basins of North East Queensland, and a reduction in key commodity prices including iron ore and coal. This is expected to contribute to a decline in committed projects from the record levels of committed project investment experienced over the past five years. However, there remains a robust pipeline of projects at the feasibility stage or publicly announced stage with potential to progress to the committed stage in the near to medium term. BREE estimates that projects at the feasibility stage have a combined value of $232 billion whilst projects at the publicly announced stage have a combined value of $121-171 billion as at the end of April 2013.

Exhibit 2.2 Committed projects in Australia as at April 2013[1]



Source: BREE, Resources and Energy Major Projects (April 2013).

1 Projects have received all government approvals and internal company approvals and the proponents have publicly announced their intention to proceed with the project. There can be no guarantee that these projects will be completed, or will complete within a reasonable timeframe or that contracts associated with such projects would be awarded to McAleese Group.

Exhibit 2.3 Cumulative pipeline of investment in resources, energy and related infrastructure projects by year[1]

Date	Number of projects			Value ($ million)[3]		
	Announced	Feasibility Stage	Committed	Announced	Feasibility Stage	Committed
2013	71	126	72	100,372	199,965	266,554
2014	71	124	40	100,372	198,801	223,326
2015	62	92	19	91,725	186,896	179,619
2016	47	54	10	72,136	146,801	81,479
2017	28	23	2	58,012	100,506	33,246
2018	12	7	–	39,400	41,937	–
Various and other[2]	42	48	1	44,189	29,979	1,025

Source: BREE, Resources and Energy Major Projects (April 2013).

1 There can be no guarantee that these projects will progress to the committed stage, be completed, or will complete within a reasonable timeframe or that contracts associated with such projects would be awarded to McAleese Group.

2 Includes projects with various stages of completion and projects at the publicly announced and feasibility stage where no project start date has been disclosed.

3 Value reflects the cumulative midpoint of BREE's estimate for each project.

Exhibit 2.3 above outlines the cumulative number and value of resources, energy and related infrastructure projects at the publicly announced, feasibility and committed stage which are expected to be completed between CY2013 and CY2018 and includes projects with various stages of completion and projects where no start date has been disclosed.

Of the pipeline of potential investment in resources, energy and related infrastructure projects, there are a number of projects greater than $5 billion at the publicly announced, feasibility stage and committed stage with large and established resources and energy companies outlined in Exhibit 2.4. McAleese Group has long standing relationships with a number of these companies, and/or the OEMs and EPCMs that usually service these types of projects, and is well positioned to provide services to these projects as the opportunities arise. It is not certain that these projects will progress to the committed stage, be completed, or will complete within a reasonable timeframe or that contracts associated with such projects would be awarded to McAleese Group.

Exhibit 2.4 Pipeline of select resources, energy and resources infrastructure projects greater than $5 billion

Project	Company	State	Project start up	Resource	Value[2] ($ million)
Publicly announced					
Jinidi Iron Ore	BHP Billiton	WA	2015	Hematite	5,000+
Crux LNG	Shell, Nexus Energy, Osaka gas	NT	2018	LNG	5,000+
Sunrise Gas Project	Woodside Petroleum, Conoco Phillips, Shell, Osaka Gas	NT	2017	LNG	5,000+
Project China Stone Coal Project	MacMines Austasia	QLD	2018	Thermal coal	5,000+
Cash Maple Development	PTTEP Australasia	WA	2018	LNG	5,000+
Feasibility stage					
Roy Hill Iron Ore Expansion	Hancock Prospecting	WA	2015	Hematite	9,500
Alpha Coal Project	GVK – Hancock Coal	QLD	2017	Thermal coal	10,000
Carmichael Coal Project (mine and rail)	Adani	QLD	2016	Thermal coal	7,100
Koodaideri Project	Rio Tinto	WA	2016	Hematite	7,000
Arrow LNG Plant (trains 1 and 2)	Shell, Petro China	QLD	2017	LNG	24,000
Dudgeon Point Port	NQBP, Adani	QLD	2017	Black coal	12,000
China First Coal project (Galilee Coal Project)	Waratah Coal	QLD	2017	Thermal coal	8,000
Scarborough FLNG	ExxonMobil, BHP Billiton	WA	2018	LNG	14,000
Bonaparte Floating LNG	Santos, GDF Suez	NT	2018	LNG	13,000
Gorgon (Train 4)	Chevron, Shell, ExxonMobil	WA	2018	LNG	12,000
Committed[1]					
Sino Iron Project	CITIC Pacific Mining	WA	2013	Magnetite	8,400
Cape Lambert (port and rail)	Rio Tinto, Hancock Prospecting	WA	2013	Iron ore	5,166
NWS North Rankin B	Woodside Energy, BHP Billiton, BP, Chevron, Shell, Japan Australia LNG	WA	2013	Gas	5,000
Queensland Curtis LNG project	BG Group, CNOOC	QLD	2014	LNG	19,800
Jimblebar (mine and rail)	BHP Billiton	WA	2014	Hematite	5,180
Gorgon LNG	Chevron, Shell, ExxonMobil	WA	2015	LNG	52,000
Australia Pacific LNG (trains 1 and 2)	Origin, ConocoPhillips, Sinopec	QLD	2015	LNG	24,700
Gladstone LNG	Santos, Petronas, Total, Kogas	QLD	2015	LNG	18,000
Wheatstone LNG	Chevron, Apache, KUFPEK, Shell	WA	2016	LNG	29,000
Prelude Floating LNG	Shell	WA	2016	LNG	12,600
Ichthys LNG	Inpex Holdings, Total	NT	2017	LNG	33,000

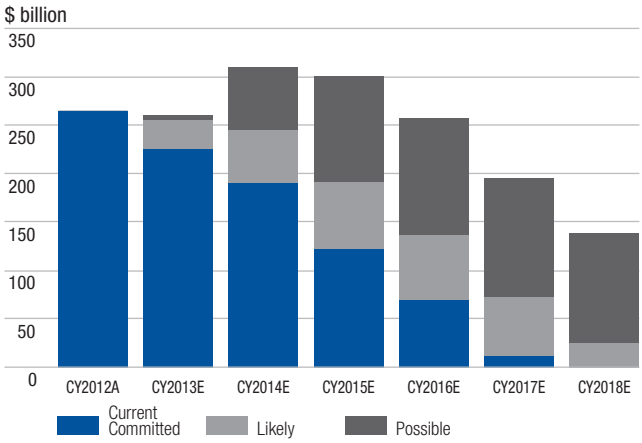
Source: BREE, Resources and Energy Major Projects (April 2013).

1 Projects have received all government approvals and internal company approvals and the proponents have publicly announced their intention to proceed with the project. There can be no guarantee that these projects will be completed, or will complete within a reasonable timeframe or that contracts associated with such projects would be awarded to McAleese Group.

2 Reflects the midpoint where BREE provides an estimated range of possible values for a project.

BREE has developed two scenarios to project the future stock of committed investment in resource, energy and related infrastructure projects in Australia. In the 'Likely Scenario', which includes all existing projects at the committed stage and projects assessed as likely to progress to the committed stage in the next five years, committed investment is projected to moderate to $256 billion at the end of CY2013E and then decrease to approximately $70 billion in CY2017E. As demonstrated in Exhibit 2.5, there remains a large opportunity for Australia to generate a higher level of committed investment over and above BREE's 'Likely Scenario' projection. If projects assessed by BREE as 'possible' progress through to the committed stage, there is potential for committed investment to increase to $310 billion in CY2014E before declining to approximately $195 billion in CY2017E.

Exhibit 2.5 Outlook for committed project investment[1]



Source: BREE, Resources and Energy Major Projects (April 2013).

1 "Likely" includes all existing projects at the committed stage and projects assessed as likely to progress to the committed stage in the next five years. "Possible" includes projects assessed as possible in terms of their progression through to the committed stage within the next five years.

BREE's projection of the future stock of committed investment in resources, energy and related infrastructure projects is based on a qualitative assessment of internal project and external market factors. Although there is a substantial pipeline of potential investment in projects, market factors, particularly commodity prices and productivity, will determine whether these projects progress to the committed stage.

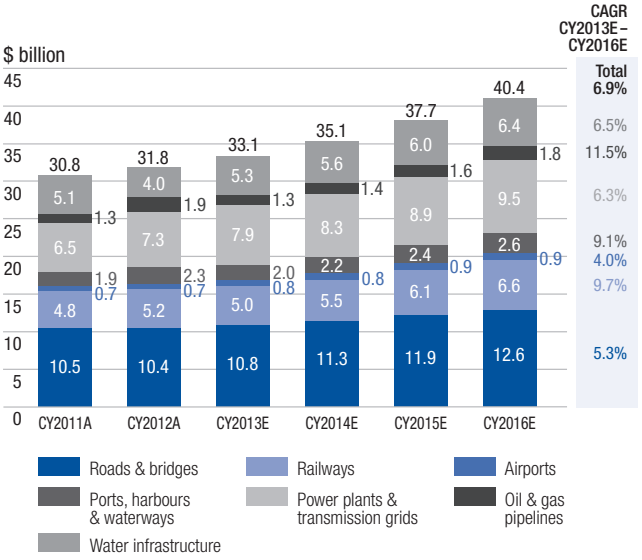
The significant value of committed projects and pipeline of 'likely' and 'possible' projects is expected to underpin demand for transportation and logistics services providers, including heavy haulage and lifting solutions. McAleese Specialised Transport & Lifting is a provider of these services and is positioned to benefit from industry demand. McAleese Specialised Transport & Lifting and other providers may also benefit from a corresponding increase in annual maintenance activities.

2.2.2.2 The level of new capital projects, project expansions and project maintenance in the infrastructure construction sector

According to Business Monitor International, the value of the Australian infrastructure construction sector's annual output is forecast to grow approximately 4.1% in CY2013E and at a CAGR of approximately 6.6% from CY2013E to CY2016E.

Growth in construction activity is expected to be greatest in certain categories of transport infrastructure such as railways and ports, harbours and waterways, with annual construction output forecast to grow at CAGRs of approximately 9.7% (railways) and approximately 9.1% (ports, harbours and waterways) from CY2013E to CY2016E. These forecasts reflect the need for resource and energy companies and Australian Governments to develop the transport infrastructure required to facilitate the implementation of expansion and development plans in the resources sector and improve interconnectivity between project sites, ports and export routes. According to BREE, at the end of April 2013, there were 15 committed resources infrastructure projects with a total capital cost of $21.1 billion.

Exhibit 2.6 Australian transport, energy and utilities infrastructure industry value[1]



Source: Business Monitor International, "Australian Infrastructure Report", Q4 2013.

1 Forecast industry values are based on analysis and modelling undertaken by Business Monitor International and have not been independently verified by McAleese.

McAleese Group expects the projected future growth in infrastructure construction will lead to growth in the demand for heavy haulage and lifting solutions. McAleese Specialised Transport & Lifting continues to pursue opportunities to grow capabilities in the broader infrastructure construction industry.

2.2.3 What is the structure and competitive dynamics of the heavy haulage and lifting solutions market?

The heavy haulage and lifting solutions industry is comprised of a number of companies who provide heavy haulage or lifting solutions (on either a wet or dry hire basis), and a more limited number of companies that possess the capability to provide an integrated heavy haulage and lifting solution. Industry participants have tended to be regionally focused, offering heavy haulage, lifting solutions, or a combination of both, in support of OEMs and EPCMs who service resources, energy and related infrastructure projects.

2.3 Resources road transport and logistics

2.3.1 What is the resources road transport and logistics industry?

The resources road transport and logistics industry comprises the provision of bulk commodities haulage and ancillary on-site services to production phase mining companies ex run of mine (**"ROM"**).

Bulk commodities haulage involves the transport of outputs from the end of the mining production process. Typically, this output comprises both commercially valuable minerals and other non-marketable ores that need to be transported to processing facilities for crushing, screening and handling and from the processing facilities to rail heads or ports. Bulk commodities haulage is typically undertaken by truck across off-road or on-road (highway) routes.

Ancillary on-site services are often performed by transport and logistics providers for miners and include mineral loading and stockpile management and road building and maintenance.

2.3.2 What are the drivers of the resources road transport and logistics industry?

Demand for resources road transport and logistics services in Australia is primarily driven by:

- production volume growth in the Australian resources sector; and
- the need to access port facilities or further processing facilities.

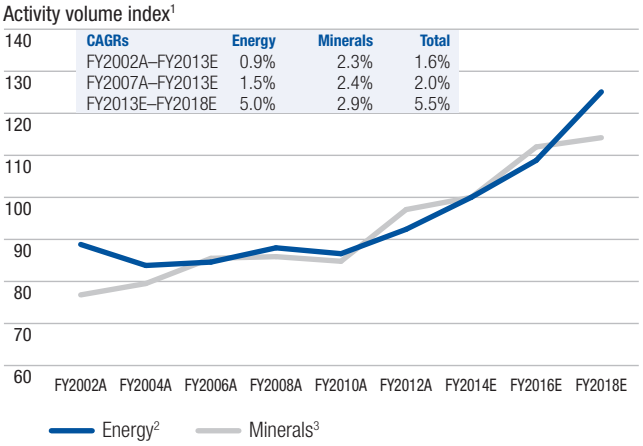
These factors are described in more detail below.

2.3.2.1 Production volume growth in the Australian mining sector

The volume of Australian mine production has grown over the last decade driven by strong global growth in demand for commodities, particularly steel making raw materials such as iron ore and metallurgical coal, and thermal coal given its usage as an energy source (refer to Exhibit 2.7). This growth has been underpinned to a large degree by the resource intensive levels of investment and industrialisation of emerging economies, in particular China and India, whose economies have grown at CAGRs of 9.3% and 6.8% respectively between CY2007A and CY2012A. According to the International Monetary Fund, economic growth in these emerging economies is expected to moderate slightly from these recent highs and grow at 8.0% and 5.7% in CY2013E respectively, however growth is forecast to remain robust in the near to medium term growing at CAGRs of 8.4% and 6.7% respectively between CY2013E and CY2018E. As a result, energy, steel and steel-making raw material consumption and infrastructure investment in these economies, particularly China, is projected to continue increasing, underpinned by sustained economic growth, higher rates of fixed capital formation and ongoing urbanisation.

BREE forecasts total Australian mine production to increase at a CAGR of 5.5% from FY2013E to FY2018E, due primarily to the global consumption of, and expected growth in, the production of major bulk commodities, in particular iron ore (refer to Exhibit 2.8), metallurgical coal and thermal coal.

Exhibit 2.7 Historical and forecast Australian mine production



CAGRs	Energy	Minerals	Total
FY2002A–FY2013E	0.9%	2.3%	1.6%
FY2007A–FY2013E	1.5%	2.4%	2.0%
FY2013E–FY2018E	5.0%	2.9%	5.5%

Source: BREE, "Australian Commodities Report", Resources and Energy Quarterly ("REQ") (September 2013). BREE, "Statistical tables – historical", REQ (September 2011).

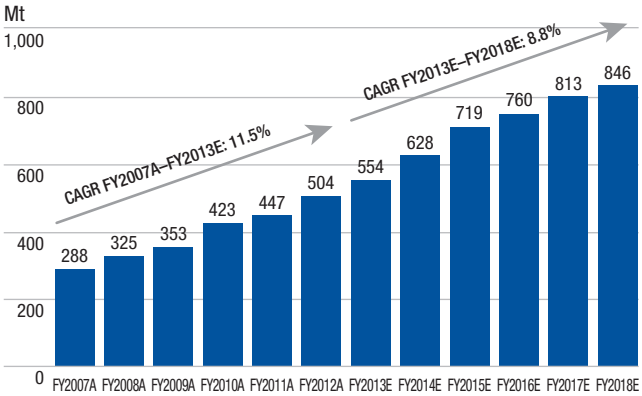
1 Activity volume index is an index comprising mining volumes for the energy and minerals resources listed below. The activity volume index for energy and minerals has been rebased to 100 in FY2014E so that the forecast changes in index levels are comparable.

2 "Energy" comprises oil and gas, thermal coal and uranium resources.

3 "Minerals" comprises iron ore, metallurgical coal, gold, aluminium, alumina, copper, nickel and zinc.

Australian iron ore production has grown significantly over the last five years, primarily as a result of demand for, and the production of, steel in emerging economies such as China. According to BREE, Australian iron ore production is forecast to grow from 554Mt in FY2013E to 846Mt in FY2018E, representing a CAGR of approximately 8.8%.

Exhibit 2.8 Australian iron ore production volumes



Source: BREE, "Australian Commodities Report", REQ (September 2013). BREE, "Statistical tables – historical", REQ (September 2011).
Note: Excludes iron oxide not intended for metal extraction.

In addition to production of bulk commodities detailed above, Australia is also a key global producer of other minerals and precious metals including gold, aluminium, copper, nickel and zinc. These sectors are not anticipated to achieve the same production volume growth as bulk commodities, however are well supported by global demand for precious and base metals. Gold, copper and bauxite production are forecast by BREE to grow at 1.8%, 3.3% and 4.4% respectively between FY2014E and FY2018E.

This strong production volume outlook for Australian resources, in particular major bulk commodities, is expected to lead to increasing demand for the resources road transport and logistics services that are integral to the resources production chain. As discussed in Section 3.2.2.1, McAleese Resources predominately operates in the Pilbara region and gold fields of Kalgoorlie, Western Australia, however is focused on expanding into new geographies and commodities.

2.3.2.2 The need to access port facilities or further processing facilities

Bulk commodities haulage is an integral part of mining strategies, particularly in the iron ore mines of the Pilbara region and gold fields of Western Australia, due to the need to transport mining output from the ROM across large distances to existing processing infrastructure, rail heads or directly to port.

2.3.3 What is the structure and competitive dynamics of the resources road transport and logistics market?

There are a number of operators who provide resources road transport and logistics in specific resource producing regions of Australia. Successful operators distinguish themselves by the scale and quality of their fleet and work force, operational efficiency and safety performance and service availability.

2.4 Liquid fuels and petroleum distribution

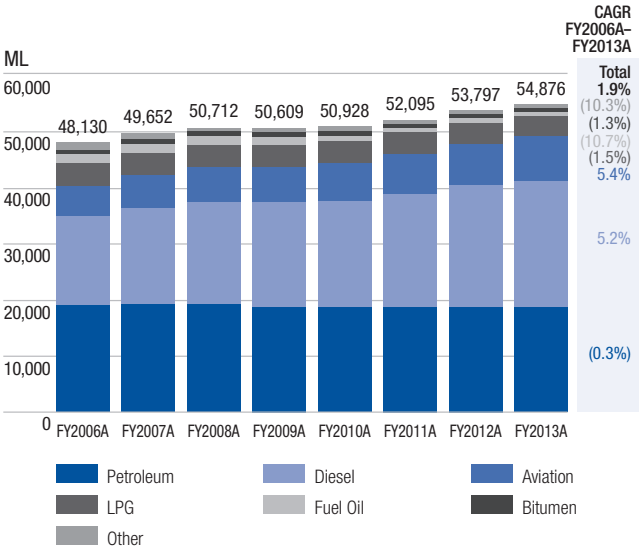
2.4.1 What is the Australian liquid fuels and petroleum distribution industry?

The Australian liquid fuels and petroleum distribution industry encompasses the transport by truck of petroleum, diesel, LPG, aviation fuel and other fuels from bulk storage infrastructure to wholesale and retail sites for industrial and consumer use.

2.4.2 What are the drivers of the Australian liquid fuels and petroleum distribution market?

The Australian liquid fuels and petroleum distribution market grew at a volume CAGR of 1.9% from FY2006E to FY2013A as shown in Exhibit 2.9. Of the individual fuel types distributed in Australia, aviation fuels and diesel exhibited the strongest growth over the period with CAGRs of 5.4% and 5.2% respectively. The volume of other fuel types distributed in Australia, including petroleum, LPG, fuel oil and bitumen, declined over the same period.

Exhibit 2.9 Australian liquid fuels sales by products



Source: Australian Petroleum Statistics, "Australian Department of Resources, Energy and Tourism", June 2013 and subsequent releases.
Note: Other includes kerosene, heating oil and lubricating oils and greases.

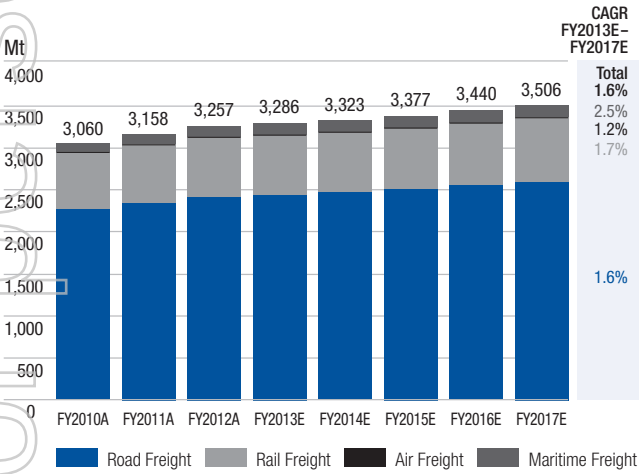
Demand for liquid fuels and petroleum distribution is primarily driven by:

- growth in the transport sector and demand for freight services; and
- the general level of economic activity in Australia.

2.4.2.1 Growth in the transport sector and demand for freight services

According to the Australian Institute of Petroleum, the transport sector is a large consumer of liquid fuels and petroleum given liquid fuels and petroleum make up a significant portion of the intermediate input costs of key transport industries: 27% in air transport, 19% in road transport and approximately 12% in various mining activities. As such, the transport sector represents a major driver of demand for liquid fuels and petroleum distribution services. The volume of freight (tonnes) carried by the Australian transport industry, which includes freight carried by road, rail, maritime and air is forecast by Business Monitor International to grow at a CAGR of approximately 1.6% between FY2013E and FY2017E. The road freight component of this is expected to grow at a CAGR of approximately 1.6% over the same period and currently constitutes approximately 74% (equivalent to approximately 2.4 billion tonnes) of the total freight volume carried as at June 2013. For a detailed description of the road-based freight sector, please refer to Section 2.1.2.

Exhibit 2.10 Australian freight tonnage



Source: Business Monitor International, "Australian Freight Transport Report", Q3 2013.
Note: FY2013E – FY2017E are Business Monitor International forecasts.

2.4.2.2 The general level of economic activity in Australia

Liquid fuels and petroleum play a key role in the Australian economy and are used by many major industry sectors. For these reasons, the Australian liquid fuels and petroleum distribution industry is highly dependent on the general level of economic activity in Australia. According to the Australian Institute of Petroleum based on data for 2010-2011, an estimated 48% of all petroleum products (by value) are used in the agriculture, forestry and fishing, manufacturing, mining and transport industries. Petroleum products also make up a significant proportion of the intermediate input costs for key industries (refer to discussion contained in Section 2.4.2.1 above).

For a description of Australia's economic growth prospects, please refer to the discussion contained in Section 2.1.2.

2.4.3 Structure and competitive dynamics of the Australian liquid fuels and petroleum distribution market

Liquid fuels and petroleum distribution services are provided by a small group of operators in Australia. McAleese Group has a substantial market share of metropolitan liquid fuels and petroleum distribution and of transportation of LPG in Australia.

2.4.4 Other industry segments

McAleese Oil & Gas is also a participant in aircraft refuelling, aircraft refuelling equipment, fuel tanker equipment and fuel transfer equipment markets through Liquip. The aircraft refuelling equipment industry encompasses the design, manufacture, sale and maintenance of specialised refuelling equipment and other fuel transfer equipment used in the aviation industry specifically. The broader fuel transfer equipment industry includes the design and manufacture of handling equipment for fuel tankers, oil terminals and fuel storage.

Company Overview

3.

3. Company Overview

3.1 Overview of McAleese Group

3.1.1 What is McAleese Group?

McAleese Group is an Australian provider of specialised transport and logistics solutions. McAleese Group operates a portfolio of transport and logistics businesses that provide heavy haulage and lifting solutions across Australia, bulk commodities haulage and liquid fuels and petroleum distribution in key metropolitan centres and on interstate routes, and also design and manufacture fuel transfer equipment for domestic and international markets.

An overview of McAleese Group's operations is set out in Exhibit 3.1.

Exhibit 3.1 McAleese Group divisional overview

OUR DIVISIONS	McALEESE SPECIALISED TRANSPORT & LIFTING	McALEESE BULK & LIQUID TRANSPORT	
		McALEESE RESOURCES	McALEESE OIL & GAS
			
OVERVIEW	– Provider of heavy haulage and lifting solutions (wet and/or dry crane hire) for heavy equipment required in the construction, operation and maintenance of resources, energy and infrastructure projects – Provision of storage and transport of mining inputs	– Provider of bulk commodities haulage to port facilities and/or processing infrastructure by truck across off-road and on-road (highway) routes – Also a provider of ancillary on-site services	– Transporter of liquid fuels and petroleum for global oil and gas companies – Leading designer and manufacturer of fuel transfer equipment – Aircraft refuelling
KEY END MARKETS	– Existing mining operations – Resources, energy and infrastructure projects – Equipment providers	– Resources sector – Iron ore (Pilbara) and gold (Kalgoorlie) – Quarry (Cloncurry)	– Fuel and gas distribution outlets (metro, regional and interstate) in retail, industrial and aviation sectors – Aircraft refuelling, fuel tanker and oil terminal fuel transfer equipment
FY2014 FINANCIALS	**Total McAleese Group FY2014 Revenue: $775.3 million** **Total McAleese Group FY2014 EBITDA: $126.8 million 16.3% margin**		
	FY2014 Revenue: **$213.5 million** FY2014 EBITDA: **$53.4 million** 25.0% Margin	FY2014 Revenue: **$561.8 million** FY2014 EBITDA: **$79.3 million** 14.1% Margin	

3.1.2 How has McAleese Group evolved?

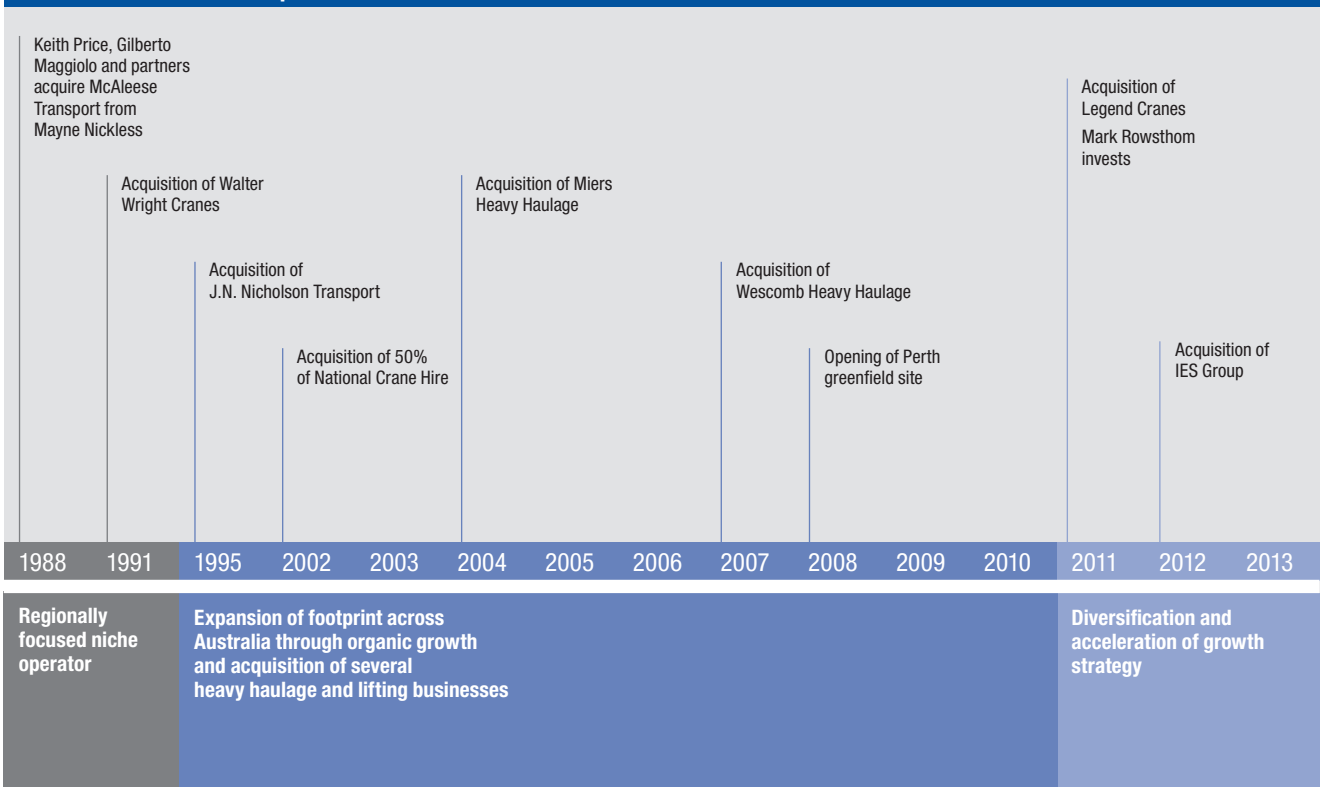
McAleese Group has grown significantly since it was founded in the early 1930s as a regionally focused transport company operating primarily in Central Queensland providing niche transport services. The footprint of the business was expanded through the 1990s and 2000s under the leadership of Executive Director, Keith Price, through a combination of underlying market growth and expansion of services and capabilities as well as a range of acquisitions in the heavy haulage and lifting solutions industry.

In October 2011 Mark Rowsthorn acquired a substantial interest in McAleese Group and joined the Board of Directors with the goal of enhancing McAleese Group's strategy to build leadership positions across a diversified range of transport and logistics markets. Since joining McAleese Group, Mark has worked with the existing shareholders and senior management to help identify growth opportunities for the business. In particular, the acquisition of IES Group in April 2012 expanded McAleese Group's operations to include bulk commodities haulage, liquid fuels and petroleum distribution and the design and manufacture of fuel transfer equipment and increased the proportion of recurring and/or ongoing contracted revenues. The acquisition of IES Group provided McAleese Group with an additional platform for growth through McAleese Bulk & Liquid Transport. McAleese Bulk & Liquid Transport is forecast to continue growing strongly reflecting expansion of work associated with Atlas Iron's Abydos Mine Development and new contract wins and renegotiations (see discussion in Section 4).

McAleese Group is now a provider of liquid fuels and petroleum distribution in Australia with a strong presence in the bulk commodities haulage and heavy haulage and lifting industries. Exhibit 3.2 provides a timeline of some of the key corporate events that contributed to McAleese Group's expansion over the past 25 years.

Prior to completion of the Offer, McAleese Group will acquire a further 25% of National Crane Hire, resulting in McAleese Group owning 75% of that business which McAleese Group intends to restructure. McAleese Group has agreed to acquire the remaining 25% of National Crane Hire in July 2014 resulting in the business being fully owned by McAleese Group.

Exhibit 3.2 McAleese Group's business evolution



3.1.3 What is McAleese Group's strategy?

McAleese Group's strategy is to continue to build a leading diversified transport and logistics company. By leveraging its scale, operating track record and management expertise, it intends to develop profitable and sustainable businesses.

McAleese Group plans to enhance its portfolio of transport and logistics solutions by further consolidating its positions in the markets in which it currently operates, expanding its operations into new market segments and geographies and by adding new product capabilities. This strategy is well supported by a strong management team and Board of Directors with extensive industry experience and a track record in acquiring and growing transport and logistics businesses.

McAleese Group intends to grow its existing business in the following ways.

- **Targeted organic growth of existing operations**: McAleese Group's current portfolio of businesses have a number of organic growth opportunities:
  - enhancing service capabilities to existing customers and projects already serviced by McAleese Group;
  - growing with existing customers in current and new geographies;
  - establishing new customer relationships within the markets where McAleese Group currently operates; and
  - establishing new customer relationships in geographic regions with strong growth potential.
- **Pursuing acquisition opportunities in existing and new transport and logistics markets and services**: Given the large number of regionally focused participants in the transport and logistics sector in Australia, McAleese Group believes that there are opportunities for industry consolidation. McAleese Group will pursue opportunities:
  - that enhance existing capabilities or are consistent with its strategy of portfolio diversification; and
  - that are consistent with its strategy of building leading positions in attractive markets.

McAleese Group's growth strategy will be implemented with reference to strong operating standards and a disciplined approach to capital investment.

- **Maintaining and improving strong operating standards**: McAleese Group seeks to be professional, disciplined, credible and consistent in its core business processes and places a strong importance on safety.
- **Focus on financial returns**: McAleese Group will maintain disciplined financial policies. The deployment of capital expenditure across McAleese Group's businesses is subject to return on capital hurdles and Board approval processes. A portfolio approach to capital investment ensures that capital resources are directed to the investment opportunities that the Board and management considers are likely to deliver the most attractive return.

3.1.4 What are McAleese Group's strengths?

McAleese Group operates a diversified portfolio of specialised transport and logistics businesses that have strong market positions and generate attractive financial returns. McAleese Group believes that it possesses the following strengths:

- strong market positions;
- diversified revenue streams;
- long standing customer relationships;
- large base of revenue earned from contracts;
- strong management team and Board with extensive industry experience; and
- a proven track record in acquiring and growing transport and logistics businesses.

3.1.4.1 Strong market positions

McAleese Group has leading market positions in:

- heavy haulage and lifting solutions in Queensland; and
- aircraft refuellers, fuel tanker equipment and fuel transfer equipment.

McAleese Group also has a strong market position in resource producing regions of Western Australia for bulk commodities haulage and in aircraft refuelling. An overview of the market positions and competitive strengths of McAleese Group is provided in Exhibit 3.3 overleaf.

Many of the transport and logistics solutions that McAleese Group offers its customers require a high level of technical expertise and specialisation, which underpins its market position. For example, McAleese Specialised Transport & Lifting requires specialist technical skills, expertise and equipment tailored to specific customer requirements.

McAleese Group has a substantial base of equipment located in key regions, for example, capital cities for liquid fuels and petroleum distribution, as well as the resource and energy producing regions of Queensland and Western Australia for heavy haulage and lifting solutions and in Western Australia for bulk commodities transport and logistics.

Exhibit 3.3 McAleese Group's market positions and competitive strengths

	McALEESE SPECIALISED TRANSPORT & LIFTING	McALEESE BULK & LIQUID TRANSPORT	
		McALEESE RESOURCES	McALEESE OIL & GAS
MARKET POSITION	– Market positions in heavy haulage and lifting solutions in Queensland – National capabilities	– Established infrastructure in key resource producing regions in Western Australia	– Substantial market share in distribution of fuels and LPG in Australia – Significant global position in design and manufacture of aircraft refuellers
COMPETITIVE STRENGTHS	– Specialist technical skills, expertise and equipment – Substantial equipment and management base in Queensland – Long operating history and relationships with leading EPCM and OEM companies – Integrated heavy haulage and lifting solutions capabilities – Large provider of dry hire cranes	– Substantial equipment and management base in the Pilbara and Kalgoorlie regions – Long term contracts with key regional resources companies – Operating expertise and business systems which optimise payloads and cycle times	– Long term customer contracts with high quality counterparties – Strategically located depot network across mainland Australia

3.1.4.2 Diversified revenue streams

McAleese Group generates its revenue from a diversified portfolio of transport and logistics services and assets that reduces its reliance on a single industry, commodity, end-market or geography:

- **broad-based service capabilities:** McAleese Group has the capability to provide a comprehensive and integrated range of transport and logistics solutions to its customers. This diverse set of capabilities also provides the opportunity to cross-sell services across customers and end-markets. McAleese Group's service offering and revenue streams have increasingly diversified over time through organic growth and acquisitions. The acquisition of IES Group in April 2012 expanded McAleese Group's operations to include bulk commodities haulage, liquid fuels and petroleum distribution and the design and manufacture of fuel transfer equipment; and
- **end-markets:** McAleese Group's portfolio of services and assets is diversified by end-market including iron ore, gold, oil and gas, infrastructure, distribution of liquid fuels and petroleum, aircraft refuelling services and fuel tanker equipment and fuel transfer equipment for oil terminals. McAleese Group's diversified end-markets provide exposure to recurring revenue streams derived from established production and maintenance across the resources and energy sectors and distribution in the oil and gas sectors.

McAleese Group's exposure to multiple service capabilities and end-markets is shown in Exhibit 3.4.

3.1.4.3 Long standing customer relationships

McAleese Group has a high level of recurring business with many of its key customers which has translated into long standing relationships. An overview of the length of McAleese Group's key customer relationships is provided in Exhibit 3.5 overleaf.

3.1.4.4 Large base of revenue earned from contracts

McAleese Group's financial profile is underpinned by the majority of its revenue being derived from recurring contracts. McAleese Group's financial performance has been supported by a strong history of contract renewals and the winning of new contracts.

Pro forma consolidated EBITDA has grown from $85.4 million in FY2011 to $125.6 million in FY2013 and the pro forma consolidated EBITDA margin increased from 14.2% to 17.0% over the same period. Pro forma consolidated revenue and EBITDA are forecast to grow over the Prospectus forecast period at 4.7% and 0.9% respectively.

Exhibit 3.4 McAleese Group's FY2013 revenue breakdown

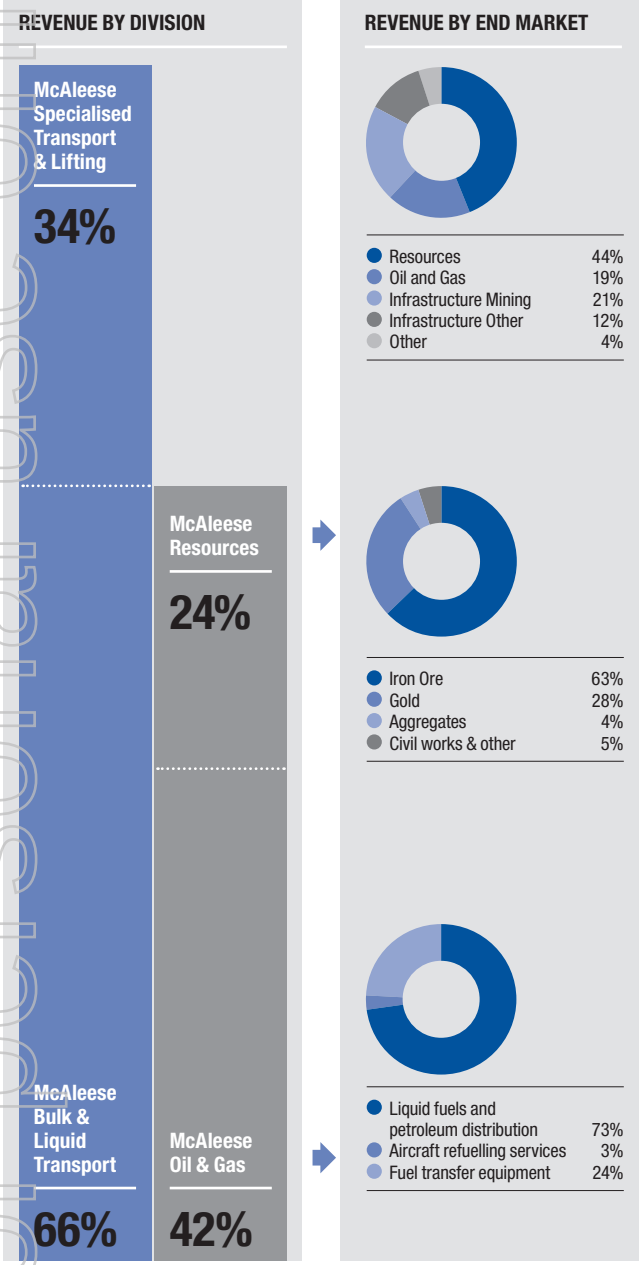
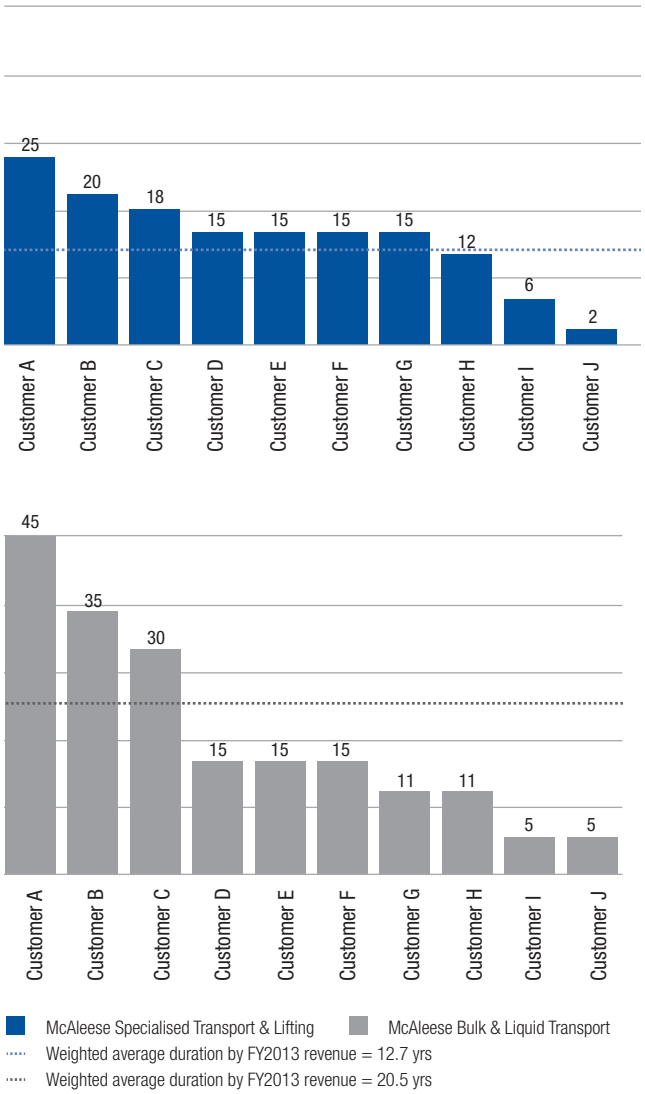


Exhibit 3.5 Length of McAleese Group's customer relationships – top ten customers by revenue



3.1.4.5 Strong management team and Board with extensive industry experience

McAleese Group is led by an experienced management team comprising Paul Garaty (Managing Director and Chief Executive Officer), Chris Nunn (Chief Financial Officer), Keith Price (Executive Director and General Manager, McAleese Specialised Transport & Lifting) and Chris Keast (Executive General Manager, McAleese Bulk & Liquid Transport). Chris Keast is supported by Andrew Simpson (General Manager, McAleese Resources) and Matt Tamplin (General Manager, McAleese Oil & Gas).

Paul Garaty has over 30 years of industry experience with roles including head of Asciano Limited's Patrick Ports and Pacific National Intermodal and senior management positions at Toll Holdings Limited and BHP Billiton Limited. Chris Nunn has over 30 years of experience with roles including Group CFO at Centro Properties Group, which he joined in July 2009 to assist in the Group's restructure, and senior roles as CFO and Company Secretary at Industry Superannuation Property Trust and Head of Operations and CFO at MacarthurCook Limited. Keith Price has over 40 years of industry experience and is a founding shareholder of McAleese Group. Chris Keast has over 30 years of industry experience with roles including head of Asciano Limited's Pacific National Rail Division and senior management positions at Arrium Limited and BHP Billiton Limited. Andrew Simpson has 16 years of industry experience including senior management roles at Asciano Limited and Toll Holdings Limited. Matt Tamplin has 14 years of industry experience, including senior management roles at Asciano Limited and Toll Holdings Limited.

The management team is overseen by a Board of Directors which includes directors with extensive experience in industry. Non-Executive Chairman, Mark Rowsthorn has over 35 years of experience in the Australian and international transport and logistics sectors, including previous roles as Managing Director of Asciano Limited and Executive Director Operations of Toll Holdings Limited. Mark is joined by long-term director and shareholder Gilberto Maggiolo (Non-Executive Director), who is a well established businessman in Queensland with over 30 years of experience in building businesses and Mark McSweeney (Independent Non-Executive Director), a chartered accountant with significant experience across a broad spectrum of businesses through his role with Ernst and Young and as a consultant. The Board is further complemented by Wayne Kent (Independent Non-Executive Director and Deputy Chairman), who has 25 years of experience in corporate finance and capital markets, including 10 years as Macquarie Group's Global Head of Equity Capital Markets, and Don Telford (Independent Non-Executive Director), who has over 40 years of experience in the transport and logistics industry having held senior executive roles at both Asciano Limited and Toll Holdings Limited.

3.1.4.6 A proven track record in acquiring and growing transport and logistics businesses

McAleese Group's management team and Board of Directors have a proven track record in acquiring and growing transport and logistics businesses. In October 2011, Mark Rowsthorn acquired a substantial interest in McAleese Group and joined the Board of Directors with the goal of enhancing McAleese Group's growth as a leading transport and logistics company. Mark has an extensive track record of completing successful acquisitions in the transport sector, including 20 years at Toll Holdings Limited where he developed and executed the company's strategic plan, which included the completion of more than 40 acquisitions. Since joining McAleese Group, Mark has worked with the existing shareholders and senior management to help identify growth opportunities for the business. In particular, the acquisition of IES Group in 2012 expanded McAleese Group's service capability and contributed an additional platform for growth through McAleese Bulk & Liquid Transport, which returned pro forma consolidated revenue and EBITDA CAGRs of 7.2% and 19.6% respectively between FY2011 to FY2013.

Given the large number of regionally focused participants in the industries in which it operates, McAleese Group believes that there are further opportunities for industry consolidation. McAleese Group is continuously reviewing potential acquisitions.

3.2 What are McAleese Group's operating divisions?

McAleese Group operates a portfolio of transport and logistics assets through its two divisions:

– McAleese Specialised Transport & Lifting; and

– McAleese Bulk & Liquid Transport.

3.2.1 McAleese Specialised Transport & Lifting

3.2.1.1 Overview of McAleese Specialised Transport & Lifting

McAleese Specialised Transport & Lifting is a provider of heavy haulage and lifting solutions. It participates in the resources, energy and infrastructure construction sectors. McAleese Specialised Transport & Lifting has long standing relationships with OEMs and EPCMs including, but not limited to John Holland, Komatsu, Liebherr, Bechtel and Thiess. McAleese Specialised Transport & Lifting's key brands include McAleese Transport and Walter Wright Cranes Australia.

An overview of McAleese Specialised Transport & Lifting's services are outlined in Exhibit 3.6.

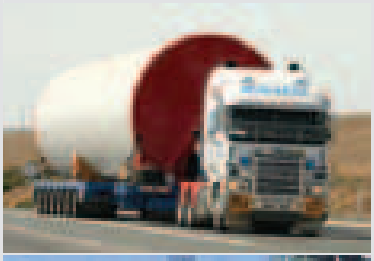
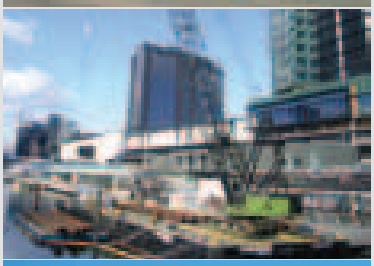
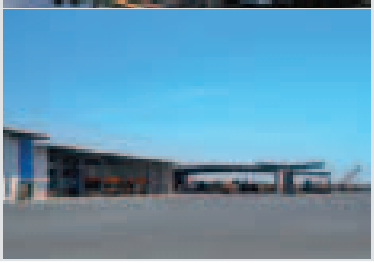
3.2.1.2 Overview of customer contracts

Heavy haulage services are commonly provided under contracts which are project related such as for Queensland Curtis LNG, Gladstone LNG, Australian Pacific LNG and other mining projects. These contracts typically have a term for the period of the development of the project. Once these contracts are completed McAleese Group targets new projects.

Heavy haulage services are also provided pursuant to standing purchase orders, including on a preferred supplier basis for some customers, for the transport of over-dimensional equipment. Revenue is earned based on the work performed with no minimum quantities specified. Standard conditions of carriage commonly provide for demurrage, fuel levies and determine the elements of costs that can be passed through.

McAleese Group has a large pool of cranes that are hired to OEMs on a project basis to supplement their crane fleet. Lifting solutions are typically provided under standing purchase orders which allow customers to hire cranes from McAleese Specialised Transport & Lifting on a wet (generally short or job specific term) or dry hire basis for specified periods (typically 6-12 months) for a specified price.

Exhibit 3.6 McAleese Specialised Transport & Lifting's services

		Services
Transport solutions		– Transport of heavy and over-dimensional equipment required in the construction, operation and maintenance of resources, energy and infrastructure projects, plants and equipment – Integrated line haul of mining and construction inputs and spares – Transport planning and route survey preparation
Lifting solutions		– Wet hire crane services, operated by qualified McAleese Group personnel for construction and maintenance – Dry hire crane services operated by third party personnel – Load and haul logistics services
Storage solutions		– Undercover and hard stand storage areas – Areas used for stowing machinery, steel and other large freight volumes

Contracts can typically be terminated by either party with a notice period, usually 90 days. In the event that a customer terminates a contract, it is usually only required to reimburse McAleese Specialised Transport & Lifting's reasonable out of pocket expenses incurred solely as a result of the contract termination.

A number of McAleese Specialised Transport & Lifting's material contracts are due to end, or the work under them is due to decline, in FY2014 as the infrastructure projects to which they relate are completed or move into a different stage of development, for example, Queensland Curtis LNG and Gladstone LNG. There is a pipeline of potential resources, energy and related infrastructure project investment which may progress to the committed stage and replace committed projects rolling off in the near to medium term. McAleese Specialised Transport & Lifting has long standing relationships with a number of the OEMs and EPCMs that tend to service these projects.

3.2.1.3 Overview of fleet and geographic presence

Heavy haulage is accomplished using various specifications and combinations of prime mover(s) and trailing equipment, which can generally be classified into units consisting of "lines of 4", which includes trailers consisting of axles with four wheels each, and "lines of 8", which consist of axles with eight wheels each. McAleese Specialised Transport & Lifting has an extensive fleet of prime movers and a large inventory of low-loaders and platform trailers.

McAleese Specialised Transport & Lifting's lifting solutions are performed by a fleet of mobile cranes comprising All Terrain/ Rough Terrain (**"AT/RT"**), Crawlers, Frannas and Hydraulic cranes with lifting capacity ranging from 3 to 600 tonnes. McAleese Specialised Transport & Lifting's cranes can be relocated from job site to job site in response to changes in project needs using its own transport fleet.

An overview of McAleese Specialised Transport & Lifting's transport and crane fleet is outlined in Exhibit 3.7.

Exhibit 3.7 McAleese Specialised Transport & Lifting's fleet as at 31 October 2013

Vehicle type		Average age/ useful life	Number
Prime mover		10.0 years/15-20 years	179
Body trucks		11.7 years/15-20 years	48
Trailing equipment units – lines of 4 and lines of 8[1]		15.6 years/25+ years	501
Crane type	**Lifting capacity**	**Average age/ useful life**	**Number**
AT/RT	4-250 tonnes	10.2 years/20+ years	57
Crawlers	3-600 tonnes	10.0 years/25+ years	55
Frannas	12-25 tonnes	5.8 years/20+ years	122
Hydraulics	25-70 tonnes	7.3 years/20+ years	15

Note: McAleese Specialised Transport & Lifting fleet data as of 30 June 2013 (includes 100% of National Crane Hire); excludes other units (for example, fork lifts, utilities and light vehicles).

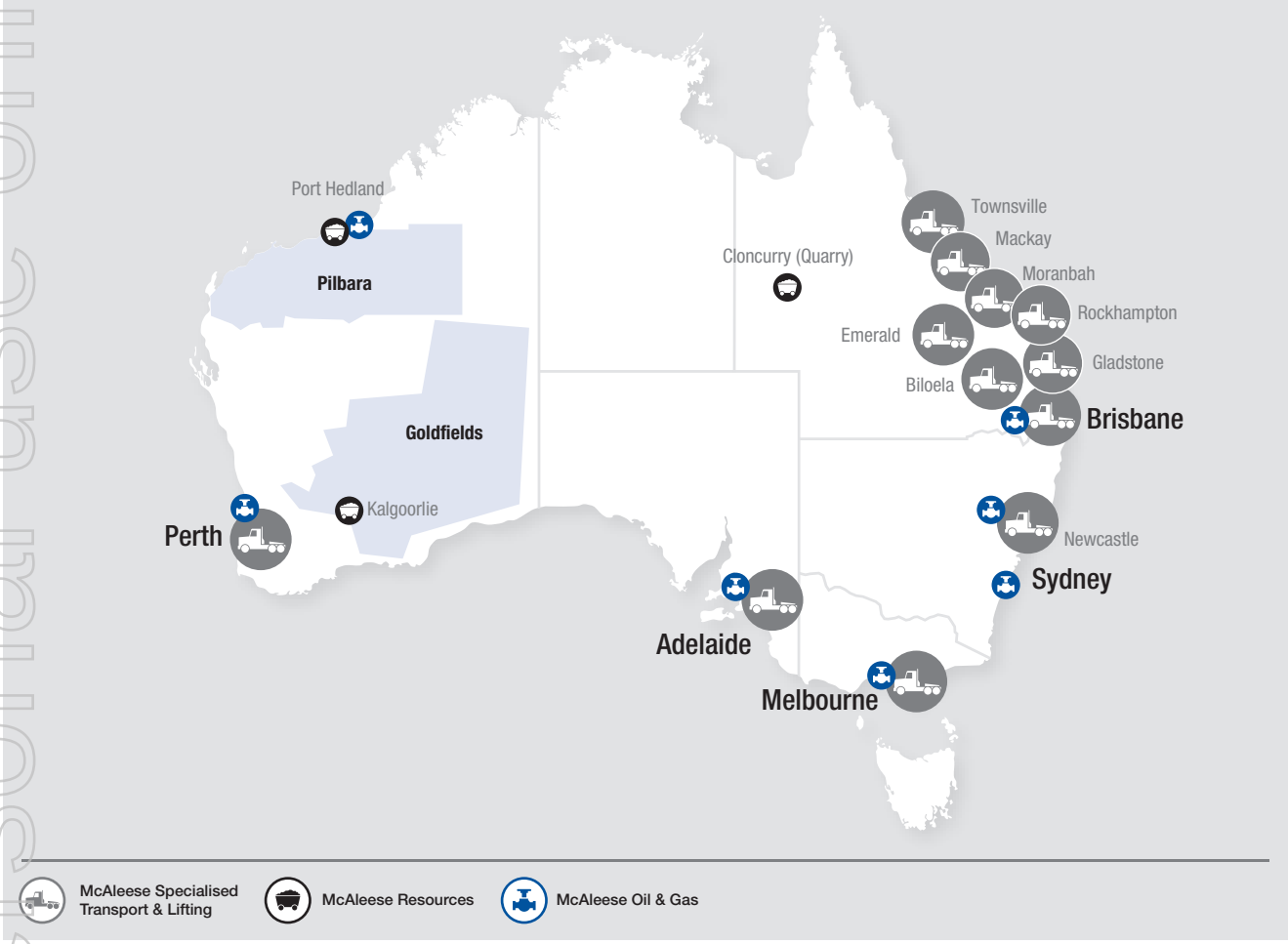
1 Represents units of lines of 4 or lines of 8. Includes road trains and related trailing equipment.

McAleese Group believes that the ability of McAleese Specialised Transport & Lifting to offer integrated heavy haulage and lifting solutions enhances the customer proposition as these services are often required by customers in combination to load, deliver and install heavy and over-dimensional equipment or infrastructure components.

McAleese Specialised Transport & Lifting has a network of facilities to service key resource, energy and infrastructure projects. McAleese Specialised Transport & Lifting's geographic presence is shown in Exhibit 3.8.

3. Company Overview
(continued)

Exhibit 3.8 Geographic presence of McAleese Specialised Transport & Lifting



3.2.2 McAleese Bulk & Liquid Transport

McAleese Bulk & Liquid Transport comprises McAleese Resources and McAleese Oil & Gas.

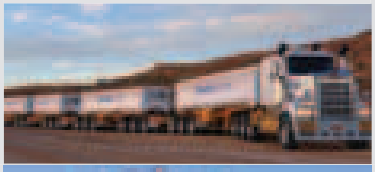
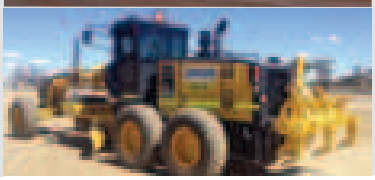
3.2.2.1 McAleese Resources

Overview of McAleese Resources

McAleese Resources is a provider of bulk commodities haulage and ancillary on-site services in the iron ore and gold mining sectors. McAleese Resources has long standing relationships with Alacer Gold (11 years), Barrick Gold (11 years) and Atlas Iron (5 years). McAleese Resources employs approximately 434 employees and hauled approximately 17.6 million tonnes of bulk commodities in FY2013.

An overview of the services offered by McAleese Resources is outlined in Exhibit 3.9.

Exhibit 3.9 McAleese Resources' services

		Services
Bulk commodities haulage		– Materials haulage to stockpile, crusher and related processing infrastructure – Materials haulage to port – Transport of quarry products
Ancillary on-site services		– Product loading and unloading – Stockpile management – Road maintenance

Overview of customer contracts

McAleese Resources' key customers are mining companies such as Atlas Iron, Gold Fields, Norton Gold Fields, Barrick Gold, Alacer Gold and Saracen Minerals Holdings. Atlas Iron is a key client with individual service contracts for Atlas' Abydos, Mt Dove, Pardoo and Wodgina iron ore mines.

McAleese Resources' work is provided under contracts, which can typically be for two to three years and then be subject to tender, or life of mine. Pricing for these contracts is negotiated on a customer-by-customer basis according to the scope of services provided.

Revenue is earned based on the work performed with no minimum quantities specified.

The contracts determine the elements of costs that can be passed through. Contracts can typically be terminated by either party with a notice period of three months.

Overview of fleet and geographic presence

McAleese Resources services are performed using various combinations and specifications of prime movers, trailers, materials handling equipment and other processing equipment depending on the haulage task and distance from mine to port or other destination.

An overview of McAleese Resources' fleet is outlined in Exhibit 3.10.

Exhibit 3.10 McAleese Resources' fleet as at 31 October 2013

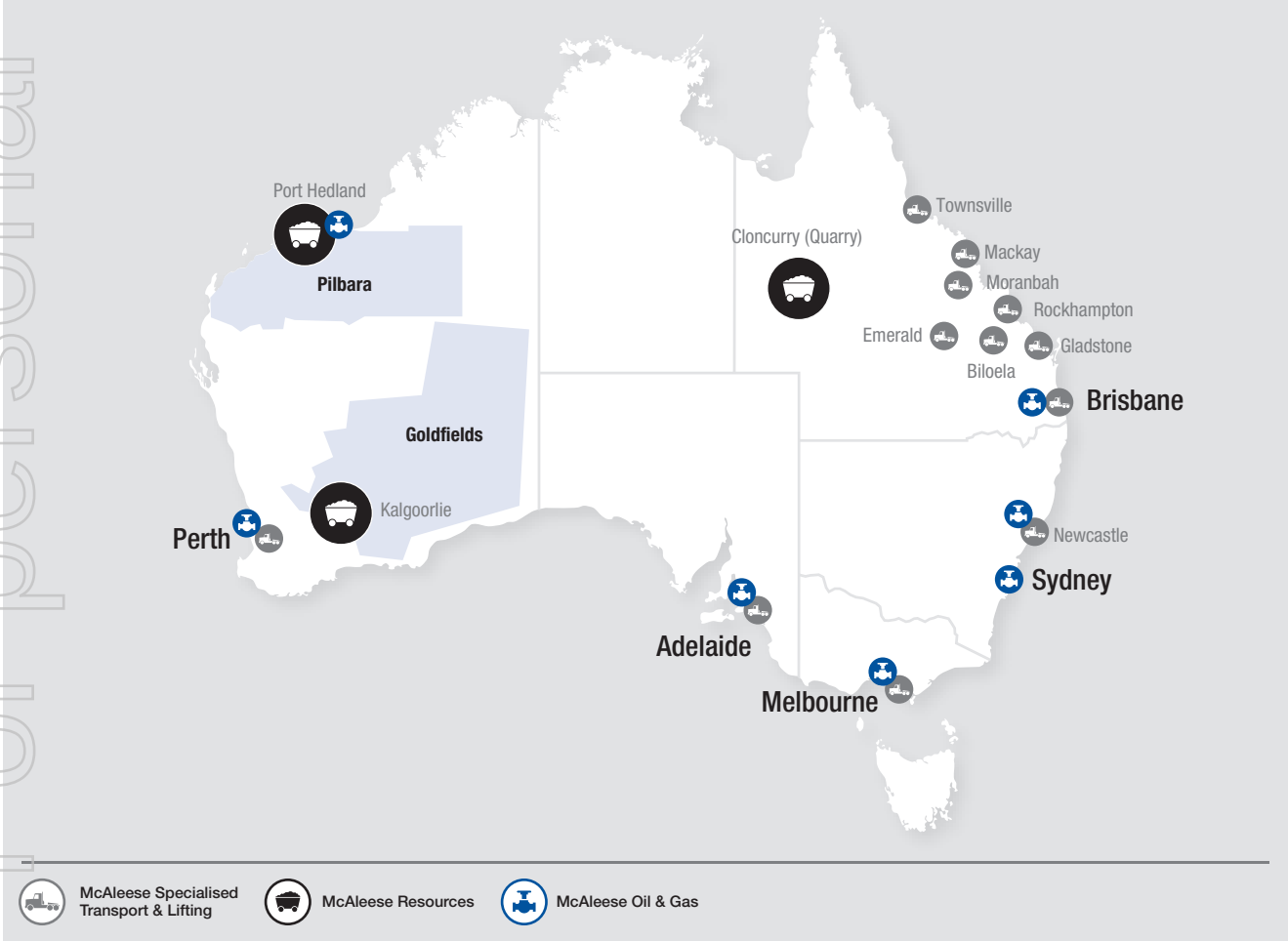
Equipment class	Average age/useful life	Number
Prime movers	5.6 years/12 years	99
Trailing equipment	6.0 years/12-15 years	689
Materials handling equipment	6.7 years/15 years	46
Other[1]	8.7 years/15-20 years	41

1 Includes equipment such as graders, diggers, water carts, services, dozers, floats and yard trucks and crushing plants.

McAleese Resources operates in the Pilbara and Goldfields regions of Western Australia. McAleese Group's installed equipment base, combined with its operating expertise and business systems, positions it to grow with its customers in these regions. McAleese Group's strategy is to continue to expand its customer base and geographical footprint into new regions and commodities.

McAleese Resources' geographic presence is shown in Exhibit 3.11.

Exhibit 3.11. Geographic presence of McAleese Resources



3.2.2.2 McAleese Oil & Gas

Overview of McAleese Oil & Gas

McAleese Oil & Gas is a transporter of liquid fuels and petroleum in Australia for global oil and gas companies. McAleese Oil & Gas also incorporates Liquip, which designs and manufactures fuel transfer equipment for aircraft refuelling and fuel transfer equipment for fuel tankers and for oil terminals. Liquip has manufacturing operations in Victoria, New South Wales and North Carolina in the United States.

McAleese Oil & Gas also provides aircraft refuelling services at Melbourne and Adelaide airports.

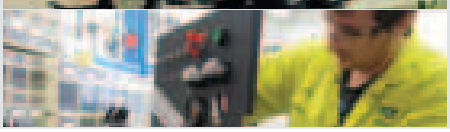
An overview of McAleese Oil & Gas, including key brands, geographical presence and key customers, is provided in Exhibit 3.12.

Exhibit 3.12 Overview of McAleese Oil & Gas

KEY STATISTICS	– Transports more than 13 billion litres of liquid fuels and petroleum per annum – One of the largest liquid fuels petroleum carriers in Australia	
KEY CUSTOMERS AND LENGTH OF RELATIONSHIP	– Shell (30 years) – BP (45 years) – Caltex (15 years) – Elgas (35 years)	– Origin (15 years) – ExxonMobil (15 years) – Mining companies both directly (Atlas) and indirectly (Rio Tinto)
KEY BRANDS	Cootes Transport	LIQUIP

An overview of the services offered by McAleese Oil & Gas is outlined in Exhibit 3.13.

Exhibit 3.13 McAleese Oil & Gas' services

		Services
Liquid fuels and petroleum distribution		– Transports diesel fuel, petroleum, LPG and aviation fuels – Aircraft refuelling at Melbourne Tullamarine and Adelaide Airports
Liquip		– Specialises in the design and manufacture of fuel transfer equipment for aircraft refuelling and fuel tankers for oil terminals

Overview of customer contracts

McAleese Oil & Gas' key customers include global oil and gas companies. McAleese Oil & Gas typically enters into three year contracts with extension options up to two years granted at the end of the first and second years at the discretion of the customer. McAleese Oil & Gas' Cootes Transport business regularly has contracts that are subject to tender, including Shell and BP fuel and petroleum distribution contracts (due to expire at the end of June 2014 for Shell and at the end of March 2014 for BP) which are currently subject to tender. It is anticipated that these contracts will be awarded by the end of calendar year 2013 or early 2014. The Origin LPG distribution contract will go to tender in the forecast period and is due to expire in June 2014.

McAleese Oil & Gas may have multiple contracts with the one customer. Revenue is earned based on the work performed with no minimum quantities specified. Contracts are structured to calculate an individual cost per trip based on trip times, payload assumptions and cost components including capital, labour, repairs and maintenance activity and corporate overheads. The contracts determine the elements of costs that can be passed through. Contracts can typically be terminated by either party with a notice period of between 60 to 180 days.

McAleese Group believes that the returns in certain contracts within its liquid fuels and petroleum distribution business are inadequate for the risks and capital investment required. Over time McAleese Group will review its participation in contracts deemed not to provide sufficient returns. This may result in McAleese Oil & Gas being a smaller more profitable business.

Overview of fleet and geographic presence

McAleese Oil & Gas owns a large fleet of prime movers and tankers for the transport of liquid fuels and petroleum.

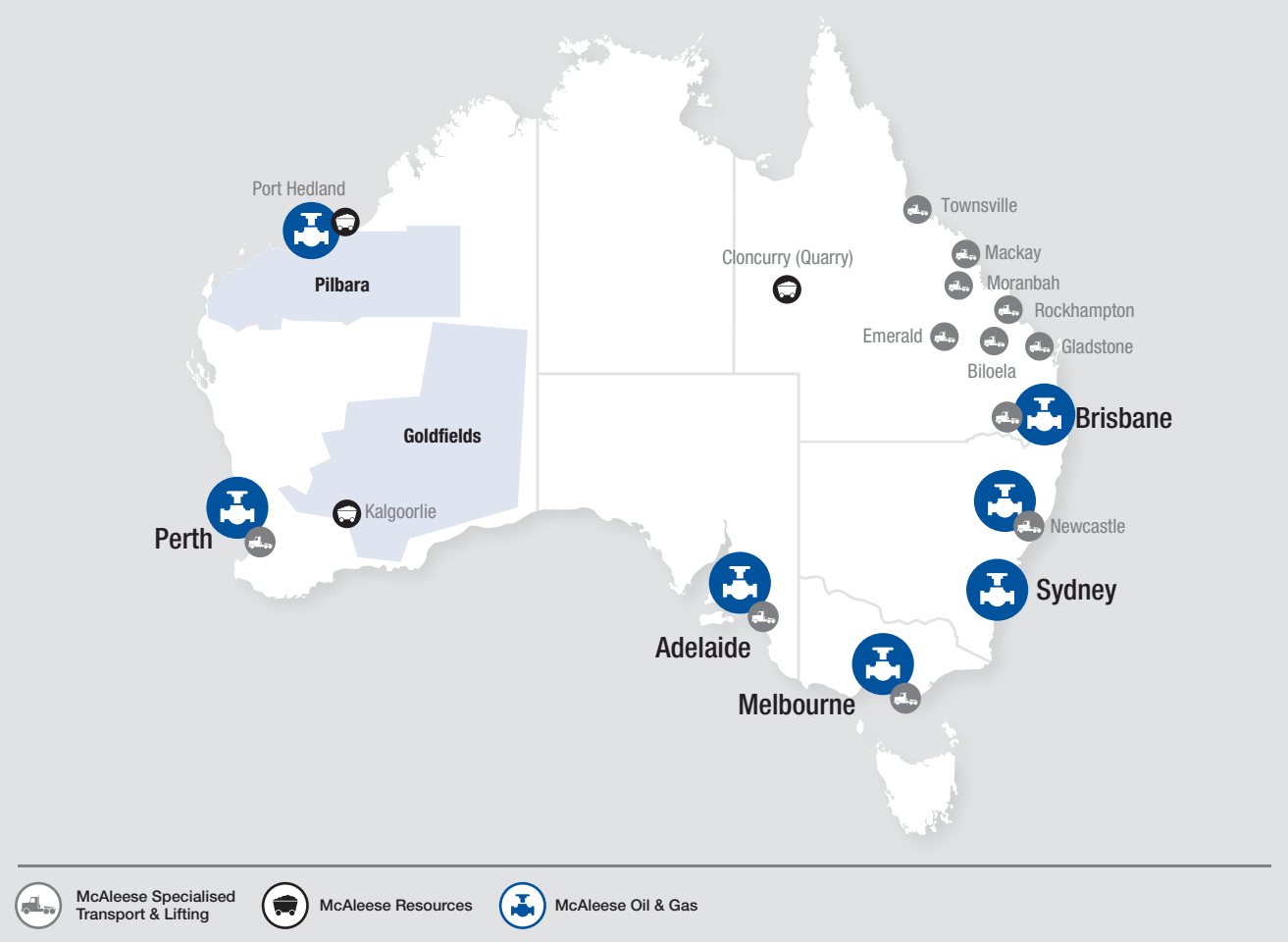
An overview of McAleese Oil & Gas' fleet is outlined in Exhibit 3.14.

Exhibit 3.14. McAleese Oil & Gas' fleet as at 31 October 2013

Equipment class	Avg. age/useful life	Number
Prime movers	6.9 years/8-12 years	344
Fuel tankers	11.2 years/15-20 years	390
Bitumen tankers	12.8 years/15-20 years	8
LPG tankers	22.0 years/50 years	217

McAleese Oil & Gas has a national footprint which supports customer needs. McAleese Oil & Gas' Australian geographic presence is shown in Exhibit 3.15.

Exhibit 3.15 Geographic presence of McAleese Oil & Gas



Mona Vale Accident

On 1 October 2013 a Cootes Transport vehicle was involved in a tragic accident on Mona Vale Road, in the Northern suburbs of Sydney ("**Mona Vale Accident**"). Two members of the public were killed in this accident and a further five people were injured requiring hospitalisation. The accident is currently being investigated by police with a Coronial Inquiry likely to be held in 2014.

The accident also resulted in fuel entering stormwater drains on Mona Vale Road. Cootes Transport engaged an independent third party to co-ordinate the clean-up with the NSW Environment Protection Authority.

Following the accident, Roads and Maritime Services NSW undertook inspections of the Cootes Transport fleet in NSW. Cootes Transport also withdrew its remaining national fleet from service in all jurisdictions to ensure inspections were completed by authorised independent inspectors. Concurrent to Cootes Transport's independent inspections, VicRoads undertook inspections of the Victorian Cootes Transport fleet.

Equivalent regulators in South Australia, Western Australia and Queensland have also subsequently undertaken inspections of Cootes systems and vehicles.

The inspection process resulted in parts of the fleet being off the road during the inspections and defective vehicles being off the road while repaired. As vehicles were cleared or defects repaired they were progressively returned to service.

The supply of liquid fuels and petroleum in New South Wales, Victoria, Queensland and South Australia was impacted by the ongoing inspection and repair process during October 2013.

While the accident itself is expected to be covered by insurance, the subsequent inspections, repair costs and disruptions to service and their consequences may not be.

Cootes Transport also withdrew from the National Heavy Vehicle Accreditation Scheme ("**NHVAS**") for Maintenance Management. As a result, vehicles in the Cootes Transport fleet will be subject to ongoing inspections in accordance with the relevant state regulations.

In addition, Cootes Transport will undertake ongoing independent inspections and reviews of its maintenance activities to ensure its entire fleet is maintained safely and effectively.

Following the Mona Vale Accident, Cootes Transport remains subject to additional scrutiny, ongoing inspections and review of its equipment and systems by regulators in NSW and other states. Cootes Transport continues to work with regulators to address any defects or issues identified. Such defects or issues may adversely impact on customer service levels, Cootes Transport's relationship with regulators and its accreditations, licences and authorisations, which may have a material impact on the business.

Prior to the Mona Vale Accident, McAleese Group had committed $33.5 million of capital expenditure since October 2012 for the Cootes Transport fleet which comprised $23.5 million of replacement capital and $10 million of maintenance capital. This included additional capital expenditure to complete the retro fitting of Electronic Braking Systems in the Cootes Transport fleet.

Following the Mona Vale Accident, McAleese Group has committed to increasing the capital expenditure on the Cootes Transport fleet program by a further $6 million in FY2014.

3.3 Overview of McAleese Group's fleet management program

McAleese Group operates in-house maintenance facilities for the servicing of its equipment together with some external servicing. Routine maintenance programs for equipment are set having regard to the service schedules recommended by manufacturers, experience in operating and independent advice. Cranes are subject to routine maintenance and receive mandatory overhauls in accordance with certification requirements.

3.4 What staff does McAleese Group employ?

As at 30 June 2013, McAleese Group employed 2,403 full time employees comprised of 2,246 permanent and 157 casual staff (excluding contractors). Exhibit 3.16 outlines employees by division.

Exhibit 3.16 McAleese Group employees by division as at 30 June 2013

	McAleese Specialised Transport & Lifting	McAleese Bulk & Liquid Transport	Total
Total employees[1]	646	1,757	2,403

1 Total employees including casual (not full time equivalent).

3.5 What is McAleese Group's approach to health, safety and environment ("HSE")?

McAleese Group is committed to ensuring the health and safety of its employees and is focused on values that support a harm-free environment for employees as well as for the environment and communities in which it operates. McAleese Group promotes a safe work culture supported by safety procedures and is focused on compliance with safety standards and thorough training of personnel. Governance of safety across McAleese Group is the responsibility of the Board. Senior and line management are responsible for safety across their level of the organisation.

McAleese Group has developed its HSE Management System in compliance with Australian standards in order to provide a framework for the management of HSE, both from a strategic and an operational standpoint across the business. The HSE Management System Standards make up a broad set of criteria which set out performance expectations in relation to a range of issues which affect the health and safety of people or the environment.

McAleese Group holds relevant statutory certifications, licenses and accreditations for each business including:

- **McAleese Specialised Transport & Lifting:** McAleese Transport and Walter Wright Cranes are triple certified (AS/NZS 4801, ISO 9001:2008 & AS/NZS 14001:2004) through SAI Global; and
- **McAleese Bulk & Liquid Transport:** McAleese Resources' operations in Port Hedland and Kalgoorlie are certified for AS/NZS 4801 (Safety) through Bureau Veritas. Cootes Transport is accredited under the National Heavy Vehicle Accreditation Scheme ("**NHVAS**") for mass and fatigue management.

McAleese Group recognises that acting in a responsible and sustainable manner is paramount and seeks to:

- conduct business in a manner consistent with current community and company standards, and in compliance with all relevant legislation;
- consider social, environmental and economic factors in business decision making;
- identify and assess risk in all of its activities in relation to people, the environment and the communities in which it operates; and
- promote a culture of awareness, responsibility and accountability at all levels of the organisation.

Financial Information

4.

4. Financial information

4.1 Introduction

The Financial Information for McAleese Group contained in this section (**"Financial Information"**) has been prepared by McAleese Group and includes:

- pro forma historical financial information for McAleese Group, being the:
  - consolidated pro forma historical statements of comprehensive income for FY2011, FY2012 and FY2013 (**"Pro Forma Historical Results"**);
  - consolidated pro forma historical statement of cash flows for FY2011, FY2012 and FY2013; and
  - consolidated pro forma historical statement of financial position as at 30 June 2013, (together the **"Historical Financial Information"**); and
- forecast financial information for McAleese Group, being the:
  - consolidated pro forma forecast statement of comprehensive income for FY2014;
  - consolidated statutory forecast statement of comprehensive income for FY2014;
  - consolidated pro forma forecast statement of cash flows for FY2014; and
  - consolidated statutory forecast statement of cash flows for FY2014, (together the **"Forecast Financial Information"**),

collectively the **"Financial Information"**.

Table 4.1 below provides an overview of the Financial Information contained in this Section.

Table 4.1: Overview of Financial Information

The information in this Section 4 should also be read in conjunction with the risks set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in this Section 4 are presented in Australian dollars and unless otherwise noted, are rounded to the nearest 100,000 dollars.

4.2 Basis of preparation and presentation of the Financial Information

The Financial Information included in this Section 4 has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. Significant accounting policies of McAleese Group relevant to the Financial Information are noted in Appendix A.

The FY2012 and FY2013 general purpose statutory consolidated financial statements of McAleese Limited have been audited by KPMG, who have issued unqualified audit opinions in respect of these periods. The FY2011 special purpose audited statutory consolidated financial reports of Harbrew Pty Ltd and FY2011 special purpose audited statutory financial reports of National Crane Hire Pty Ltd and its controlled entities have been audited by Ernst & Young, who issued unqualified audit opinions in respect of this period. The FY2011 special purpose audited statutory financial reports of International Energy Services Pty Ltd, Cootes Transport Group Pty Ltd, IES Resources Pty Ltd and Liquip International Pty Ltd (together, the **"IES Group"**), have been audited by KPMG, who have issued unqualified audit opinions in respect of this period.

The Financial Information presented in this Prospectus has been reviewed by KPMG Financial Advisory Services (Australia) Pty Limited (**"KPMG Transaction Services"**) in its Investigating Accountant's Report. Investors should note the scope and limitations of that report (refer to Section 8).

The two operating segments described in Section 3 of this Prospectus, being McAleese Specialised Transport & Lifting and McAleese Bulk & Liquid Transport, reflect the reporting structure to senior management and the Board. McAleese Group believes that the two operating segments are appropriate for segment reporting purposes under AASB 8 "Operating Segments". These segments comprise the following operations:

- **McAleese Specialised Transport & Lifting:** heavy haulage and lifting solutions, operating under the McAleese Transport, Walter Wright Cranes Australia and National Crane Hire brands; and
- **McAleese Bulk & Liquid Transport:** consisting of McAleese Resources (bulk commodities haulage and ancillary on-site services in the iron ore and gold mining sectors) and McAleese Oil & Gas (comprising a liquid fuels and petroleum distribution business and aircraft refuelling services at Melbourne and Adelaide airports, operating under the Cootes Transport brand, and the design and manufacture of fuel transfer equipment for aircraft refuelling and fuel transfer equipment for fuel tankers and for oil terminals, operating under the Liquip brand).

4.2.1 Preparation of pro forma Historical Financial Information

The pro forma Historical Financial Information for the McAleese Group has been derived from the following audited statutory financial reports:

- for McAleese Limited:
  - the FY2012 and FY2013 general purpose audited statutory consolidated financial reports of McAleese Limited; and
  - the FY2011 special purpose audited statutory consolidated financial report of Harbrew Pty Ltd (trading as McAleese) and FY2011 special purpose audited statutory financial report of National Crane Hire Pty Ltd and its controlled entities; and
- for the IES Group:
  - the FY2011 special purpose audited statutory financial reports of International Energy Services Pty Ltd, Cootes Transport Group Pty Ltd, IES Resources Pty Ltd and Liquip International Pty Ltd.

In addition to the audited information described above, the Historical Financial Information for FY2012 for IES Group prior to its acquisition by McAleese Group in April 2012, being July 2011 to March 2012, has been derived from management schedules extracted from the audited 12 months trial balances of each of International Energy Services Pty Ltd, Cootes Transport Group Pty Ltd, IES Resources Pty Ltd and Liquip International Pty Ltd.

The Pro Forma Historical Results have been presented before interest expense and income tax because McAleese Group's corporate and capital structure following the Listing will be materially different from that in place during the period prior to Listing. Accordingly, the historical statutory interest expense and income tax are not a meaningful representation of McAleese Group's future earnings profile. Similarly the pro forma historical statement of cash flows has been presented to net cash inflow before interest, tax and financing activities.

The Historical Financial Information has also been adjusted for the pro forma impact of acquisitions and/or other adjustments to reflect McAleese Group's operations pro forma for Completion of the Offer and to eliminate non-recurring items as set out in Sections 4.3.1 and 4.3.2 below. The pro forma impact of acquisitions and divestments has been included as follows:

- acquisition of the remaining 50% minority interest in National Crane Hire Pty Ltd, with 25% of the equity interest transferring on initial payment of $4.0 million in November 2013 and the remaining 25% equity interest transferring on payment of $4.0 million in July 2014;
- the agreed disposal of Watt Wah Petroleum Haulage Pte Ltd (**"Watt Wah"**) effective at 30 November 2013;
- IES Group: acquired April 2012, pre-acquisition financials included from July 2010 to March 2012;
- Legend Cranes: acquired in February 2011; and
- divestment of real property held within the McAleese Group to TTPH Pty Ltd, an entity associated with Keith Price and Gilberto Maggiolo and other Existing Shareholders (**"Property Portfolio"**) in June 2011.

Investors should note that past results do not guarantee future performance.

4.2.2 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors based on an assessment of present economic and operating conditions, and on a number of best estimate assumptions regarding future events and actions, as set out in Sections 4.7.1 and 4.7.2. This information is designed to assist investors in assessing the reasonableness and the likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information has been reviewed by KPMG Transaction Services but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 8).

McAleese Group believes the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative impact on McAleese Group's actual financial performance or financial position. Accordingly, neither McAleese Group nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The information in this Section should be read in conjunction with the general assumptions as set out in Section 4.7.1, the specific assumptions as set out in Section 4.7.2, the sensitivities as set out in Section 4.8, the risk factors as set out in Section 5 and other information contained in this Prospectus.

McAleese Group has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The forecast statement of comprehensive income for FY2014 has been presented on both a pro forma and statutory basis. The consolidated pro forma forecast statement of comprehensive income for FY2014 is based on the consolidated statutory forecast statement of comprehensive income after adjusting for certain non-recurring items and the impact of a full year of the amended capital structure following the listing. The consolidated statutory forecast statement of comprehensive income for FY2014 is the best estimate of the financial performance that the Directors expect to report in McAleese Group's general purpose audited statutory consolidated financial report for FY2014. Refer to Section 4.3.3 for the reconciliation between the consolidated pro forma forecast statement of comprehensive income and the consolidated statutory forecast statement of comprehensive income for FY2014.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Historical Financial Information.

4.3 Consolidated historical and forecast statement of comprehensive income

Table 4.2 presents the consolidated pro forma historical statements of comprehensive income for FY2011, FY2012 and FY2013 (**"Pro Forma Historical Results"**), and the consolidated pro forma and statutory forecast statements of comprehensive income for FY2014.

Table 4.2: Consolidated historical and forecast statements of comprehensive income

Year end 30 June A$ in millions	Notes	Pro forma historical			Pro forma forecast	Statutory forecast
		FY2011	FY2012	FY2013	FY2014	FY2014
Total revenue		**600.7**	**665.3**	**740.8**	**775.3**	**775.3**
Direct costs		(249.9)	(273.0)	(287.2)	(281.4)	(280.4)
Employee expenses		(212.6)	(229.0)	(247.8)	(278.6)	(278.6)
Other expenses		(52.8)	(60.5)	(80.2)	(88.6)	(88.4)
EBITDA (before individually significant items)		**85.4**	**102.8**	**125.6**	**126.8**	**128.0**
Depreciation		(39.7)	(33.7)	(37.3)	(44.1)	(44.1)
Amortisation		(1.5)	(2.4)	(4.4)	(3.9)	(3.9)
EBIT (before individually significant items)		**44.2**	**66.7**	**83.9**	**78.8**	**80.0**
Individually significant items	1	(1.8)	(40.0)	(2.8)	(10.5)	(13.5)
EBIT	2	**42.4**	**26.7**	**81.1**	**68.3**	**66.5**
Net interest expense					(14.4)	(37.1)
Net profit before tax					**53.9**	**29.4**
Tax					(17.4)	(11.0)
NPAT	3				**36.5**	**18.4**
NPAT (before individually significant items)	4				**44.4**	**29.0**

Notes.

1 Details of certain non-recurring items considered individually significant are contained in Sections 4.3.2 and 4.3.3 below.

2 A reconciliation of pro forma historical EBIT to statutory accounts equivalent EBIT is set out in Section 4.3.1 below.

3 A reconciliation of pro forma forecast NPAT for FY2014 to statutory forecast NPAT for FY2014 is set out in Section 4.3.3 below.

4 NPAT (before individually significant items) reflects Pro forma NPAT of $36.5 million and statutory NPAT of $18.4 million adjusted for the after tax effect of the individually significant items referred to in Note 1 above ($10.5 million and $13.5 million respectively).

4.3.1 Pro forma adjustments to the historical consolidated statements of comprehensive income

Table 4.3 sets out the pro forma adjustments made to the EBIT reported in the historical statutory accounts of McAleese Group to reflect the acquisitions and restructures that McAleese Group has made since 1 July 2010 as if they had occurred as at 1 July 2010 and the impact of the current corporate cost structure, to enable a like-for-like comparison of financial periods.

McAleese Group's statutory EBIT in FY2011 is sourced from the FY2011 special purpose audited statutory consolidated financial report of Harbrew Pty Ltd and McAleese Group's statutory EBIT in FY2012 and FY2013 is sourced from the FY2012 and FY2013 general purpose audited statutory consolidated financial reports of McAleese Limited.

Table 4.3: Pro forma adjustments to historical EBIT

Year end 30 June, $ in millions	Notes	FY2011	FY2012	FY2013
Statutory accounts equivalent EBIT		**21.3**	**16.9**	**83.0**
Pro forma impact of historical acquisitions/disposals	1	25.4	15.8	(0.5)
Pro forma impact of historical restructures	2	1.7	–	–
Pro forma impact of current corporate cost structure	3	(6.0)	(6.0)	(1.3)
Pro forma EBIT		**42.4**	**26.7**	**81.1**

Notes.

1 **Pro forma impact of historical acquisitions/disposals** – an adjustment has been made to the historical reporting periods to reflect the EBIT results of the IES Group and Legend Cranes acquisitions and disposal of Watt Wah and the Property Portfolio as if these transactions had taken place on 1 July 2010. This adjustment also reflects the removal of historical management fees payable to the previous owners of IES Group prior to its acquisition by McAleese in April 2012.

2 **Pro forma impact of historical restructures** – an adjustment has been made to the historical reporting periods to reflect the fact that the National Crane Hire business was not consolidated within the Harbrew Pty Ltd financial statements in FY2011, and to remove interest income from other income per the FY2011 special purpose audited statutory consolidated financial report of Harbrew Pty Ltd. In respect of the National Crane Hire business, the pro forma impact in FY2012 and FY2013 would be to eliminate the net profits attributable to minority interests line that would have appeared as part of the Statutory results below EBIT.

3 **Pro forma impact of current corporate cost structure** – an adjustment has been made to the historical reporting periods to include an estimate of the corporate costs that would have been required to operate the combined McAleese Group and IES Group businesses (based on the FY2014 forecast corporate costs).

4.3.2 Summary of individually significant items

Table 4.4 sets out the adjustments made to the historical results of McAleese Group to remove the impact of significant non-recurring items. These include a historical impairment expense, purchase price allocation accounting items resulting from the acquisition of IES Group in April 2012, and one-off transaction and restructure costs.

Table 4.4: Summary of individually significant items (Pro forma Historical Results)

Year end 30 June, $ in millions	Notes	FY2011	FY2012	FY2013
Impairment expense	1	–	(25.4)	–
IES Group acquisition accounting items	2	–	(5.2)	–
Transaction costs	3	(0.8)	(8.8)	(2.8)
Restructure costs	4	(1.0)	(0.6)	–
Total individually significant items		**(1.8)**	**(40.0)**	**(2.8)**

Notes.

1 **Impairment expense** – an adjustment has been made to remove the impairment expense incurred in FY2012 in respect of Cootes Transport ($25.4 million).

2 **IES Group acquisition accounting items** – an adjustment has been made in FY2012 to reverse the impact of writing off a bad debt from a material customer that went into administration ($4.2 million), and the revaluation of inventory ($1.0 million), identified as part of the IES Group purchase price allocation exercise on acquisition by McAleese Group in April 2012.

3 **Transaction costs** – an adjustment has been made to the historical reporting periods to remove transaction costs incurred in respect of the Legend Cranes acquisition, IES Group acquisition and the ongoing Offer process.

4 **Restructure costs** – an adjustment has been made to the historical reporting periods to remove costs associated with the restructure of McAleese Group entities (FY2011: $0.7 million, FY2012: $0.6 million) and the IES Resources division in Queensland (FY2011: $0.3 million).

Table 4.4A sets out the basis for the adjustment made to the Pro forma forecast and Statutory forecast for FY2014 reflecting the impact of the Mona Vale Accident, accounting for the transaction costs associated with the Offer, and the disposal of Watt Wah.

Table 4.4A: Summary of individually significant items (Forecast FY2014)

Year ending 30 June 2014, $ in millions	Notes	Pro forma Forecast FY2014	Statutory forecast FY2014
Loss of revenue (net of savings in direct costs)	1	2.1	2.1
Costs arising from and subsequent to the Mona Vale Accident	2	6.1	6.1
Immediate fleet maintenance and inspection regime	3	2.3	2.3
Transaction costs associated with the Offer		–	5.1
Gain on disposal of Watt Wah		–	(2.1)
Total individually significant items (pro forma forecast FY2014)		**10.5**	**13.5**

Notes.

1 Revenue lost during October 2013 as a result of Oil & Gas fleet being off the road undergoing immediate repairs and third party inspections is estimated at $3.5 million.

2 Includes legal and specialists' adviser fees, potential fines and penalties, restructure costs and insurance deductible.

3 Costs of immediate repairs and third party inspections following the Mona Vale Accident.

4.3.3 Pro forma adjustments to the forecast consolidated statements of comprehensive income

Table 4.5 sets out the pro forma adjustments made to forecast NPAT of McAleese Group to reflect the operating and capital structure that will be in place following the Completion of the Offer as if it was in place as at 1 July 2013. These also include the removal of certain one-off transaction costs incurred in respect of the Offer and the phasing of certain costs being incurred following the Offer.

Table 4.5: Reconciliation of consolidated statutory and pro forma forecast statement of comprehensive income FY2014

Year end 30 June A$ in millions	Notes	Forecast FY2014
Statutory NPAT		**18.4**
Impact on EBITDA (before individually significant items)		
– Phasing of listed entity costs	1	(0.2)
– Phasing of increased fleet maintenance and improved system costs	2	(1.0)
Individually significant items		
– Transaction costs	3	5.1
– Gain on disposal of Watt Wah	4	(2.1)
Impact on net interest expense		
– Write-off of upfront debt fees	5	7.0
– Debt structure	6	15.8
Tax effect of pro forma adjustments – corporate tax rate of 30%	7	(7.4)
Tax effect of pro forma adjustments – tax impact of non-deductible items	7	0.9
Pro forma NPAT		**36.5**

Notes.

1 **Phasing of listed entity costs** – the listed entity costs are based on McAleese Group's management's estimate of the incremental annual costs that McAleese Group will incur as a public company. These costs include listing fees, share registry fees, annual general meeting and annual report costs. The adjustment reflects the fact that the statutory forecast includes only a part-year of such costs.

2 **Phasing of increased fleet maintenance and improved system costs** – the adjustment reflects the fact that the statutory forecast includes only a part-year impact of such costs, post the Mona Vale Accident.

3 **Transaction costs** – total expenses of the Offer to be paid by McAleese Group are estimated at $7.8 million ($5.5 million, net of tax), of which $5.1 million will be expensed to the statement of comprehensive income for statutory reporting purposes.

4 **Gain on disposal of Watt Wah** – McAleese Group has entered into an agreement to sell its interest in Watt Wah for proceeds of $5.2 million, resulting in a gain of $2.1 million.

5 **Write-off of upfront debt fees** – unamortised capitalised upfront fees of $7.0 million relating to the existing facilities are assumed to be written off to the statement of comprehensive income on re-financing.

6 **Debt structure** – forecast interest income and expense under the current financing structure has been adjusted to reflect the anticipated debt profile of McAleese Group pro forma for Completion of the Offer. The Statutory NPAT reflects the existing capital structure up until the Offer is completed and the Pro Forma NPAT reflects a full year of the revised capital structure as though the Offer was completed as at 30 June 2013. This also includes costs of $1.3 million, which are expected to be incurred on early termination of certain existing interest swap arrangements.

7 **Tax effect of pro forma adjustments** – the income tax impact of the above pro forma adjustments is estimated to total $6.5 million. The tax charge on a statutory basis is higher than the pro forma basis due to interest on the convertible loan notes (which will be converted into equity in conjunction with the Offer) which is not deductible for tax purposes and the gain recognised in respect of the disposal of the Watt Wah business (refer to note 4 above) which is not subject to tax.

4.4 Historical and pro forma statement of financial position

Table 4.6 sets out the adjustments that have been made to the consolidated statement of financial position of McAleese Group as at 30 June 2013 to prepare the pro forma statement of financial position for McAleese Group. The adjustments include the impact of the operating and capital structure that will be in place immediately following the Completion of the Offer as if it had occurred or were in place as at 30 June 2013.

Table 4.6: Consolidated historical and pro forma statement of financial position

$ in millions As at 30 June 2013	Notes	McAleese Statutory	Impact of the Offer	Acquisitions/ Disposals	Convertible loan notes	Financing	Pro forma
Current assets							
Cash and cash equivalents	1,4	22.6	128.2	5.2	–	(130.9)	25.1
Trade and other receivables		112.3	–	(1.2)	–	–	111.2
Inventory		17.8	–	(0.0)	–	–	17.8
Prepayments	4	6.3	–	(0.2)	–	(0.2)	5.9
Total current assets		**159.0**	**128.2**	**3.8**	**–**	**(131.1)**	**159.9**
Non-current assets							
Property, plant & equipment		383.8	–	(2.8)	–	–	381.0
Goodwill		77.0	–	–	–	–	77.0
Intangibles		7.7	–	–	–	–	7.7
Total non-current assets		**468.5**	**–**	**(2.8)**	**–**	**–**	**465.7**
Total assets		**627.5**	**128.2**	**1.0**	**–**	**(131.1)**	**625.7**
Current liabilities							
Trade & other payables	2,4	(75.4)	–	(3.5)	–	10.8	(68.1)
Loans and borrowings	4	(30.1)	–	–	–	20.7	(9.4)
Current tax liabilities	4	(2.6)	–	0.0	–	3.0	0.5
Employee provisions		(25.4)	–	–	–	–	(25.4)
Other current liabilities	4	(2.1)	–	–	–	1.1	(1.1)
Total current liabilities		**(135.6)**	**–**	**(3.5)**	**–**	**35.6**	**(103.5)**
Non-current liabilities							
Loans and borrowings	3,4	(375.0)	–	–	56.9	89.4	(228.6)
Deferred tax liabilities	1	(11.9)	2.3	–	–	(0.4)	(9.9)
Other non-current liabilities	4	(5.2)	–	–	–	0.3	(4.9)
Total non-current liabilities		**(392.1)**	**2.3**	**–**	**56.9**	**89.3**	**(243.5)**
Total liabilities		**(527.6)**	**2.3**	**(3.5)**	**56.9**	**124.9**	**(347.0)**
Net assets		**99.9**	**130.5**	**(2.5)**	**56.9**	**(6.2)**	**278.7**
Equity							
Contributed Equity	1,2,3	52.3	134.1	4.0	56.9	–	247.2
Reserves	4	0.1	–	(4.4)	–	0.9	(3.4)
Retained earnings	1,2	43.4	(3.5)	2.1	–	(7.1)	34.9
Total equity attributable to the equity holders of McAleese Group		**95.7**	**130.5**	**1.7**	**56.9**	**(6.2)**	**278.7**
Non-controlling interest		4.2	–	(4.2)	–	–	–
Total Equity		**99.9**	**130.5**	**(2.5)**	**56.9**	**(6.2)**	**278.7**

Notes.

1 **Impact of the Offer** – an increase in issued capital reflecting new capital raised of $136.0 million under the Offer, less transaction costs of $7.8 million. Total costs of the Offer incurred by McAleese Group are estimated at $7.8 million, of which $2.7 million (pre-tax) will be directly offset against issued capital. It is assumed the transaction costs are deductible to McAleese Group for tax purposes over five years, resulting in a deferred tax asset of $2.3 million.

2 **Acquisitions/disposals** – McAleese Group has entered into an agreement to sell its interest in Watt Wah for proceeds of $5.2 million. McAleese Group has also agreed to buy the remaining 50% of the National Crane Hire business for total consideration of $8.0 million, with 25% of the equity interest transferring on initial payment of $4.0 million in November 2013 (funded by a separate equity injection from the existing shareholders of McAleese Group – refer Section 4.5.2.) and the remaining 25% equity interest transferring on payment of $4.0 million in July 2014. The statutory reported minority interest of $4.2 million is removed in the pro forma statement of financial position as at 30 June 2013 to reflect McAleese Group's commitment to acquire 100% of the National Crane Hire business (although for statutory reporting purposes a minority interest relating to the remaining 25% minority equity interest in National Crane Hire not acquired at that date is expected to exist at 30 June 2014).

3 **Convertible loan notes** – it is assumed convertible loan notes with a face value of $100 million, of which $56.9 million is classified as debt as at 30 June 2013, will be converted to equity in conjunction with the Offer. The convertible loan notes were the investment through which Mark Rowsthorn invested in McAleese Group. The notes convert into fully paid ordinary Shares prior to Completion of the Offer. All information presented in this Prospectus (including as to the number of Shares) assumes that the notes have been converted.

4 **Financing** – On Completion of the Offer there will be Senior Debt Facilities totalling $325.0 million, of which $220.0 million is assumed to be drawn initially, which together with some of the proceeds of the Offer, will be used to repay the existing bank debt facilities drawn as at 30 June 2013, totalling $336.4 million. In addition, McAleese Group intends to restructure its portfolio of interest rate swaps. Further detail on the capitalisation and indebtedness before, and pro forma for, Completion of the Offer is provided in Section 4.4.1.

The pro forma statement of financial position is therefore provided for illustrative purposes only and is not represented as being necessarily indicative of McAleese Group's view on its future financial position.

4.4.1 Capitalisation and indebtedness

Table 4.7 sets out the capitalisation and indebtedness of McAleese Group as at 30 June 2013 before, and pro forma for, Completion of the Offer.

Table 4.7: Capitalisation and indebtedness before and pro forma for Completion of the Offer

As at 30 June 2013 $ in millions	Notes	Before Completion of the Offer	Pro forma for Completion of the Offer
Cash		22.6	25.1
Financial instruments	1	(1.8)	(0.4)
Current debt	2, 4	(30.1)	(9.4)
Non-current debt	3, 4	(375.0)	(228.6)
Net total indebtedness		**(384.3)**	**(213.3)**
Total equity		**99.9**	**278.7**
Capital employed		**484.2**	**492.0**

Notes.

1 **Financial instruments** – As at 30 June 2013 McAleese Group had $189.4 million of floating to fixed interest rate hedges which as at that date had a mark-to-market value of negative $1.8 million. McAleese Group intends to exit specific hedges in its existing portfolio and enter into new hedges whilst maintaining hedge coverage of between 50% and 75%.

2 **Current debt** – Debt classified as current pro forma for Completion of the Offer relates to finance leases on plant and equipment assets, offset by the portion of capitalised upfront debt costs expected to be amortised within one year.

3 **Non-current debt** – Debt classified as non-current pro forma for Completion of the Offer relates to the drawn portion of the Senior Debt Facility and finance leases on plant and equipment assets due over one year, offset by the portion of capitalised upfront debt costs expected to be amortised beyond one year.

4 **Finance leases** – Current and non-current debt includes amounts due in respect of plant and equipment acquired under finance leases as at 30 June 2013 ($20.3 million). This is split between amounts due within 12 months ($10.1 million) and amounts due between one and five years ($10.2 million).

4.4.2 Description of Senior Debt Facility and finance leases

4.4.2.1 Senior Debt Facility

McAleese Group has entered into commitment letters for the provision of the following Senior Debt Facility (**"Senior Debt Facility"**):

- a $300 million syndicated cash advance facility (**"Facility A"**), divided into two tranches:
  - a 4 year $150 million term loan tranche (**"Tranche 1"**); and
  - a 3 year $150 million revolving loan tranche (**"Tranche 2"**); and
- a $25 million revolving multi-option facility (**"Facility B"**)

On Completion of the Offer, funding provided under the Senior Debt Facility (together with the proceeds from the sale of New Shares under the Offer) will be utilised to repay existing debt facilities (including accrued interest), pay transaction costs for the Offer, and to close out certain existing hedge transactions. Following initial drawdown, the drawn and undrawn financing facilities available to McAleese Group will be as follows.

Table 4.8: Pro-forma Senior Debt Facility drawings following Completion of the Offer

$ million	Notes	Limit	Pro forma drawn
Facility A, Tranche 1		150	150
Facility A, Tranche 2		150	70
Facility B		25	–
Total		**325**	**220**

The commitment letters for the Senior Debt Facility have been entered into with three major banks that have credit approvals to provide the Senior Debt Facility on the terms and conditions set out in a fully negotiated, agreed term sheet, and have senior management support to proceed to binding documentation and seek final credit approval. The prior execution of binding documentation and satisfaction of all conditions precedent in relation to the Senior Debt Facility will be a condition precedent to closing of the Offer.

The Senior Debt Facility will be made available to McAleese Finance Pty Ltd (the **"Borrower"**), a wholly owned subsidiary of the McAleese Group. It will have variable interest rates based on Bank Bill Swap Bid Rate (**"BBSY"**) plus a margin determined by reference to the calculated Leverage Ratio at each respective reporting period of the McAleese Group.

Facility A, Tranche 1

Tranche 1 is a term loan facility, repayable in full at maturity, being 4 years from the date a formal loan agreement is executed for the Senior Debt Facility. No principal repayments will be required prior to the maturity of Tranche 1. Tranche 1 may be prepaid voluntarily but amounts prepaid will reduce the commitments and may not be re-borrowed.

Tranche 1 will be available to refinance existing debt and for general corporate purposes (including financing capital expenditure and acquisitions). The Borrower intends to fully draw the Tranche 1 commitment.

Facility A, Tranche 2

Tranche 2 is a revolving loan facility, repayable in full at maturity, being 3 years from the date a formal loan agreement is executed. No principal repayments will be required prior to maturity. Tranche 2 amounts drawn may be prepaid voluntarily but prepayments will not reduce the commitments and may be re-borrowed.

Tranche 2 will be available to refinance existing debt and for general corporate purposes (including financing capital expenditure and acquisitions).

Facility B

Facility B is a revolving multi-option facility for the provision of cash advances, letters of credit, bank guarantees and performance bonds. It will be repayable in full at maturity, being 3 years from the date a formal loan agreement is executed. No principal repayments will be required prior to maturity. Facility B amounts drawn may be prepaid voluntarily but prepayments will not reduce the commitments and may be re-borrowed.

Facility B will be available for general working capital purposes (excluding financing capital expenditure).

Each facility will attract a commitment fee equal to 50% of the applicable margin on the committed but undrawn funds.

Representations, warranties, undertakings and defaults

The agreement under which the Senior Debt Facility is made available will contain a number of representations, warranties, undertakings and events of default considered appropriate for a facility of this nature. The undertakings will include the financial undertakings described in Section 4.4.2.5, information reporting obligations, obligations in relation to the disposal or acquisition of assets (which may include confirming to financiers continuing financial undertaking compliance to seeking their prior consent, depending on the value of assets acquired) and other obligations as to the conduct of the business of the McAleese Group.

The events of default will include any failure to pay amounts payable under any finance documents, a breach of any financial or other undertaking, a breach of a representation and warranty, the occurrence of any insolvency event, loss of a contract which generates 15% of EBITDA annually where McAleese Group is not able to demonstrate within a certain period of time that the loss is unlikely to result in a breach of the financial undertakings and the occurrence of an event which would be reasonably likely to have a material adverse effect on the ability of the Borrower and the guarantors (as a whole) to comply with their obligations under the Senior Debt Facility.

If an event of default occurs, the financiers will be entitled to require immediate repayment of all debt under the Senior Debt Facility and to enforce their security.

Review events

The agreement under which the Senior Debt Facility is made available will contain the following review events:

- a change of control of McAleese Group or the Borrower;
- McAleese Group ceases to be listed on ASX; and
- without the consent of the agent (such consent not to be unreasonably withheld), McAleese Group's shares are suspended from trading on ASX for a consecutive period of more than 5 days.

If a review event occurs there will be a 30 day consultation period as to the action to be taken to rectify or restructure the Senior Debt Facility, which may include the amendment of the terms of the Senior Debt Facility. Following that 30 day period, if no agreement is reached, the financiers may require amendment of the Senior Debt Facility on terms required by them or require repayment of all debt owing under the Senior Debt Facility within not less than 60 days after the expiry of the 30 day consultation period. If the financiers require new terms which the Borrower does not accept, all debt owing under the Senior Debt Facility must be repaid within not less than 60 days after the expiry of the 30 day consultation period.

4.4.2.2 Finance leases

McAleese Group has outstanding finance leases on its plant & equipment with a value of $20.3 million at 30 June 2013 with three different financiers. It is anticipated these leases will be refinanced at maturity with either debt from the new Senior Debt Facility or new lease finance.

The Senior Debt Facility permits up to 12.5% of McAleese Group's consolidated total tangible assets which are $529 million per pro forma statement of financial position, to be financed by operating leases, finance leases or hire purchase agreements.

4.4.2.3 Security

Amounts outstanding under the Senior Debt Facility will be secured by first ranking security over all assets and undertakings of the borrower and all Guarantors.

Amounts outstanding under the finance leases are secured over the associated leased plant and equipment.

4.4.2.4 Guarantors

McAleese Limited is obliged to ensure that at all times the aggregate EBITDA and total tangible assets of the Borrower and all guarantors are not less than 90% of the consolidated EBITDA and total tangible assets respectively of McAleese Limited.

4.4.2.5 Financial covenants

The agreement under which the Senior Debt Facility will be made available will contain a number of financial undertakings. The financial undertakings will be tested at financial year end and financial half-year end based on the results of the preceding 12 months, with the first test to be made as at 30 June 2014. McAleese Group expects to remain in compliance with these undertakings and management is comfortable that there is sufficient headroom throughout FY2014 in order for McAleese Group to satisfy these financial undertakings.

Table 4.9: Financial undertakings

Financial undertakings	Note	Required ratio
Leverage Ratio	1	Not greater than 2.75x
Gearing Ratio	2	Not greater than 55%
Interest Cover Ratio	3	Not less than 3.0x

Notes.
1 Calculated as Net Debt of McAleese Limited and its subsidiaries divided by the EBITDA of McAleese Limited and its subsidiaries.
2 Calculated as Net Debt of McAleese Limited and its subsidiaries divided by total tangible assets of McAleese Limited and its subsidiaries, expressed as a percentage.
3 Calculated as EBITDA of McAleese Limited and its subsidiaries divided by the interest expense (net of interest income) of McAleese Limited and its subsidiaries.

The agreement under which the Senior Debt Facility will be made available also includes a covenant in relation to a maximum amount of operating leases, finance leases or hire purchase agreements. Refer to 4.4.2.2 above.

4.4.3 Liquidity and capital resources

Following Completion of the Offer, McAleese Group's principal sources of funds will be cash flow from operations, borrowings available under the Senior Debt Facilities and finance leases described in Section 4.4.2.

The majority of McAleese Group's capital expenditure relates to investment in new equipment to support new business opportunities, and maintenance capital. This includes investment in prime movers and trailing equipment, heavy haulage vehicles, cranes, and other plant and equipment.

McAleese Group expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. McAleese Group expects that its operating cash flows, together with borrowing under the Senior Debt Facilities, and leases, will position McAleese Group to manage its business in accordance with the Forecast Financial Information.

McAleese Group intends to hedge 50-100% of its interest rate exposure and maintain a swap maturity profile in line with the maturity of its debt facilities.

McAleese Group has limited exposure to foreign currency with over 96% of revenues generated in Australia. As such, McAleese Group currently undertakes limited foreign currency hedging.

4.4.4 Contractual obligations and capital commitments

Table 4.10 summarises McAleese Group's contractual obligations and commitments (pro forma for Completion of the Offer) in relation to off balance sheet operating leases, capital expenditure commitments and payments due to acquire National Crane Hire as at 30 June 2013.

Table 4.10: Contractual obligations and commitments as at 30 June 2013

As at 30 June 2013 $ in millions	Notes	Total	Payments due by period		
			<1 year	1-5 year(s)	>5 years
Operating lease commitments	1	62.4	15.8	29.7	16.9
Capital expenditure obligations	2	10.3	10.3	–	–
Payments due to acquire National Crane Hire	3	8.0	4.0	4.0	–
Total		**80.7**	**30.1**	**33.7**	**16.9**

Notes.

1 **Operating leases commitments** – operating lease commitments relate to premises and items of plant and equipment. The leases typically run for a period of one to ten years, with an option to renew the lease after that date.

2 **Capital expenditure obligations** – these obligations represent non-cancellable orders placed for plant and equipment as part of normal business operations. Refer to Section 4.7.2.3 for further description on forecast capital expenditure.

3 **Payments due to acquire National Crane Hire** – amounts payable to acquire the remaining 50% of the National Crane Hire business for total consideration of $8.0 million were not committed as at 30 June 2013 but have been included in the table above for consistency with the pro forma statement of financial position.

4.5 Pro forma and statutory statement of cash flows

Table 4.11 presents the consolidated pro forma historical statement of cash flows for FY2011, FY2012 and FY2013 and the consolidated pro forma and statutory statement of cash flows for FY2014.

The forecast statement of cash flows for FY2014 has been presented on both a pro forma and statutory basis. The consolidated pro forma forecast statement of cash flows for FY2014 is based on the consolidated statutory forecast statement of cash flows after adjusting for certain non-recurring items. The consolidated statutory forecast statement of cash flows for FY2014 is the best estimate of the cash flows that the Directors expect to report in McAleese Group's general purpose audited statutory consolidated financial report for FY2014. Refer to Section 4.5.2 for the reconciliation between the consolidated pro forma forecast statement of cash flows and the consolidated statutory forecast statement of cash flows for FY2014.

Table 4.11: Consolidated historical and forecast statement of cash flows

Year end 30 June $ in millions	Historical			Forecast	Forecast
	FY2011 Pro forma	FY2012 Pro forma	FY2013 Pro forma	FY2014 Pro forma	FY2014 Statutory
EBITDA (before individually significant items)	**85.4**	**102.8**	**125.6**	**126.8**	**128.0**
Direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance	–	–	–	(10.5)	(10.5)
Change in net working capital	(5.1)	(17.2)	0.0	(6.3)	(6.3)
Non-cash items in EBITDA	0.1	(2.9)	(1.0)	–	–
Net cash inflow from operating activities before interest and tax	**80.3**	**82.7**	**124.6**	**110.0**	**111.2**
Capital expenditure	(56.9)	(59.8)	(72.4)	(78.9)	(78.9)
Proceeds from sale of plant and equipment	3.2	8.1	6.9	5.6	5.6
Net cash inflow before interest, tax and financing activities	**26.6**	**30.9**	**59.1**	**36.6**	**37.8**
Net interest paid				(13.7)	(36.1)
Income tax paid				(12.7)	(9.0)
Cash proceeds from disposal of Watt Wah					5.2
Net proceeds from the Offer					128.2
Repayment of debt				(5.6)	(120.8)
Net cash flow before dividends				**4.6**	**5.3**
Dividends paid				(21.1)	–
Net cash flow				**(16.5)**	**5.3**

The Pro forma forecast FY2014 cash out flow of $16.5 million includes the following items related to the Mona Vale Accident and subsequent review of fleet maintenance.

	$m
Direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance	10.5
Additional maintenance capital expenditure in McAleese Oil & Gas	6.0
	16.5

The above items are wholly funded by the proceeds of the Offer and the proceeds of the disposal of Watt Wah.

4.5.1 Pro forma adjustments to the historical consolidated statement of cash flows

Table 4.12 sets out the pro forma adjustments to the statutory historical statement of cash flows of McAleese Group for FY2011, FY2012 and FY2013. This also considers the operating cash flow impact of the individually significant items set out in Section 4.3.2. These adjustments are described below.

Table 4.12: Pro forma adjustments to the statutory consolidated statement of cash flows from FY2011 to FY2013

Year end 30 June $ in millions	Notes	Pro forma historical		
		FY2011	FY2012	FY2013
Statutory net cash inflow before interest, tax and financing activities		**21.6**	**23.4**	**73.3**
Pro forma impact of historical acquisitions/disposals	1	43.8	28.7	(2.0)
Cash impact of individually significant items	2	10.4	13.6	3.3
Allocation of interest income	3	(0.2)	–	–
Allocation of interest payable	4	–	(1.0)	(9.5)
Leased capital expenditure	5	(43.1)	(27.8)	(4.7)
Pro forma impact of historical corporate costs	6	(5.9)	(5.9)	(1.3)
Pro forma net cash inflow before interest, tax and financing activities		**26.6**	**30.9**	**59.1**

Notes.

1 **Pro forma impact of historical acquisitions/disposals** – an adjustment has been made to the historical reporting periods to reflect the pre-acquisition operating cash flow of IES Group and Legend Cranes, and disposal of Watt Wah and the Property Portfolio as if these transactions had taken place on 1 July 2010.

2 **Cash impact of individually significant items** – an adjustment has been made to the historical reporting periods to reflect the operating cash flow impact of the individually significant items discussed in Section 4.3.2.

3 **Allocation of interest income** – interest income was recorded within other income per the Harbrew Pty Limited financial statements in FY2011.

4 **Allocation of interest payable** – removes interest payable amounts on existing debt facilities included in movements in working capital (within trade and other payables) per the statutory accounts.

5 **Leased capital expenditure** – an adjustment has been made to the historical reporting periods to include the cash impact of any assets acquired under financing as though they were cash paid in full during the year.

6 **Pro forma impact of historical corporate costs** – an adjustment has been made to the historical reporting periods to include an estimate of the corporate costs required to operate the combined McAleese Group and IES Group businesses (based on the FY2014 forecast corporate costs).

4.5.2 Pro forma adjustments to the forecast consolidated statement of cash flows

Table 4.13 sets out the pro forma adjustments to the consolidated statutory forecast statement of cash flows for FY2014 to reflect the full year impact of the capital structure that will be in place following Completion of the Offer. These also include the removal of certain one-off transaction costs incurred in respect of the Offer and the phasing of listed entity costs.

Table 4.13: Pro forma adjustments to the consolidated statutory statement of cash flows for FY2014

Year end 30 June $ in millions	Notes	Forecast FY2014
Statutory net cash flow		**5.3**
Equity raising (net of transaction costs)	1	(128.2)
Debt structure – borrowings	1	115.1
Phasing of listed entity costs	2	(0.2)
Phasing of increased fleet maintenance and improved system costs	2	(1.0)
Debt structure – interest	2	22.4
Income tax	2	(3.7)
National Crane Hire acquisition	3	–
Proceeds from the disposal of Watt Wah	4	(5.2)
Dividends	5	(21.1)
Pro forma net cash flow		**(16.5)**

Notes.

1 **Equity raising and debt structure – borrowings** – the Offer is assumed to raise funds totalling $128.2 million (net of transaction costs of $7.8 million), of which $115.1 million will be used to pay down existing bank facilities including upfront costs in respect of the Senior Debt Facility.

In addition, remaining proceeds from the equity raising and a portion of existing cash balances as at 30 June 2013 will be used to exit specific existing interest rate swap arrangements, and fund any interest accrued on the existing bank facilities on Completion of the Offer.

2 **Phasing of listed entity costs, increased fleet maintenance and improved system costs, debt structure – interest and income tax** – payments have been adjusted to reflect the pro forma adjustments to listed entity costs, increased fleet maintenance and improved system costs, net interest expense and income tax noted in the consolidated pro forma forecast statement of comprehensive income (refer to Section 4.3.3).

3 **National Crane Hire acquisition** – McAleese Group has agreed to buy the remaining 50% of the National Crane Hire business for total consideration of $8.0 million, with 25% of the equity interest transferring on initial payment of $4.0 million in November 2013 and the remaining 25% equity interest transferring on payment of $4.0 million in July 2014. The $4.0 million payment in November 2013 will be funded by a separate equity injection from the existing shareholders of the McAleese Group prior to Completion of the Offer.

4 **Proceeds from the disposal of Watt Wah** – The disposal of Watt Wah is expected to occur during FY2014 and therefore the proceeds from sale are included in the statutory net cash flow. From a pro forma perspective, this transaction is treated as having occurred before 30 June 2013 (refer to Section 4.4).

5 **Dividends** – The Pro Forma net cash flow includes an illustrative full year dividend payment for the period as if paid in the period, whilst the statutory net cash flow reflects the fact no payment is expected in the period to 30 June 2014. Details of McAleese Group's dividend policy are set out in Section 4.9.

4.6 Management discussion and analysis of the Historical Financial Information

Set out below is a discussion of the general factors affecting McAleese Group's operating results and management's discussion and analysis of McAleese Group's Historical Financial Information for the historical periods included in this Section 4.

4.6.1 General factors affecting the operating results of McAleese

Below is a brief outline of the main factors which affected McAleese Group's operating and financial performance in FY2011, FY2012 and FY2013 and which the Directors expect may continue to affect operating and financial performance in the future.

The outline of these general factors is intended to provide a summary only and does not intend to identify all factors that affected McAleese Group's historical operating and financial performance, nor all aspects that may impact its future performance. The information in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.6.1.1 McAleese Specialised Transport & Lifting

As discussed in Section 2.2.2, McAleese Specialised Transport & Lifting's operating and financial performance is driven by a number of factors including the level of new capital projects, project expansions and project maintenance in the resources, energy and infrastructure construction sectors.

4.6.1.2 McAleese Bulk & Liquid Transport

As discussed in Section 2.3.2 and Section 2.4.2, McAleese Bulk & Liquid Transport's operating and financial performance is driven by demand for McAleese Resources and McAleese Oil & Gas services, which encompasses demand for resources road transport and logistics services and liquid fuels and petroleum distribution.

The demand for McAleese Resources' services is driven by demand for bulk commodities haulage and ancillary on-site services which is attributable to a number of factors including production volume growth in the Australian resources sector, particularly for bulk commodities, and the need to access port facilities or further processing facilities.

The demand for McAleese Oil & Gas' services is driven by demand for liquid fuels and petroleum distribution from bulk storage infrastructure to wholesale and retail sites, which is attributable to a number of factors including growth in the transport sector and demand for freight services, and the general level of economic activity in Australia. It is also driven by the demand for fuel transfer equipment by oil companies, aircraft services and fuel transfer manufacturers.

4.6.2 Pro forma segment financial performance

McAleese Group's primary reporting segments are described in Section 3. Table 4.14 sets out pro forma historical and pro forma and statutory forecast financial performance statements of revenue, EBITDA and EBIT for these reporting segments.

Table 4.14: Pro forma segment financial performance

Year end 30 June $ millions	Notes	Pro forma historical			Pro forma forecast	Statutory forecast
		FY2011	FY2012	FY2013	FY2014	FY2014
Revenue						
Specialised Transport & Lifting		177.9	219.3	255.1	213.5	213.5
Bulk & Liquid Transport		422.8	446.1	485.6	561.8	561.8
Total revenue		**600.7**	**665.3**	**740.8**	**775.3**	**775.3**
EBITDA (before individually significant items)						
Specialised Transport & Lifting		45.6	57.2	66.1	53.4	53.4
Bulk & Liquid Transport		45.8	51.5	65.4	79.3	80.3
Corporate	1	(5.9)	(5.9)	(5.9)	(5.9)	(5.7)
Total EBITDA (before individually significant items)		**85.4**	**102.8**	**125.6**	**126.8**	**128.0**
EBIT (before individually significant items)						
Specialised Transport & Lifting		29.9	46.4	54.9	41.6	41.6
Bulk & Liquid Transport		20.4	26.3	35.0	43.2	44.2
Corporate	1	(6.0)	(6.0)	(6.0)	(6.0)	(5.8)
Total EBIT (before individually significant items)		**44.2**	**66.7**	**83.9**	**78.8**	**80.0**

Notes.

1 **Pro forma impact of current corporate cost structure** – an adjustment has been made to the historical reporting periods to include an estimate of the corporate costs that would have been required to operate the combined McAleese Group and IES Group businesses (based on the FY2014 forecast corporate costs).

4.6.3 Key operating metrics

Table 4.15 sets out a summary of key operating metrics for McAleese Group and its reporting segments on a pro forma historical basis for FY2011, FY2012 and FY2013 and a pro forma and statutory forecast basis for FY2014.

Table 4.15: Key operating metrics by segment

Year end 30 June $ millions	Notes	Pro forma historical			Pro forma forecast	Statutory forecast
		FY2011	FY2012	FY2013	FY2014	FY2014
Group						
Revenue growth (%)			10.8%	11.3%	4.7%	4.7%
EBITDA margin (before individually significant items) (% of total revenue)		14.2%	15.4%	17.0%	16.3%	16.5%
EBIT margin (before individually significant items) (% of total revenue)		7.4%	10.0%	11.3%	10.2%	10.3%
Capital expenditure ($ million)	1	56.9	59.8	72.4	78.9	78.9
Specialised Transport & Lifting						
Revenue growth (%)			23.3%	16.4%	(16.3%)	(16.3%)
EBITDA margin (before individually significant items) (% of total revenue)		25.6%	26.1%	25.9%	25.0%	25.0%
EBIT margin (before individually significant items) (% of total revenue)		16.8%	21.2%	21.5%	19.5%	19.5%
Capital expenditure ($ million)		27.4	29.9	28.7	9.8	9.8
Bulk & Liquid Transport						
Revenue growth (%)			5.5%	8.9%	15.7%	15.7%
EBITDA margin (before individually significant items) (% of total revenue)		10.8%	11.5%	13.5%	14.1%	14.3%
EBIT margin (before individually significant items) (% of total revenue)		4.8%	5.9%	7.2%	7.7%	7.9%
Capital expenditure ($ million)		29.5	29.8	43.3	69.1	69.1

Notes.

1 FY2013 Group capital expenditure of $72.4 million included $0.4 million of corporate capital expenditure.

4.6.4 Year-on-year management discussion and analysis

4.6.4.1 Pro forma FY2013 compared to pro forma FY2012

Table 4.16: Selected pro forma statement of comprehensive income and cash flow items: FY2012 and FY2013

Year end 30 June $ in millions	Pro forma historical		
	FY2012	FY2013	Change (%)
Revenue			
Specialised Transport & Lifting	219.3	255.1	16.4%
Bulk & Liquid Transport	446.1	485.6	8.9%
Total Revenue	**665.3**	**740.8**	**11.3%**
EBITDA (before individually significant items)			
Specialised Transport & Lifting	57.2	66.1	15.5%
Bulk & Liquid Transport	51.5	65.4	27.1%
Corporate	(5.9)	(5.9)	n/a
Total EBITDA (before individually significant items)	**102.8**	**125.6**	**22.2%**
EBITDA margin (before individually significant items)	15.4%	17.0%	
EBIT (before individually significant items)			
Specialised Transport & Lifting	46.4	54.9	18.3%
Bulk & Liquid Transport	26.3	35.0	33.4%
Corporate	(6.0)	(6.0)	n/a
Total EBIT (before individually significant items)	**66.7**	**83.9**	**25.9%**
EBIT margin (before individually significant items)	10.0%	11.3%	
Cash flow items			
EBITDA (before individually significant items)	102.8	125.6	
Change in net working capital	(17.2)	0.0	
Proceeds for sale of plant and equipment	8.1	6.9	
Total gross capital expenditure	(59.8)	(72.4)	
Maintenance capital expenditure	(21.7)	(18.5)	
Growth capital expenditure	(38.1)	(53.9)	
Total net capital expenditure	(51.8)	(65.5)	
Net cash inflow before interest, tax and financing activities	**30.9**	**59.1**	

Revenue

Revenue increased 11.3% from $665.3 million in FY2012 to $740.8 million in FY2013 comprising a $35.8 million (16.4%) increase in McAleese Specialised Transport & Lifting revenue and a $39.5 million (8.9%) increase in McAleese Bulk & Liquid Transport revenue.

Revenue from McAleese Specialised Transport & Lifting increased by 16.4% ($35.8 million) from $219.3 million in FY2012 to $255.1 million in FY2013, and represented 34.4% of FY2013 revenue. This increase was driven by strong market conditions, particularly in Queensland and Western Australia. McAleese Specialised Transport & Lifting benefited from continued work for various clients on key energy and resources projects.

Revenue from McAleese Bulk & Liquid Transport increased by 8.9% ($39.5 million) from $446.1 million for FY2012 to $485.6 million in FY2013 and represented 65.6% of FY2013 revenue.

- Revenue from McAleese Resources increased by 9.3% ($14.9 million) from $160.7 million in FY2012 to $175.6 million in FY2013 and represented 23.7% of FY2013 revenue. The increase was largely attributable to an increase in iron ore volumes hauled for Atlas Iron.
- Revenue from McAleese Oil & Gas increased by 8.6% ($24.6 million) from $285.4 million in FY2012 to $310.0 million in FY2013 and represented 41.9% of FY2013 revenue. The increase was a result of higher volumes within the Cootes Transport business and increased refueller build activity and sales of refuelling equipment within the Liquip business.

EBITDA and EBITDA margin

EBITDA for FY2013 increased $22.8 million (22.2%) from $102.8 million in FY2012 to $125.6 million in FY2013 reflecting the strong revenue growth within McAleese Specialised Transport & Lifting, particularly in the Queensland and Western Australian markets and increased volumes within McAleese Bulk & Liquid Transport. EBITDA margin increased from 15.4% in FY2012 to 17.0% in FY2013.

Direct costs increased by $14.2 million from $273.0 million in FY2012 to $287.2 million in FY2013. This increase was due to additional volume within McAleese Specialised Transport & Lifting and McAleese Bulk & Liquid Transport, with the majority of the direct costs being due to changes in volume.

Employee expenses increased by $18.8 million from $229.0 million in FY2012 to $247.8 million in FY2013. This increase was due to increased activity across both McAleese Specialised Transport & Lifting and McAleese Bulk & Liquid Transport, and the impact of wage and salary increases.

Other expenses increased by $19.7 million from $60.5 million in FY2012 to $80.2 million in FY2013. This was due to increases in property costs, travel related costs associated with fly-in fly-out (**"FIFO"**) employees and general cost increases.

Depreciation and Amortisation

Depreciation increased by $3.6 million from $33.7 million in FY2012 to $37.3 million in FY2013. This increase was due to the increased level of capital expenditure across both operating segments throughout FY2012 and FY2013 to support volume growth.

Amortisation increased by $2.0 million from $2.4 million in FY2012 to $4.4 million in FY2013. This increase was due to a full year impact of the increase in the value of intangibles attributable to customer contracts and relationships arising on acquisition of IES Group in April 2012.

Working capital

Movements in working capital generated a zero cash inflow in FY2013 compared with a net outflow of $17.2 million in FY2012. The key reason for the favourable movement was an improvement in working capital management, particularly within Trade & other receivables.

Capital expenditure

Capital expenditure increased from $59.8 million in FY2012 to $72.4 million in FY2013. The increase in capital expenditure was a result of additional investment to meet the expansion of the Atlas Iron haulage task and to support major projects serviced by McAleese Specialised Transport & Lifting.

4.6.4.2 Pro forma FY2012 compared to pro forma FY2011

Table 4.17: Selected pro forma statement of comprehensive income and cash flow items: FY2011 and FY2012

Year end 30 June $ in millions	Pro forma historical		
	FY2011	FY2012	Change (%)
Revenue			
Specialised Transport & Lifting	177.9	219.3	23.3%
Bulk & Liquid Transport	422.8	446.1	5.5%
Total Revenue	**600.7**	**665.3**	**10.8%**
EBITDA (before individually significant items)			
Specialised Transport & Lifting	45.6	57.2	25.5%
Bulk & Liquid Transport	45.8	51.5	12.5%
Corporate	(5.9)	(5.9)	n/a
Total EBITDA (before individually significant items)	**85.4**	**102.8**	**20.3%**
EBITDA margin (before individually significant items)	14.2%	15.4%	
EBIT (before individually significant items)			
Specialised Transport & Lifting	29.9	46.4	55.5%
Bulk & Liquid Transport	20.4	26.3	28.8%
Corporate	(6.0)	(6.0)	n/a
Total EBIT (before individually significant items)	**44.2**	**66.7**	**50.7%**
EBIT margin (before individually significant items)	7.4%	10.0%	
Cash flow items			
EBITDA (before individually significant items)	85.4	102.8	
Change in net working capital	(5.1)	(17.2)	
Proceeds for sale of plant and equipment	3.2	8.1	
Total gross capital expenditure	(56.9)	(59.8)	
Maintenance capital expenditure	(27.6)	(21.7)	
Growth capital expenditure	(29.3)	(38.1)	
Total net capital expenditure	(53.7)	(51.8)	
Net cash inflow before interest, tax and financing activities	**26.6**	**30.9**	

Revenue

Revenue increased 10.8% from $600.7 million in FY2011 to $665.3 million in FY2012 driven by a $41.4 million (23.3%) increase in McAleese Specialised Transport & Lifting revenue and a $23.3 million (5.5%) increase in McAleese Bulk & Liquid Transport revenue.

Revenue from McAleese Specialised Transport & Lifting increased by 23.3% ($41.4 million) from $177.9 million in FY2011 to $219.3 million in FY2012, and represented 33.0% of FY2012 revenue. The increase was due to strong growth in project related activity in the resources, energy and infrastructure sectors.

Revenue from McAleese Bulk & Liquid Transport increased by 5.5% ($23.3 million) from $422.8 million in FY2011 to $446.1 million in FY2012, and represented 67.0% of FY2012 revenue.

- Revenue from McAleese Resources increased by 10.5% ($15.3 million) from $145.4 million for FY2011 to $160.7 million in FY2012 and represented 24.2% of FY2012 revenue. This increase was driven by continued growth in haulage volumes from Atlas Iron's Wodgina mine combined with growth in volumes for customers operating in the Western Australian Kalgoorlie Goldfields.
- Revenue from McAleese Oil & Gas increased by 2.9% ($8.0 million) from $277.4 million for FY2011 to $285.4 million in FY2012 and represented 42.8% of FY2012 revenue. This increase reflected growth in the Australian fuel distribution business and was partly offset by a decrease in revenue from the Liquip US operation.

EBITDA and EBITDA margin

EBITDA for FY2012 increased 20.3% ($17.4 million), from $85.4 million in FY2011 to $102.8 million in FY2012. This increase in EBITDA was due to the revenue growth described above, partly offset by an increase in costs, including direct costs ($23.1 million), employee costs ($16.4 million) and other expenses ($7.7 million). EBITDA margin increased from 14.2% in FY2011 to 15.4% in FY2012 as the business capitalised on strong revenue growth during this period.

Direct costs increased by $23.1 million from $249.9 million in FY2011 to $273.0 million in FY2012. This increase reflected increased activity over the corresponding period particularly within McAleese Specialised Transport & Lifting and McAleese Resources.

Employee expenses increased by $16.4 million from $212.6 million in FY2011 to $229.0 million in FY2012. This increase reflected the impact of additional volume within both McAleese Specialised Transport & Lifting and McAleese Bulk & Liquid Transport and increases under Enterprise Bargaining Agreements.

Other expenses increased by $7.7 million from $52.8 million in FY2011 to $60.5 million in FY2012. This increase primarily reflected higher property related costs and general cost increases.

Depreciation and amortisation

Depreciation and amortisation decreased by $6.0 million from $39.7 million in FY2011 to $33.7 million in FY2012. The $6.0 million decrease in depreciation and amortisation expense mainly reflects a $4.9 million decrease in depreciation for McAleese Specialised Transport & Lifting due to a change in its depreciation methodology whereby certain assets are depreciated to a residual value (previously depreciated to nil).

Working capital

Movements in working capital generated a cash outflow of $17.2 million in FY2012 compared with an outflow of $5.1 million in FY2011. This movement was principally due to an increase in Trade & other receivables within McAleese Specialised Transport & Lifting associated with the increased revenue in FY2012.

Capital expenditure

Capital expenditure increased from $56.9 million in FY2011 to $59.8 million in FY2012, driven by continued fleet expansion. The growth in capital expenditure in FY2012 primarily reflects investment in both the McAleese Resources fleet to support the expansion in Atlas Iron's volumes and in McAleese Specialised Transport & Lifting's fleet to support high levels of customer demand.

4.7 Management's discussion and assumptions underlying the Forecast Financial Information

The Forecast Financial Information is based on various best estimate assumptions concerning future events, including those set out below, which should be read in conjunction with the Investigating Accountant's Report in Section 8, the risk factors set out in Section 5, the sensitivity analysis set out in Section 4.8 and all other information set out in this Prospectus.

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by McAleese Group, which are in accordance with the Accounting Standards and are disclosed in Appendix A. It is assumed that there will be no changes to Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on McAleese Group's accounting policies during the forecast period.

McAleese Group believes the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The actual results are likely to vary from that forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of McAleese Group and its Directors, and are not reliably predictable.

Accordingly, none of McAleese Group, its Directors, or any other person can give you any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

4.7.1 General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted for the forecast period:

- no significant change in the economic conditions (including financial market stability) prevailing in Australia or the markets in which McAleese Group operates other than those changes reflected in the key revenue assumptions set out in Section 4.7.2.1;
- no significant deviation from current market expectations of broader economic conditions relevant to the Australian resource road transport and logistics industry, McAleese Group's key clients and the global mining industry;
- no changes in Australian Commonwealth, State or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of McAleese Group;
- no change in applicable Australian Accounting Standards (including the Australian Accounting Interpretations), other mandatory professional reporting requirements or the Corporations Act that would have a material impact on McAleese Group's consolidated financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures;
- no material industrial or employee relations disputes, litigation, strikes, acts of terrorism or force majeure which have a material impact on the operations of McAleese Group;
- no material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside McAleese Group's control;
- no material environmental losses or material legal claims;
- no adverse change to the availability and supply of equipment required for normal operations;
- no material beneficial or adverse effects arising from the actions of competitors;
- no significant amendment to any material contract relating to McAleese Group's business;
- no significant delays in the performance of any material contracts and parties to those contracts will continue to comply with the contracts' terms and maintain all relevant licences and approvals;
- no material client or material contract losses;
- no material impact on McAleese Group's ability to achieve its current earnings margins;
- no material acquisitions, disposals, restructuring activities or investments;
- no impairment of goodwill or other identifiable intangible assets;
- key personnel, particularly the senior management team, are retained and McAleese Group maintains its ability to recruit and retain required personnel;
- none of the risks listed in Section 5 have a material adverse impact on the operations of McAleese Group; and
- the Offer proceeds in accordance with the timetable set out in this Prospectus.

4.7.2 Specific assumptions

The key assumptions underpinning the Forecast Financial Information for the year ended 30 June 2014 are as follows:

4.7.2.1 Revenue assumptions

McAleese Specialised Transport & Lifting

McAleese Group management has based the revenue component of the Forecast Financial Information on a detailed analysis of:

- projects where work is currently being completed by McAleese Specialised Transport & Lifting;
- the pipeline of future opportunities where McAleese Group believes it is well positioned to win additional work; and
- estimates of regular revenue from "day to day" activities linked to existing customers.

Revenue from current projects

Management has analysed the current work being undertaken on a project by project basis and the forecast assumes that current projects continue in line with expected completion dates as advised by customers.

Revenue from pipeline activity
Revenue forecast from pipeline activity of project construction or expansion is estimated by management through an analysis of projects scheduled to commence within regions where McAleese Specialised Transport & Lifting has a strong presence already or in other regions where McAleese Group customers are operating. Those revenue opportunities which McAleese Group management views as having a reasonable probability of occurring are included in the Forecast Financial Information.

Revenue from "day to day" activities
Revenue from "day to day" activities has been estimated by depot based on an analysis of FY2013 revenues and assuming revenue largely in line with FY2013. This revenue primarily relates to general freight activity for existing clients and revenue from short term wet hire of cranes.

McAleese Bulk & Liquid Transport
McAleese Bulk & Liquid Transport revenue forecast within the Forecast Financial Information is based on customer volume forecasts and scheduling information and purchase orders, along with applicable rates per existing customer contracts or price lists.

4.7.2.2 Margin and Expense assumptions

Direct costs
- Direct costs, which include items directly associated with generating revenue excluding labour costs and includes fuel, tyres, repairs and maintenance, sub-contractors, other logistics and manufacturing costs. These costs have been forecast based on detailed analysis of the task or operation having reference to historic performance and expected cost changes. The repairs and maintenance forecast includes an ongoing amount in respect of increased maintenance of the Cootes Transport fleet following the Mona Vale Accident.

Employee expenses
- Payroll costs are forecast based on projected labour hours/shifts and include an allowance for increases under existing Employee Bargaining Agreements in place.

Other expenses
- Overheads (excluding employee expenses) are forecast based expectations of future business requirements and known and forecast cost changes. Allowance has been made for incremental costs associated with being a listed entity of $0.6 million per annum.

Depreciation and amortisation
- Depreciation and amortisation charges are forecast based on existing assets and depreciation and amortisation rates and expected capital expenditure for the forecast period.

Individually significant items
- Table 4.4A sets out the best estimate assumptions of the direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance.

Interest expense
- The interest expense is based on the term sheet pricing on the Senior Debt Facility agreed by the banks as described in Section 4.4.2, existing interest rates applicable to finance leases and assumes an interest rate hedge coverage ratio of 65% of the pro forma drawn Senior Debt Facilities. Interest expense includes amortisation of upfront fees over the term of the respective facilities. A floating base interest rate of 2.6% per annum has been assumed by reference to current prevailing 90-day bank bill swap rates (**"BBSY"**) with floating rate swapped to fixed for the hedged proportion at a weighted average swap rate of 3.41% for the forecast period. Existing floating to fixed rate swaps with a face value of $77 million as at 30 June 2013, a weighted average fixed rate of 3.26% and a term to May 2014, are reflected in the interest expense for the forecast period. Sensitivity analysis on the impact of a 100 basis point movement has been provided in table 4.19.

Taxation
- Australian corporate tax rate assumed to remain at 30%.

4.7.2.3 Pro forma forecast statement of comprehensive income and cash flow items: FY2014 compared to FY2013

Table 4.18: Selected pro forma statement of comprehensive income and cash flow items: FY2013 and FY2014

Year end 30 June $ in millions	Pro forma historical FY2013	Pro forma forecast FY2014	Change
Total revenue			
Specialised Transport & Lifting	255.1	213.5	(16.3%)
Bulk & Liquid Transport	485.6	561.8	15.7%
Total Revenue	**740.8**	**775.3**	**4.7%**
EBITDA (before individually significant items)			
Specialised Transport & Lifting	66.1	53.4	(19.2%)
Bulk & Liquid Transport	65.4	79.3	21.1%
Corporate	(5.9)	(5.9)	(0.2%)
Total EBITDA (before individually significant items)	**125.6**	**126.8**	**0.9%**
EBITDA margin (before individually significant items)	17.0%	16.3%	
EBIT (before individually significant items)			
Specialised Transport & Lifting	54.9	41.6	(24.3%)
Bulk & Liquid Transport	35.0	43.2	23.3%
Corporate	(6.0)	(6.0)	n/a
Total EBIT (before individually significant items)	**83.9**	**78.8**	**(6.2%)**
EBIT margin (before individually significant items)	11.3%	10.2%	
Cash flow items			
EBITDA (before individually significant items)	125.6	126.8	
Direct costs associated with the Mona Vale Accident and subsequent review of fleet maintenance	0.0	(10.5)	
Change in net working capital	0.0	(6.3)	
Proceeds for sale of plant and equipment	6.9	5.6	
Total gross capital expenditure	(72.4)	(78.9)	
Maintenance capital expenditure	(18.5)	(36.3)	
Growth capital expenditure	(53.9)	(42.6)	
Total net capital expenditure	(65.5)	(73.4)	
Net cash flow before financing & tax	**59.1**	**36.6**	
Net interest paid		(13.7)	
Income tax paid		(12.7)	
Proceeds from/(repayment) of debt		(5.6)	
Net cash flow before dividends		**4.6**	
Dividends paid		(21.1)	
Net cash flow		**(16.5)**	

Revenue

Revenue is forecast to increase by $34.5 million (4.7%), from $740.8 million in FY2013 to $775.3 million in FY2014.

Revenue from McAleese Specialised Transport & Lifting is forecast to decrease by $41.6 million (16.3%), from $255.1 million in FY2013 to $213.5 million in FY2014 (representing 27.5% of FY2014 Group revenue). The decrease reflects an expected reduction in project activity in the Queensland market with the completion of certain projects during FY2013.

Revenue from McAleese Bulk & Liquid Transport is forecast to increase by $76.2 million (15.7%), from $485.6 million in FY2013 to $561.8 million in FY2014 (representing 72.5% of FY2014 revenue).

– Revenue from McAleese Resources is expected to increase by $67.1 million (38.2%) in FY2014 from $175.6 million in FY2013 to $242.7 million in FY2014. A key driver for the revenue growth is additional Atlas Iron volumes associated with the commencement of the Abydos mine and a new contract in the Kalgoorlie Goldfields region, which commenced in August 2013.
– Revenue from McAleese Oil & Gas is expected to be relatively stable, increasing by $9.0 million (2.9%) from $310.0 million to $319.0 million.

EBITDA and EBITDA margin

EBITDA for FY2014 is forecast to increase by $1.2 million (0.9%) from $125.6 million for FY2013 to $126.8 million in FY2014, driven primarily by the increase in revenue from McAleese Bulk & Liquid Transport.

EBITDA margins are forecast to decline to 16.3% in FY2014 compared with 17.0% in FY2013 largely as a result of additional maintenance direct costs in McAleese Bulk & Liquid Transport following the Mona Vale Accident.

Direct costs are forecast to decrease by $5.8 million from $287.2 million in FY2013 to $281.4 million in FY2014, reflecting the impact of reduced activity in McAleese Specialised Transport & Lifting in comparison with FY2013, offset by additional volume and the impact of the Mona Vale Accident within McAleese Bulk & Liquid Transport.

Employee expenses are forecast to increase by $30.8 million from $247.8 million in FY2013 to $278.6 million in FY2014, due to additional volume and the impact of the Mona Vale Accident within McAleese Bulk & Liquid Transport and the impact of increases under Enterprise Bargaining Agreements.

Other expenses are forecast to increase by $8.4 million from $80.2 million in FY2013 to $88.6 million in FY2014, due to increases in property and travel related costs associated with FIFO employees and general cost increases.

Depreciation and amortisation

Depreciation for FY2014 is forecast to increase by $6.8 million (18.1%), from $37.3 million in FY2013 to $44.1 million in FY2014, due to increased levels of capital expenditure in FY2013 and FY2014 to support new growth opportunities and refresh the McAleese Oil & Gas fleet.

Amortisation in FY2014 is forecast to decrease by $0.5 million (11.4%) from $4.4 million in FY2013 to $3.9 million in FY2014 due largely to the expiry of customer contracts within McAleese Oil & Gas during FY2013 and FY2014.

Net interest costs

Pro forma net cash interest expense for FY2014 is forecast to be $13.7 million based on a pro forma net debt of $213.3 million on Listing. This has been calculated as described in Section 4.7.2.2.

Pro forma net cash interest expense excludes the amortisation of capitalised upfront debt costs ($0.7 million in FY2014), which are included in the pro forma net finance expense in the pro forma forecast statement of comprehensive income ($14.4 million).

Income tax expense

Income tax expense of $17.4 million is forecast in FY2014 which implies an effective tax rate of 32.3%. The majority of the Group's profit before tax is generated in Australia, where the corporate tax rate is 30%. The effective tax rate is higher than the corporate tax rate due to the charge for amortisation of $2.5 million of intangible assets which is not deductible for tax purposes.

Minority interest expense

No minority interest expense is recorded in the pro forma forecast statement of comprehensive income as McAleese Group is committed to acquiring 100% of the National Crane Hire business (with equity transferring in two 25% tranches on payment of $4 million per tranche) although for statutory reporting purposes a minority interest expense will be incurred until McAleese Group owns 100% of the National Crane Hire business.

Working capital

Net working capital is forecast to increase $6.3 million in FY2014 due to impact of additional haulage contracts within McAleese Resources. Working capital is forecast at a business level by applying debtor day, inventory turnover and creditor day assumptions.

Capital expenditure

Capital expenditure is forecast to be $78.9 million in FY2014 compared with $72.4 million in FY2013. Additional growth capital expenditure is forecast within McAleese Bulk & Liquid Transport to support Atlas Iron's expansion and a new contract in the Kalgoorlie Gold Fields region. Maintenance capital primarily relates to McAleese Bulk & Liquid Transport and includes additional expenditure to improve the fleet profile within the Cootes Transport business, accelerated following the Mona Vale Accident. Net capital expenditure for McAleese Specialised Transport & Lifting is forecast to reduce from the prior year levels due to the reduced new customer activity in FY2014.

Cash tax payments

Pro forma cash tax payments for the forecast year are based on the remaining tax instalments in respect of FY2013 and the expected tax instalments in respect of FY2014, which are based on the forecast tax expense per the consolidated pro forma forecast statement of comprehensive income adjusted for known deductions for tax purposes.

Dividends paid

Full year pro forma dividend payment in FY2014 represents a dividend payout ratio of 47.5% of FY2014 pro forma NPAT which is in line with the dividend policy set out in Section 4.9 below. The statutory forecast for FY2014 does not include a dividend payment because the first dividend is expected to be paid in October 2014.

4.8 Sensitivity analysis

The Forecast Financial Information is based on a number of key assumptions which have been outlined above. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the McAleese Group, its Directors and management and are made with respect to future business decisions or actions which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Forecast Financial Information the sensitivity of the forecast pro forma NPAT for FY2014 to changes in certain key assumptions is set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

Table 4.19: Sensitivity analysis on forecast Pro Forma NPAT for FY2014

Assumption	Increase/decrease	Impact on Pro Forma NPAT attributable to shareholder for FY2014
Change in revenue – McAleese Specialised Transport & Lifting	5.0%/(5.0)%	$3.3 million/$(3.3) million
Change in revenue – McAleese Bulk & Liquid Transport	5.0%/(5.0)%	$5.1 million/$(5.1) million
Change in revenue – Cootes Transport	5.0%/(5.0)%	$1.2 million/$(1.2) million
Change in labour costs	5.0%/(5.0%)	$(3.1) million/$3.1 million
Change in fuel costs	10.0%/(10.0%)	$(0.1) million/$0.1 million
Change in overhead costs	3.0%/(3.0)%	$(1.1) million/$1.1 million
Change in interest rates	100 basis points/(100) basis points	$(0.4) million/$0.4 million

The Cootes Transport sensitivity is intended to illustrate the impact of a potential change in the ordinary course of business. Should revenue fall to a level that would require McAleese Group to undertake a restructure of Cootes Transport, management would use its best endeavours to mitigate the impact on the overall McAleese Group by looking to sell or relocate assets, transfer labour and defray costs. In such circumstances, this sensitivity would no longer be representative of the potential financial impact to the business as it does not include restructuring costs.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables in order to illustrate their likely impact on forecast Pro Forma NPAT only. In practice, changes in variables may offset each other or may be additive.

4.9 Dividend policy

The payment of dividends by McAleese Group is at the complete discretion of the Directors. The decision as to whether or not a dividend will be paid will be subject to a number of considerations including the general business environment, the operating results and financial position of McAleese Group, capital requirements, regulatory restrictions and any other factors the Directors may consider relevant including any acquisitions which the Directors determine to undertake in the future.

The Directors have forecast that McAleese Group's first dividend for the seven months from date of Completion of the Offer to 30 June 2014 will be 4.3 cents per Share and is expected to be fully franked. It is expected to be paid in October 2014.

Subject to the considerations outlined above, beyond the forecast period the Directors' current intention is to pay out approximately 40% – 50% of McAleese Group's net profit after tax in dividends. In future years, an interim dividend is expected to be payable in April, with a final dividend payable annually in October. It is intended that dividends will be franked to the fullest extent possible.

Risks

5.

5. Risks

This section describes some of the potential risks associated with an investment in McAleese Group. An investment in McAleese Group is subject to risks specific to McAleese Group and its business and to general risks associated with investing in Shares. Each of these risks could, if they eventuate, have a material adverse effect on McAleese Group's business, financial condition, operating and financial performance and the value of its Shares. Many of the circumstances giving rise to these risks are beyond the control of McAleese Group, the Directors and management.

You should note that the risks described in this Section are not the only risks faced by McAleese Group. Additional risks that McAleese Group is unaware of or that McAleese Group currently considers to be immaterial also have the potential to have a material adverse effect on McAleese Group's business, financial condition, operating and financial performance and the value of its Shares.

Before deciding whether to invest in McAleese Group, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in McAleese Group is suitable for you having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in McAleese Group, you should seek professional advice from your stockbroker, accountant, lawyer or other professional adviser.

5.1 Risks specific to an investment in McAleese Group

5.1.1 Loss of key customers, material contracts or revenue

McAleese Group's contracts, including with key customers, may generally be terminated without cause by the customer on between 30 to 180 days notice. McAleese Group's contracts can generally be terminated on shorter notice for a breach of contract which McAleese Group is unable to remedy and may be terminated immediately for a regulatory, environmental or occupational health and safety breach. On termination, McAleese Group is generally only entitled to be paid for work already performed with no compensation to cover loss of future revenue or profit.

As a usual part of its business, McAleese Group's contracts with customers are subject to tender and renewal processes. Material contracts, particularly in McAleese Bulk & Liquid Transport, are subject to tender after periods of three to five years with a number of material contracts in McAleese Bulk & Liquid Transport due for tender in FY2014 and FY2015. The Shell and BP fuel and petroleum distribution contracts (due to expire at the end of June 2014 for Shell and the end of March 2014 for BP) are currently subject to tender. It is anticipated that these contracts will be awarded by the end of calendar year 2013 or in early 2014. The Origin LPG distribution contract will go to tender in the forecast period and is due to expire in June 2014. There can be no guarantee that McAleese Group will be successful in tender or contract renewal processes or that McAleese Group will be able to renew any contract on the same or better terms.

McAleese Group could lose key customers or material contracts, including during the forecast period, due to a range of events including as a result of the Mona Vale Accident and subsequently identified maintenance defects and associated matters, failure to renew a contract, a weakening of customer relationships or disputes with customers, a failure to remedy a contractual breach or comply with regulatory, environmental or occupational health and safety requirements, failure to provide reliable equipment and services, consolidation of customers, insolvency of customers, capital investment and infrastructure project cancellations or delays, declines in or cessation of production at resources projects, declines in expansion activity at resources projects or substitution of McAleese Group's services with alternative solutions, for example the substitution of mine to port road based bulk haulage services with rail based alternatives. Any loss of key customers or material contracts may materially and adversely affect McAleese Group's revenue, profitability and growth.

Revenue under McAleese Group's contracts is earned based on work performed, for example, tonnes of commodities hauled or distance of over-dimensional equipment transported, generally with no minimum quantities specified. Any reduction in volumes or delays of work under contract, which could arise due to any of the reasons outlined above or other reasons, including a force majeure event, may result in a loss or deferral of anticipated revenue under the relevant contract in a given period. Such circumstances may materially and adversely affect McAleese Group's revenue, profitability and growth.

5.1.2 A delay or inability to enter into new material contracts

A number of McAleese Group's material contracts, particularly for McAleese Specialised Transport & Lifting are due to end, or the work under them is due to decline, in FY2014 as the infrastructure projects to which they relate are completed or move into a different stage of development. McAleese Group may not be able to enter into new contracts for the provision of services to new infrastructure projects with similar margins or there may be a delay in McAleese Group entering into such new contracts, particularly, if as described in Section 2.2.2.1, there is a decrease in capital investment and construction activity in the Australian infrastructure sector. A delay or inability to enter into such new contracts may materially and adversely affect McAleese Group's revenue, profitability and growth after the forecast period.

5.1.3 A decrease in production activity or investment in the Australian resources sector

A significant number of McAleese Group's key customers, particularly for McAleese Specialised Transport & Lifting and McAleese Resources, operate in the Australian resources sector. The level of production activity and investment in the Australian resources sector varies, affected primarily by current and expected prices and demand for Australian

resources, particularly coal, iron ore and gold. Demand for Australian resources, and consequently demand for McAleese Group's services, is also influenced by global economic growth, debt and equity market conditions, exchange rate movements and government policies.

A decrease in demand for Australian resources may adversely impact the level of production activity, and the ability to invest, of some of McAleese Group's customers. A reduction in the level of production activity or investment in the Australian resources sector may reduce the demand for McAleese Group's services, which may materially and adversely affect McAleese Group's revenue, profitability and growth.

5.1.4 A decrease in capital investment and construction activity in the Australian infrastructure sector

A significant number of McAleese Group's key customers, particularly for McAleese Specialised Transport & Lifting, operate in the Australian infrastructure sector (comprising resources, energy production and non-resources related infrastructure construction). The number of new infrastructure projects and the level of project expansion and maintenance activity in the Australian infrastructure sector vary, and are affected by a number of factors including the outlook for resources production activity and investment as described in Section 5.1.3, government approvals, the need for resources-related export infrastructure such as railways and ports and the need for non-resources related infrastructure such as road and public transport systems.

The Australian infrastructure sector may also be affected by other factors including economic growth, demographic pressures and government policies in Australia and globally. There can be no assurance that the current levels of capital investment and construction activity in the Australian infrastructure sector will grow, be maintained or not be reduced in the future. In particular, some of McAleese Group's customers may have trouble funding their capital expenditure or growth plans as funding may be dependent upon currency fluctuations, changes in fiscal and government policy and debt and equity market conditions, which may adversely impact these customers' ability to invest. Any failure to maintain, or a reduction in, the current levels of capital investment and construction activity in the Australian infrastructure sector or any changes or delays in the timeline for the construction or completion of infrastructure projects may reduce the demand for McAleese Group's services and materially and adversely affect McAleese Group's revenue, profitability and growth.

5.1.5 Liquid fuels and petroleum distribution activity in Australia may decrease or change

Demand for the liquid fuels and petroleum distribution services provided by McAleese Oil & Gas are driven by demand in the Australian liquid fuels and petroleum distribution market, which is driven by the demand factors referred to in Section 2.4.2. A slowdown in economic activity in Australia may lead to reduced demand for McAleese Group's liquid fuels and petroleum distribution services and materially and adversely affect McAleese Group's revenue, profitability and growth.

The profitability of McAleese Oil & Gas is impacted by the volume mix of fuel products distributed. The composition of market demand for various fuel products (e.g. LPG versus petroleum) may change. This may result in McAleese Group distributing more fuel products with lower profit margins, which may materially and adversely affect McAleese Group's profitability.

5.1.6 Consequences of the Mona Vale Accident and the subsequently identified maintenance and associated matters

In addition to some of the general risks in this Section 5, McAleese Group considers that the following consequences may arise from the Mona Vale Accident and the subsequently identified maintenance and associated matters, any of which may materially and adversely affect McAleese Group's revenue, profitability and growth. More than one of these consequences may arise simultaneously.

- Loss of a material contract in whole or part, including a failure to renew a contract or the early termination of a contract for a failure to perform, including where the customer wishes to reduce its reliance on McAleese Group.
- Difficulty in sourcing new contracts or new customers.
- Claims for compensation from affected customers under contracts.
- Damage to relationships with regulators.
- Loss of accreditation, licences or authorisations.
- Prosecution, and imposition of penalties, by a regulator. Such penalties could include penalties for vehicle defects under the NSW *Road Transport (Vehicle and Driver Management) Act 2005* of up to $55,000 per offence or penalties imposed by the NSW Environment Protection Authority.
- One-off costs, e.g. repair costs and increased annual capital expenditure beyond that currently estimated by McAleese Group.
- Additional expenditure required as a result of the findings or recommendations of any Coronial Inquiry relating to the Mona Vale Accident.
- Increase in insurance costs or inability to obtain insurance.
- Increase in indebtedness if McAleese Group draws further debt to deal with the cash cost of any of the matters noted above.

5.1.7 McAleese Group may not achieve its growth objectives or be able to fund its growth

McAleese Group intends to grow revenue and profitability through a series of organic and acquisitive growth strategies which are outlined in Section 3.1.3. McAleese Group may not be able to successfully implement its growth strategies due to a variety of factors including a loss of material contracts or key

customers as outlined in Section 5.1.1, decrease in production activity or investment in the Australian resources sector as outlined in Section 5.1.3, a decrease in capital investment and construction activity in the Australian infrastructure sector as outlined in Section 5.1.4, increased competition as outlined in Section 5.1.16, an inability to capitalise on identified acquisition opportunities or to successfully integrate acquired businesses and acquired businesses not meeting expectations.

McAleese Group's ability to effectively pursue its growth strategy (including undertaking acquisitions and incurring capital expenditure) may in part also depend on its ability to raise additional equity or debt. Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. There can be no assurance that any such funding will be available to McAleese Group on favourable terms, or at all. In addition, instability or disruption of capital markets or deterioration of McAleese Group's financial condition due to internal or external factors may restrict McAleese Group's access to, or significantly increase the cost of, various financing options. If adequate funds are not available on acceptable terms, McAleese Group may not be able to take advantage of growth opportunities, which may materially and adversely affect McAleese Group's future financial performance.

5.1.8 McAleese Group's customers may reduce their level of outsourcing

McAleese Group's revenue, profitability and growth prospects depend on its customers', and potential customers', outsourcing of transport, lifting, ancillary on-site logistics and liquid fuels and petroleum distribution services. Many of McAleese Group's customers could potentially in-source, in whole or in part, the functions that they currently outsource. If there is a decline in the level of outsourcing by customers operating in any of the industries served by McAleese Group this may materially and adversely affect McAleese Group's operating and financial performance.

5.1.9 Inability to restructure National Crane Hire

McAleese Group proposes to restructure the National Crane Hire business. There is no guarantee that the restructure will occur on time or that the initiatives identified will provide the expected cost savings or increases in profitability. A delay in implementing the restructure of National Crane Hire, or the restructure not providing the expected costs savings and increases in profitability, may materially and adversely affect McAleese Group's operational and financial performance.

5.1.10 McAleese Group's operations and profitability may be impacted by material incidents

McAleese Group engages in potentially high risk activities including the operation of heavy equipment (including transportation vehicles and cranes) and provides services to customers who engage in high risk activities such as mining and construction. As such, McAleese Group is exposed to a range of risks relating to operational failures, accidents and activities that may result in project delays, damage to property or contamination of the environment, serious personnel injuries or fatalities. Such incidents may result in the termination by customers of material contracts, an obligation on McAleese Group to pay compensation or damages, damage to McAleese Group's reputation, or a reduction in McAleese Group's capacity to generate repeat business or to compete for new work. Any of these outcomes may materially and adversely affect McAleese Group's profitability and growth.

In addition, operational incidents or failures affecting the operations of McAleese Group's customers, or a decline in the operating or financial performance of McAleese Group's customers, may cause them to delay, suspend or close down existing operations or currently planned projects. Any such operational incident or failure, delay, suspension or closure could reduce demand for McAleese Group's services, which may materially and adversely affect McAleese Group's operational performance and financial results.

Workplace accidents may occur for various reasons, including as a result of non-compliance with safety rules and regulations. McAleese Group may be liable for personnel injuries or fatalities that occur to McAleese Group's employees or other persons under applicable occupational health and safety laws. If McAleese Group is liable under such laws, in whole or part, the penalties could be significant and McAleese Group may also be liable for compensation which may materially and adversely affect McAleese Group's financial position and profitability.

5.1.11 Adverse weather conditions could negatively affect McAleese Group's business

Adverse weather conditions and natural disasters may directly disrupt McAleese Group's operations, in particular in McAleese Specialised Transport & Lifting and McAleese Resources, and also indirectly affect McAleese Group's operations by disrupting McAleese Group's customers' operations. For example, flooding could interrupt the ability of McAleese Group to transport equipment or bulk commodities. Wet weather may also disrupt the construction of capital projects or production of resources at McAleese Group's customers' sites and cause delays or cancellation of proposed work. The severe wet weather and flooding experienced in Queensland in December 2010 and January 2011 significantly disrupted mining and transport activity which impacted McAleese Group's profitability in FY2011. The future occurrence of adverse wet weather conditions may materially and adversely affect McAleese Group's financial position, profitability and growth.

5.1.12 McAleese Group may not be able to retain key personnel

McAleese Group is required to maintain a skilled workforce due to the specialised nature of its services. There is a limited group of skilled personnel with the appropriate experience to provide the services offered by McAleese Group and, as a result, there is strong competition for such personnel. McAleese Group may not be able to retain skilled employees

or find timely suitable replacements for employees who depart. Any events that adversely impact McAleese Group's ability to retain key management members and skilled personnel may materially and adversely affect McAleese Group's operational and financial performance.

5.1.13 McAleese Group may be unable to recruit skilled employees

McAleese Group's ability to operate profitably is dependent upon its ability to meet its labour needs while controlling costs associated with retaining its employees and also hiring and training new employees. Staff availability is subject to external factors such as unemployment rates, competition for staff, prevailing wage legislation, changing population demographics and McAleese Group's reputation as an employer. The growth in the Australian resources and infrastructure sectors has resulted in instances of skilled employee shortages in the key resource producing regions of Australia. A shortage of the skilled employees required by McAleese Group may result in an increase in McAleese Group's labour costs, not all of which may be passed through to customers. A failure by McAleese Group to retain and recruit skilled employees or within a controlled cost environment may materially and adversely affect McAleese Group's operational and financial performance.

5.1.14 McAleese Group may be affected by the quality and performance of its subcontractors

McAleese Group uses subcontracted drivers, tow hauliers and their transport vehicles. McAleese Group is therefore exposed to the quality of this subcontracted work. Should subcontractors fail to adhere to McAleese Group's specifications or default on their contractual obligations, McAleese Group's ability to properly provide services will be compromised and McAleese Group may be exposed to liabilities under its customer contracts and damage to its reputation. McAleese Group may not be able to find the subcontractors required to complete work in a timely fashion or at an acceptable cost. These circumstances may materially and adversely affect McAleese Group's reputation, profitability and growth.

5.1.15 McAleese Group may not be able to access sufficient equipment to meet demand

McAleese Group requires prime movers, trailing equipment, tankers, cranes and other materials processing equipment to operate. Equipment lead times vary between approximately three months for new orders of cranes and prime movers to approximately twelve months for more specialised equipment to transport and lift larger, heavier loads. An inability to obtain the necessary equipment, deterioration in McAleese Group's relationship with equipment suppliers or an unanticipated change to equipment lead times or delivery times may materially and adversely affect McAleese Group's ability to achieve financial forecasts and growth.

In addition, the introduction of new equipment or technological innovations to business operations may result in unexpected costs or delays associated with commissioning. Such costs or delays may materially and adversely affect on McAleese Group's profitability, financial forecasts and growth.

5.1.16 McAleese Group may fail to adequately maintain its fleet

If McAleese Group fails to adequately maintain its fleet, this may result in mechanical problems or failure causing disruptions to business operations, higher operating costs or deterioration in McAleese Group's ability to provide transport and lifting solutions to an adequate standard that satisfies customer requirements. These circumstances may materially and adversely affect McAleese Group's reputation, profitability and growth.

5.1.17 McAleese Group's competitive position may deteriorate

McAleese Group operates in competitive sectors where competitors comprise a number of national and regional providers of transport and lifting solutions. Competition is typically based on a range of factors including price, service capabilities, equipment and fleet availability, ability to comply with certain safety and operational standards and overall service quality. Increased competition including the actions of existing competitors or the entry of new competitors could result in reduced rates and revenues, contract losses, under-utilisation of personnel or equipment, reduced operating margins and cash flows and decreased market share and may materially and adversely impact McAleese Group's business, operating and financial performance.

5.1.18 McAleese Group may not be able to pass on increases to its input costs

Labour and fuel costs constitute a significant portion of McAleese Group's operating expenses. Any increases in labour or fuel costs may materially and adversely affect McAleese Group's ability to operate profitably. There may be instances where McAleese Group is unable to recover, or is delayed in recovering, increases in its input costs from customers through cost pass through provisions, such as fuel levies. This may materially and adversely affect McAleese Group's profitability.

5.1.19 McAleese Group may not achieve its financial forecasts

McAleese Group has made a number of assumptions in preparing the Forecast Financial Information set out in Section 4.7. McAleese Group's actual results may differ materially from the Forecast Financial Information. Any differences between the Forecast Financial Information and actual results may materially and adversely affect McAleese Group's profitability and growth and may also result in the investment market having a negative perception of McAleese Group, which in turn, may have a negative impact on the share price of McAleese Group.

5.1.20 McAleese Group may be adversely impacted by industrial relations issues

McAleese Group may be adversely impacted by industrial relations issues in connection with its employees or the employees of its customers, contractors and suppliers due to strikes, work stoppages, work slowdowns, grievances, complaints, claims of unfair practices or other industrial activity in relation to the enterprise and collective bargaining arrangements governing their employment arrangements. Such enterprise and collective bargaining arrangements are subject to renegotiation from time to time, which may result in production delays, increased labour costs or industrial action. These circumstances may materially and adversely affect McAleese Group's operational and financial performance.

5.1.21 McAleese Group may not have adequate insurance

McAleese Group is not insured against all foreseeable risks for its business. McAleese Group is required to hold specified insurance under some of its material contracts, in addition to the insurance which it otherwise holds for its business. The ability to claim under any existing insurance policy will always depend on the terms of the relevant policy and in particular, any exclusions. There is a risk that McAleese Group's insurance policies will not be sufficient to cover damages when they arise which may materially and adversely affect McAleese Group's operational and financial performance.

In addition, McAleese Group cannot assure that it will be able to obtain insurance coverage in the future at reasonable rates or at all, or that any coverage that it arranges will be adequate and able to cover any claims. To the extent that McAleese Group incurs uninsured losses or liabilities, funds available for operations and investment in growth could be reduced, which may materially and adversely affect McAleese Group's operational and financial performance. To the extent that McAleese Group is unable to obtain necessary insurance coverage or if such insurance is not available at acceptable rates, McAleese Group may not be able to undertake some work or enter into some contracts which may materially and adversely affect McAleese Group's profitability and growth.

5.1.22 McAleese Group's information technology systems may experience disruptions

McAleese Group is reliant on the operational capability and reliability of its information technology systems and staff across its business operations. Disruptions to McAleese Group's information technology systems, including computer hardware, software, GPS tracking devices and communications equipment, could lead to operational interruptions, safety or security breaches or other operational difficulties, or increased costs across the businesses. Any of these outcomes may materially and adversely affect McAleese Group's operational and financial performance.

5.1.23 McAleese Group may not be able to comply with debt covenants

McAleese Group has various financial and non-financial covenants under its debt facilities which could limit its future financial flexibility. McAleese Group estimates that its pro forma net total indebtedness as at 30 June 2013 will be $213.3 million, following the debt repayment from Offer proceeds as described in Section 7.1.1. If McAleese Group's operating results deteriorate, including due to the loss of a material customer contract, McAleese Group may be unable to meet the covenants governing its indebtedness, which may require McAleese Group to seek amendments, waivers of covenant compliance, alternative borrowing arrangements, to reduce debt or to raise additional equity. If a breach of covenant were to occur, there is no assurance that McAleese Group's financiers would consent to an amendment or waiver, or that its financiers would not exercise their enforcement rights, including requiring immediate repayment. Such events could limit McAleese Group's flexibility in planning for or reacting to downturns in its business or otherwise materially and adversely affects its financial performance and growth prospects.

5.1.24 Continuing Existing Shareholders will continue to hold significant interests in McAleese Group

The continuing Existing Shareholders will collectively own 60.66% of Shares following completion of the Offer which would make them among the largest Shareholders. Consequently, the continuing Existing Shareholders may have the ability to influence the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Shareholders. The interests of the continuing Existing Shareholders may differ from the interests of McAleese Group and other Shareholders and this may adversely affect McAleese Group's share price and other Shareholders.

The continued shareholding of the Directors, senior management and certain Existing Shareholders, in particular until the end of the escrow period which will continue until five Business Days after the release to ASX of McAleese Group's audited financial accounts for FY2014, may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell their Shares.

A significant sale of Shares by continuing Existing Shareholders, in particular Directors and senior management after the end of the escrow period, or the perception that such a sale has or might occur, could adversely affect the price of Shares. The continued shareholding of the Existing Shareholders may also negatively impact the timing and effectiveness of any capital raising activities of McAleese Group, which could adversely affect McAleese Group's cost of capital and financial position.

5.1.25 McAleese Group may be subject to litigation, claims or disputes

McAleese Group may be subject to litigation and other claims or disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, property damage and occupational and personal claims. Due to the nature of its operations, it is also possible that claims against McAleese Group and compliance reviews could arise from government agencies or regulators. This may include claims, prosecutions or compliance reviews arising from the Mona Vale Accident and the subsequent maintenance and associated matters raised by regulators. Such litigation, claims, disputes and reviews including the costs of settling claims and operational impacts, may materially and adversely affect McAleese Group's operational and financial performance.

5.1.26 Political, legislative or regulatory matters may negatively affect McAleese Group

McAleese Group is required to comply with a range of laws and regulations that relate to the areas of transport operations, such as road use, environmental protection, occupational health and safety and employment standards. Future changes to occupational health and safety, road usage/permits, carbon pricing and taxation regulations and standards under which the business operates may increase the cost of operations or adversely affect McAleese Group's ability to conduct operations.

A failure by McAleese Group to comply with applicable laws and regulations, in particular environmental and occupational health and safety requirements, may subject McAleese Group to significant penalties, including payment of compensation, and may also result in the termination of, or failure to renew, material contracts.

5.2 General risks

5.2.1 The price of Shares may fluctuate

The price of Shares quoted on ASX may rise or fall and the Shares may trade at prices below or above the Application Price due to a number of factors, including:

- general economic conditions, including interest rates, exchange rates, inflation rates, commodity and oil prices;
- variations in the local and global market for listed stocks, in general or for industrial, or mining services stocks in particular;
- changes to Government policy, legislation or regulation;
- inclusion in or removal from major market indices;
- the nature of competition in the markets in which McAleese Group operates; and
- general operational and business risks.

In this respect, the Share price may reflect a diverse range of non McAleese Group specific influences such as the general state of the economy, global hostilities and tensions and acts of terrorism. Such market fluctuations may materially and adversely affect the market price of the Shares.

No assurances can be made that the performance of the Shares will not be adversely affected by any such market fluctuations or factors. None of McAleese Group, its Directors or any other person guarantees the performance of the Shares.

5.2.2 There may not be an active trading market for Shares

Prior to the Offer, there has been no public market for Shares. Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for Shares will develop or that the price of Shares will increase. Because of the existence of the significant interest in Shares maintained by the Existing Shareholders (see Section 5.1.24), there may be relatively few potential buyers or sellers of Shares on ASX at any time. These factors may increase the volatility of the market price of Shares and may also affect the market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that they paid for their Shares.

5.2.3 Pending and possible changes to taxation legislation may adversely affect McAleese Group

Under the Australian Labor Government, Australia introduced a carbon pricing regime which commenced on 1 July 2012. Under the regime, the price is fixed for the first three years, starting at $23 per tonne and rising 2.5% each year in real terms. On 1 July 2015, post the fixed price period, the carbon price is expected to transition to a fully flexible price under an emissions trading scheme, with the price determined by the market. However, the carbon pricing regime as it currently stands may be subject to change.

The carbon price applies to transport fuels and accordingly the operations of McAleese Group are impacted. Where it is able to, McAleese Group seeks to recover the additional cost of operating under the regime. However, there may be timing differences on payment of the carbon price and the receipt of payment from McAleese Group's customers, which could have a negative impact on the cash flow of McAleese Group. In addition, with the introduction of the carbon price, McAleese Group's services may be more costly to its customers. Such factors may materially and adversely affect McAleese Group's profitability and growth.

The Minerals Resources Rent Tax (**"MRRT"**) also commenced on 1 July 2012. The MRRT is a tax on profits generated from the harvesting of non-renewable resources in Australia. While this tax does not apply directly to McAleese Group, some of its customers may be subject to this additional cost. This may impact the viability of a number of projects. Operation of, or future amendment to, the MRRT may adversely impact McAleese Group's ability to win work.

Potential reforms to Australia's tax laws give rise to uncertainty. The precise scope of proposed tax reforms is not yet known. Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change to tax rules and tax arrangements could have

an adverse impact of the level of dividend franking and shareholder returns. McAleese Group obtains external expert advice on the application of tax laws to its operations. McAleese Group is currently not in dispute with any revenue authority in respect of any taxation matter.

5.2.4 Accounting standards may change

Australian accounting standards are set by the Australian Accounting Standards Board (**"AASB"**) and are outside the control of McAleese Group and its Directors. Changes to accounting standards issued by the AASB or changes to the commonly held views on the application of those standards may materially and adversely affect the financial performance and position reported in McAleese Group's financial statements.

5.2.5 Force majeure events may occur

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of McAleese Group and the price of the Shares. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars and other natural disasters. McAleese Group only has a limited ability to insure against some of these risks.

5.2.6 Interest rates may change

McAleese Group has floating rate borrowings. Any increase in interest rates will increase the McAleese Group's cost of servicing its borrowings which may materially and adversely impact McAleese Group's profitability and financial position.

5.2.7 Funding may be unavailable

McAleese Group obtains funding from banks. McAleese Group is subject to the risk that it may not be able to refinance its existing bank facilities when they fall due or that the terms available to McAleese Group (including in relation to pricing) on refinancing will not be as favourable as the terms of the existing bank facilities.

5.2.8 Shareholders may experience dilution and a resulting loss in the value of their equity

McAleese Group's strategy includes pursuing acquisitions. Shareholder's interests may be diluted and experience a loss in the value of their equity if McAleese Group issues Shares as consideration for acquisitions or if McAleese Group funds acquisitions through raising equity capital by placing Shares with new investors. McAleese Group may also offer Shares for other purposes, including repayment of debt.

Key People, Interests and Benefits

6.

6. Key People, Interests and Benefits

6.1 Board of Directors

The Directors bring to the Board relevant industry experience across the resources and transport and logistics industries and experience in corporate governance, financial management, mergers and acquisitions and capital markets transactions.

McAleese Group has a Board consisting of two executive Directors and five non-executive Directors, including the Chairman and three independent Directors.

6.1.1 Experience and background

Mark Rowsthorn

Age: 58
Non-Executive Chairman

Mark Rowsthorn joined McAleese Group in October 2011 in the role of Executive Chairman and has since transitioned to the role of Non-Executive Chairman

Mark has over 35 years of experience in the Australian and international transport sectors

Mark was previously a co-founder and Executive Director of Toll Holdings Limited and, prior to joining McAleese Group, was Chief Executive Officer and Managing Director of Asciano Limited

Paul Garaty

Age: 52
Managing Director and Chief Executive Officer

Paul Garaty joined McAleese Group in April 2012

Paul has over 30 years of industry experience which includes senior management roles at Toll Holdings Limited, BHP Billiton Limited and Asciano Limited, where he was head of the Patrick Ports division and the Pacific National Intermodal division

Wayne Kent

Age: 51
Independent Non-Executive Director and Deputy Chairman

Wayne Kent joined McAleese Group in September 2013

Wayne worked at Macquarie Group for over 20 years in corporate finance and capital markets, including 10 years as Global Head of Equity Capital Markets

Wayne is a director and/or adviser to a number of private businesses in the transport, specialist storage and finance industries

Gilberto Maggiolo

Age: 66
Non-Executive Director

Gilberto Maggiolo is a founding shareholder of McAleese Group, which acquired the McAleese Transport business in 1988 from Mayne Nickless Limited

Gilberto Maggiolo is a prominent Queensland based businessman with extensive experience in construction, transport and commercial property development, including as co-founder of BOMA Group

His current directorships include BOMA Group, Epoca Constructions Pty Ltd and Azzurra Pty Ltd

Left to right:
Mark McSweeney, Wayne Kent Mark Rowsthorn, Don Telford Gilberto Maggiolo, Paul Garaty and Keith Price.

Mark McSweeney

Age: 47
Independent
Non-Executive Director

Mark McSweeney has been an Independent Non-Executive Director of McAleese Group since April 2008

Mark is a Chartered Accountant and, prior to joining McAleese Group, was a Director of Ernst & Young where he specialised in the areas of Corporate Restructuring and Corporate Finance

Keith Price

Age: 64
Executive Director and General Manager, McAleese Specialised Transport & Lifting

Keith Price is a founding shareholder of McAleese Group, which acquired the McAleese Transport business in 1988 from Mayne Nickless Limited

Keith is currently Executive Director and General Manager, McAleese Specialised Transport & Lifting

Keith has over 40 years of experience in transport and logistics, specialising in the transport of heavy and over-dimensional capital goods

Don Telford

Age: 64
Independent
Non-Executive Director

Don Telford joined McAleese Group in September 2013, and has over 40 years experience in the transport and logistics industry

Don has held a number of senior management roles and directorships at publicly listed transport and logistics companies including, but not limited to, Asciano Limited (Chief Operating Officer), Pacific National Limited (Chief Executive Officer) and Toll Holdings Limited (Divisional Director Logistics, Australia, New Zealand and Asia)

Don is the Chairman of the Australian Logistics Council

The composition of McAleese Group's Board committees and summary of its key corporate governance policies are set out in Sections 6.4 to 6.6.

Each Director has confirmed to McAleese Group that he anticipates being available to perform his duties as a non-executive or executive Director as the case may be without constraints from other commitments.

6.1.2 Directors' disclosures

The following is information about:

- any company of which a director was an officer that entered into a form of external administration because of insolvency during the time the director was an officer; and
- any legal or disciplinary action against a director that is less than 10 years old.

Mark McSweeney was a director of RPG Australia Pty Ltd when the directors placed it into voluntary administration in October 2012.

The other Directors do not believe that the above matter is material to or indicative of the future performance of Mr McSweeney of his duties as a director of McAleese Group or the future performance or prospects of McAleese Group.

6.2 Management team

McAleese Group has a highly experienced management team.

Paul Garaty

(Age: 52)
Managing Director and Chief Executive Officer

Refer to Section 6.1

Chris Nunn

(Age: 56)
Chief Financial Officer

Chris Nunn was appointed Chief Financial Officer of McAleese Group in June 2013

Chris has over 30 years of experience working in financial, company secretarial and commercial roles in both ASX-listed and private companies, including as Group CFO during the restructuring of Centro Properties Group/ Centro Retail Australia from July 2009

Chris has also worked as CFO and Company Secretary at Industry Superannuation Property Trust and Head of Operations/CFO at MacarthurCook Limited as well as holding numerous other roles in the financial services industry

Chris Keast

(Age: 53)
Executive General Manager, McAleese Bulk & Liquid Transport

Chris Keast joined McAleese Group in September 2012

Chris has over 30 years of industry experience, including former roles as head of Asciano Limited's Pacific National Rail Division and senior management positions at Arrium Limited and BHP Billiton Limited

Keith Price

(Age: 64)
Executive Director and General Manager, McAleese Specialised Transport & Lifting

Refer to Section 6.1

Left to right:
Chris Nunn, Paul Garaty, Matt Tamplin, Chris Keast, Keith Price, and Andrew Simpson

Andrew Simpson

(Age: 44)
General Manager – McAleese Resources

Andrew Simpson was appointed General Manager of McAleese Resources in May 2013

Andrew has 16 years of industry experience, including senior management roles at Toll Holdings Limited and Asciano Limited, where he held general management roles in both the Patrick and Pacific National Divisions

Matt Tamplin

(Age: 40)
General Manager – McAleese Oil & Gas

Matt Tamplin was appointed General Manager of McAleese Oil & Gas in March 2013

Matt has 14 years of industry experience, including senior management roles at Toll Holdings Limited and Asciano Limited, where he carried out general management roles in both port and rail operations

6.3 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of McAleese Group;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of McAleese Group; or
- Underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of McAleese Group;
- property acquired or proposed to be acquired by McAleese Group in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of McAleese Group or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of McAleese Group.

6.3.1 Interests of advisers

McAleese Group has engaged the following professional advisers.

- Credit Suisse, J.P. Morgan and Macquarie have acted as underwriters to the Offer. McAleese Group has paid, or agreed to pay, the Underwriters the fees described in Section 9.6 for these services.
- Macquarie acted as debt adviser to McAleese Group in connection with the Senior Debt Facility which will be made available on Completion of the Offer. McAleese Group has paid, or has agreed to pay, Macquarie $1 million inclusive of a discretionary incentive fee for these services.
- J.P. Morgan or an affiliate of J.P. Morgan and Macquarie or an affiliate of Macquarie are lenders to a company in the McAleese Group under certain debt facilities. A portion of the proceeds of the Offer will be used to repay these facilities in full.
- Herbert Smith Freehills has acted as Australian legal adviser (other than in respect of taxation and financing matters) to McAleese Group in connection with the Offer. McAleese Group has paid, or agreed to pay, approximately $760,000 (plus disbursements and GST) for these services to the date of this Prospectus. Further amounts may be paid to Herbert Smith Freehills in accordance with its normal time-based charges.
- KPMG Transaction Services has prepared the Investigating Accountant's Report on the Historical Financial Information and Forecast Financial Information. KPMG Transaction Services has also performed due diligence enquiries in relation to the Historical Financial Information and the Forecast Financial Information. McAleese Group has paid, or agreed to pay, approximately $600,000 (plus GST) for these services to the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services in accordance with its normal time-based charge-out rates.
- KPMG has acted as Australian tax adviser to McAleese Group in connection with the Offer. McAleese Group has paid, or agreed to pay, approximately $100,000 (plus GST) for these services to the date of this Prospectus. Further amounts may be paid to KPMG in accordance with its normal time-based charges.

6.3.2 Directors' interests and remuneration

Managing Director and Chief Executive Officer

Paul Garaty is employed by McAleese Group in the position of Managing Director and Chief Executive Officer of McAleese Group. Refer to Section 6.3.4 for further details.

Executive Director and General Manager, McAleese Specialised Transport & Lifting

Keith Price is employed by McAleese Group in the position of Executive Director and General Manager, McAleese Specialised Transport & Lifting. Refer to Section 6.3.4 for further details.

Non-executive Director remuneration

Under the Constitution, the total amount available to be paid to all Directors as remuneration for their services as directors of McAleese Group is $1,000,000 each financial year. This amount may be changed by Shareholders at a general meeting. For the financial year ending 30 June 2014, the fees payable to the current Directors will not exceed $450,000 in aggregate. Annual Directors' fees currently agreed to be paid by McAleese Group are $150,000 to the Chairman (Mark Rowsthorn) and $75,000 to each of Wayne Kent, Mark McSweeney, Don Telford and Gilberto Maggiolo. The remuneration of Directors must not include a commission on, or a percentage of profits or operating revenue. No fees will be paid for board committee membership.

Deeds of access, indemnity and insurance for Directors

McAleese Group has entered into a deed of indemnity, insurance and access with each Director which provides the Director with rights of access to certain books and records of McAleese Group while they are a director and for a period of seven years after the Director ceases to hold office:

- to enable the Director to discharge their duties as an officer of McAleese Group;
- in connection with a claim commenced or arising in the seven years after the Director ceases to hold office to which the Director is subject to or a party, that the Director

is directly involved in, that the Director proposes to bring in good faith or that the Director believes on reasonable grounds will be brought against the Director; or

– for any other purpose which McAleese Group consents to.

This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, McAleese Group indemnifies all Directors and officers, past and present, on a full indemnity basis and to the extent permitted by law against all losses, liabilities, costs, charges and expenses (**"Liabilities"**) incurred by them as an officer of McAleese Group or of a related body corporate. Under the deeds of access, indemnity and insurance, McAleese Group indemnifies each Director against any and all liabilities that may arise from their position as Director or other officer of McAleese Group, or its subsidiaries, to the extent permitted by law, including all reasonable legal costs.

Pursuant to the Constitution, McAleese Group may arrange and maintain Directors' and Officers' Insurance for its Directors to the extent permitted by law. Under the deeds of access, indemnity and insurance, McAleese Group must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Loan Funded Shares

Paul Garaty and Wayne Kent have been granted loan funded Shares under McAleese Group's loan funded share plan. Refer to Section 9.4.2 for a description of the loan funded share plan and conditions attached to the loan funded Shares granted to Mr Garaty and Mr Kent.

Other information about Directors' remuneration

Directors may be reimbursed for travel and other expenses incurred in attending to McAleese Group's affairs, including attending and returning from meetings of directors or committees or general meetings.

Where a Director performs extra services or makes any special exertions for the benefit of McAleese Group, the Director may be paid additional remuneration as the Directors decide is appropriate having regard to the value to McAleese Group of the extra services or special exertions.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Directors' shareholdings

Directors are not required under the Constitution to hold any Shares. Shareholdings of all Directors on Completion of the Offer are set out in the table on this page.

6.3.3 Related party property arrangements

McAleese Group has entered into nine commercial property leases (**"TTPH Related Party Leases"**) with TTPH Pty Ltd, an entity associated with Keith Price and Gilberto Maggiolo and other Existing Shareholders. Prior to Mark Rowsthorn's initial investment into McAleese Group in October 2011 and subsequent restructure of the McAleese Group, the majority of these properties were owned within the McAleese Group.

Six of the TTPH Related Party Leases have a term of approximately 10 years, ending on 30 June 2021 with annual rent increases of the greater of 4% and the Consumer Price Index. Five of these leases contain two five-year options to renew and have market rent reviews at the commencement of each further term, however, the rent payable cannot decrease where a market rent review occurs.

	Mark Rowsthorn[1]	Paul Garaty[2]	Wayne Kent[3]	Gilberto Maggiolo[4]	Mark McSweeney[5]	Keith Price[6]	Don Telford
Shareholding on Listing	87,023,217	3,825,954	3,019,082	19,829,738	86,837	19,580,333	121,608
Percentage holding on Listing	30.28%	1.33%	1.05%	6.90%	0.03%	6.81%	0.04%

1 Mark Rowsthorn holds his Shares through Mostia Dion Nominees Pty Ltd in its capacity as trustee of the Mark Rowsthorn Family Trust, Mark Rowsthorn Superannuation Fund Pty Ltd in its capacity as trustee of the Mark Rowsthorn Superannuation Fund and Mostia Dion Nominees Pty Ltd in its capacity as trustee of the Mark Rowsthorn Superannuation Fund Bare Trust. This includes 1,736,808 Shares in which an entity associated with Mark Rowsthorn has granted options over to Paul Garaty (in respect of 868,404 Shares) and Chris Keast (in respect of 868,404 Shares), which they may call following the fourth anniversary of their respective employment start dates with McAleese Group.

2 Paul Garaty holds some of his Shares through Paullisa Pty Ltd ATF Garaty Super Fund. This also includes 2,697,039 loan funded Shares as described in Section 9.4.3 and 868,404 Shares in which Paul Garaty has an interest under an option granted by an entity associated with Mark Rowsthorn which enables Mr Garaty to call for 868,404 Shares following the fourth anniversary of the start of his employment with McAleese Group.

3 Wayne Kent holds some of his Shares through Kazakco Pty Ltd ATF the Kent Family Trust and Jawess Pty Ltd ATF Kent Family Super Fund. This also includes 674,306 loan funded Shares as described in Section 9.4.3. The Board has granted Wayne Kent to right to acquire up to $5 million worth of IPO Shares under the Offer. As at the date of this Prospectus, Wayne Kent is yet to confirm whether he will acquire IPO Shares under the Offer.

4 Gilberto Maggiolo holds his Shares through Gainslip Pty Ltd.

5 Mark McSweeney holds his Shares through MJ McSweeney and CP McSweeney in their capacity as trustees of the GSH Superannuation Fund.

6 Keith Price holds his Shares through H.K. Price Pty Ltd.

The remaining three TTPH Related Party Leases have a term of one year, ending on 30 June 2014 with a further one-year option to renew and have a market rent review at the commencement of the further term; however, the rent payable cannot decrease where a market rent review occurs.

The annual aggregate rent payable under the TTPH Related Party Leases is approximately $5,050,000 plus GST. Under each of the TTPH Related Party Leases, McAleese Group is required to provide a bank guarantee or security deposit equal to three months rent under the relevant lease.

The Directors believe that the TTPH Related Party Leases are on arms length terms.

McAleese Group has also entered into a commercial office lease (**"Kotara Lease"**) with Paullisa Pty Ltd, an entity associated with Paul Garaty. The Kotara Lease has a term of three years, ending on 31 March 2016 with two three-year options to renew and an annual rent increase of the greater of 4% and the Consumer Price Index and market rent reviews at the commencement of each further term. The annual rent payable under the Kotara Lease is $68,400 plus GST. Under the terms of the Kotara Lease, either party may terminate at any time by providing three months' notice.

The Directors believe the Kotara Lease is on arms length terms.

6.3.4 Executive remuneration

Managing Director and Chief Executive Officer

Paul Garaty is entitled to an annual salary of $600,000 (inclusive of superannuation and any non-cash benefits agreed to between McAleese Group and Paul from time-to-time) and a short term incentive entitlement and a long term incentive entitlement of up to $200,000 each. As part of his employment, Paul has been allocated 2,697,039 loan funded Shares under McAleese Group's loan funded share plan. Further details about McAleese Group's loan funded share plan and rights plan are set out in Section 9.4.2.

Paul may terminate his employment by giving six months' written notice. McAleese Group may terminate Paul's employment by giving 12 months' written notice in which case, after six months from the date notice is given, by giving one months' written notice Paul may elect to take the remaining balance of the 12 months notice period as payment in lieu of notice. In the event of serious misconduct or other specified circumstances, McAleese Group may terminate Paul's employment contract immediately by written notice and without payment in lieu of notice.

Upon termination of Paul's employment contract, he will be subject to a restraint of trade period of up to six months. McAleese Group may elect to reduce the restraint of trade period, or eliminate the period entirely. The enforceability of the restraint clause is subject to all usual legal requirements.

Paul's remuneration will be reviewed annually by the Board and benchmarked utilising external metrics.

Chief Financial Officer

Chris Nunn is entitled to an annual salary of $450,000 (inclusive of superannuation and any non-cash benefits agreed to between McAleese Group and Chris from time-to-time) and a short term incentive entitlement and a long term incentive entitlement of up to $112,500 each.

Either party may terminate the employment contract by giving six months' written notice, or alternatively in McAleese Group's case by making a payment in lieu of notice. In the event of serious misconduct or other specified circumstances, McAleese Group may terminate Chris' employment contract immediately by written notice and without payment in lieu of notice.

Upon termination of Chris' employment contract, he will be subject to a restraint of trade period of up to six months. McAleese Group may elect to reduce the restraint of trade period, or eliminate the period entirely. The enforceability of the restraint clause is subject to all usual legal requirements.

Chris Nunn's remuneration will be reviewed annually by the Board and benchmarked utilising external metrics.

Other key management personnel

Each of Chris Keast, Keith Price, Andrew Simpson and Matt Tamplin are employed under individual executive services agreements. Key components of this executive service agreements include:

- total remuneration, including a base salary, superannuation contribution, any non-cash benefits agreed to between McAleese Group and the employee from time-to-time and incentive arrangements;
- variable notice and termination provisions of up to six months;
- confidentiality provisions;
- leave entitlements, as a minimum in accordance with government legislation; and
- restraint provisions.

Senior executive remuneration will be reviewed by the Board annually.

6.4 Corporate governance

The main policies and practices adopted by McAleese Group are summarised below. Details of McAleese Group's key policies and practices and the charters for the Board and each of its committees are available at http://www.mcaleese.com.au.

The Board monitors the operational and financial position and performance of McAleese Group and oversees its business strategy, including approving the strategic goals of McAleese Group. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of McAleese Group.

In conducting business with these objectives, the Board is committed to ensuring that McAleese Group is properly managed to protect and enhance Shareholder interests, and that McAleese Group, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing McAleese Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for McAleese Group's business and which are designed to promote the responsible management and conduct of McAleese Group. Details of McAleese Group's corporate governance policies are set out in Section 6.6 below.

6.4.1 ASX Corporate Governance Principles

McAleese Group is seeking a listing on ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations (**"ASX Recommendations"**) for ASX listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under ASX Listing Rules, McAleese Group will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where McAleese Group does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Except as set out in Section 6.4.2 below, the Board does not anticipate that it will not meet the ASX Recommendations. However, it may do so in the future if it considers that such departure would be reasonable.

6.4.2 The Board of Directors

The Board of Directors comprises five non-executive Directors, including the Chairman, and two executive Directors. Detailed biographies of the Directors are provided in Section 6.1.

The Board considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of information disclosed to the Board from time-to-time.

The Board considers that each of Wayne Kent, Mark McSweeney and Don Telford is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of their judgement and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

Mark Rowsthorn, Paul Garaty, Gilberto Maggiolo and Keith Price are considered by the Board not to be independent for the purposes of the ASX Recommendations as:

- Paul Garaty is the Chief Executive Officer of McAleese Group; and
- each of Mark Rowsthorn, Gilberto Maggiolo and Keith Price are Existing Shareholders and expect to hold 30.28%, 6.90% and 6.81% respectively of the Shares of McAleese Group on Listing. Keith Price is also Executive Director and General Manager, McAleese Specialised Transport & Lifting.

Given his substantial shareholding, the Chairman of the Board, Mark Rowsthorn, is not considered independent for the purposes of the ASX Recommendations. The Board recognises the ASX Recommendation that the Chairman should be an independent non-executive Director. However, the Board firmly believes that Mark Rowsthorn is the most appropriate person to act as the Chairman of McAleese Group as he is able to and does bring independent and sound judgement to all relevant issues falling within the scope of the role of Chairman and makes an invaluable contribution to McAleese Group through his extensive knowledge of the industry and important business relationships.

The Board does not consist of a majority of independent Directors. The Board acknowledges the ASX Recommendation that a majority of the Board should be independent non-executive Directors. The Board believes that each of the five non-executive Directors on the Board brings unfettered and independent judgement to the Board's deliberations and each of the non-executive Directors makes invaluable contributions to McAleese Group.

6.4.3 Board charter

The Board has adopted a charter to provide a framework for the effective operation of the Board. The Board charter sets out:

- the roles and responsibilities of the Board, including to represent and serve the interests of Shareholders by overseeing and appraising McAleese Group's strategies, policies and performance, to protect and optimise McAleese Group's performance, to build sustainable value for Shareholders, to set, review and ensure compliance with McAleese Group's values and governance framework and to ensure that Shareholders are kept informed of McAleese Group's performance and major developments;
- the Board's composition and processes;
- the relationship and interaction between the Board and management;
- the authority delegated by the Board to management and Board committees; and
- the performance evaluation process in relation to the Board and its committees.

McAleese Group has adopted a performance evaluation process in relation to the Board and its committees. Each year, the Directors will provide written feedback in relation to the performance of the Board and its committees against a set of agreed criteria. Each committee will be required to provide feedback in terms of a review of its own performance. Feedback will be collected by the Chairman, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its committees. The Managing Director will seek feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review. Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

6.5 Board Committees

The Board may, from time-to-time, establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit, Business Risk and Compliance Committee and the Remuneration and Nomination Committee. The Board has resolved to appoint non-executive Director Don Telford to lead a sub-committee on safety that will provide oversight, governance and implementation of any learnings arising from the Mona Vale Accident and subsequent review of fleet maintenance.

Other committees may be established by the Board as and when required.

Audit, Business Risk and Compliance Committee

The Audit, Business Risk and Compliance Committee's role is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including overseeing:

- McAleese Group's relationship with its external auditor and the external audit function generally and the internal auditor and the internal audit function generally;
- the preparation of the financial statements and reports and assisting the Board in relation to the reporting of financial information;
- McAleese Group's financial controls and systems;
- the process of identification and management of financial risk; and
- the management of employee health and safety for McAleese Group, including ensuring compliance with all relevant legislative obligations, ensuring that McAleese Group has and applies safety processes and procedures and overseeing the performance of the McAleese Group Executive Safety Council.

The Audit, Business Risk and Compliance Committee comprises four non-executive Directors, the majority of whom are independent. The Directors currently serving on the Audit, Business Risk and Compliance Committee are: Mark McSweeney (Chair), Mark Rowsthorn, Wayne Kent and Don Telford.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee's role is to:

- review and recommend arrangements in relation to remuneration, retention and termination policies, review performance assessment procedures and review and approve incentive strategy and plans, including in relation to McAleese Group's employee equity incentive plan; and
- review and recommend to the Board the size and composition of the Board and the criteria for Board membership, assist the Board in relation to performance evaluation, review and make recommendations in relation to corporate governance issues, review the Board charter, ensure an induction process is in place and review its effectiveness and conduct a yearly review of the Board's Diversity Policy.

The Remuneration and Nomination Committee is responsible for reviewing and recommending to the Board membership of the Board, including making recommendations for the re-election of Directors and assisting the Board as required to identify individuals who are qualified to become Board members (including in respect of executive Directors).

The Remuneration and Nomination Committee comprises five non-executive Directors, the majority of whom are independent. The Directors currently serving on the Remuneration and Nomination Committee are: Mark McSweeney (Chair), Mark Rowsthorn, Wayne Kent, Don Telford and Gilberto Maggiolo.

6.6 Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Corporate Governance Principles and which are available on McAleese Group's website http://www.mcaleese.com.au/.

6.6.1 Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct which sets out the standards of ethical behaviour and business conduct McAleese Group expects from all employees (including temporary employees, contractors and McAleese Group's Directors) in the workplace on a range of issues.

6.6.2 Securities trading policy

McAleese Group has adopted a policy for dealing in securities which is intended to explain the types of conduct in dealing in securities that are prohibited under the *Corporations Act* and to establish a best practice procedure in dealing in Shares by Directors, officers, management, employees and contractors, and their closely related parties.

The policy sets out restrictions that apply to dealing with Shares, including "blackout periods", during which certain persons are generally not permitted to deal with Shares, along with a procedure under which certain persons are required to submit prior notification and obtain written confirmation prior to dealing in Shares outside the "blackout periods".

6.6.3 Disclosure policy

Once listed, McAleese Group will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, McAleese Group will be required to disclose to ASX any information concerning McAleese Group which is generally not available and which a reasonable person would expect to have a material effect on the price or value of Shares. McAleese Group is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

McAleese Group has adopted a policy to take effect from listing on ASX which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

6.6.4 Communication with Shareholders

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of McAleese Group and that they are informed of all major developments affecting the state of affairs of McAleese Group relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on McAleese Group's website, http://www.mcaleese.com.au/.

All relevant announcements made to the market and any other relevant information will be posted on McAleese Group's website as soon as they have been released to ASX.

6.6.5 Risk management

McAleese Group is committed to sound risk management practices, including the identification, monitoring and management of material business risks, and for this purpose has adopted a risk management policy as part of its risk management framework. The policy seeks to ensure that reasonably foreseeable risks are systematically identified, analysed, evaluated, and where necessary, addressed to ensure that risk is balanced with expected returns.

6.6.6 Diversity policy

McAleese Group is committed to facilitating a workplace where all employees are treated with respect and provided with equal access and opportunity to develop within McAleese Group, and for this purpose has adopted a Diversity Policy. In its annual report, McAleese Group will disclose a summary of its progress towards achieving measurable objectives previously set under the policy and detail the measurable objectives set under this policy, for the subsequent financial year.

6.6.7 Health, safety, environment and sustainability policy

McAleese Group recognises that acting in a responsible and sustainable manner is paramount to its continued success and enhances economic value, in addition to returns to society and the environment, and for this reason has adopted a Health, Safety, Environment and Sustainability Policy. The Board is ultimately responsible for the policy and for monitoring the performance of McAleese Group in achieving its objectives.

6.6.8 Policy on non-audit services provided by the independent external auditors

The Audit, Business Risk and Compliance Committee is responsible for the development and oversight of McAleese Group's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with the policy.

As a general rule, the external auditor may not provide any prohibited non-audit services to McAleese Group. To ensure auditor independence is maintained, McAleese Group requires all engagements of the external auditor to provide non-audit services to be approved in writing by the Chief Financial Officer and, in some circumstances, by the Audit, Business Risk and Compliance Committee.

6.6.9 Whistleblower policy

McAleese Group has adopted a whistleblower policy to encourage employees and others to report any concerns that they may have about unethical, illegal, fraudulent or otherwise improper conduct, where reasonable grounds exist, freely and without fear of reprisal. The policy applies to all directors, employees, contractors and consultants of McAleese Group and its subsidiaries, and third parties. The Board is responsible for the review and oversight of the policy.

Details of the Offer

7.

7. Details of the Offer

7.1 The Offer

McAleese Group is offering to issue 92.5 million New Shares and SaleCo is offering to transfer 20.5 million Existing Shares.

Following Completion of the Offer there will be a total of 287.4 million Shares on issue and all Shares will rank equally with each other.

No general public offer will be made. The allocation of Shares between the Broker Firm Offer and the Institutional Offer was determined by the Underwriters, by agreement with McAleese Group, having regard to the allocation policy described in Sections 7.3 and 7.4.

The Offer is, subject to certain termination events, fully underwritten by the Underwriters, Credit Suisse, J.P. Morgan and Macquarie.

7.1.1 Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- provide McAleese Group with a liquid market for its Shares and an opportunity for new investors to acquire its Shares;
- repay in part McAleese Group's bank debt;
- enhance McAleese Group's financial flexibility to pursue the growth opportunities outlined in Section 3.1.3; and
- provide McAleese Group with enhanced access to capital markets.

The Offer also provides certain Existing Shareholders with an opportunity to realise part of their investment in McAleese Group.

The Offer is expected to raise approximately $136.0 million for McAleese Group and $30.2 million for SaleCo. Proceeds received by McAleese Group will be applied to:

- repay bank debt and a portion of other debt related costs[1] of $117.7 million;
- pay certain expenses of the Offer of $7.8 million; and
- pay direct costs associated with the Mona Vale Accident and the subsequent review of fleet maintenance.

The proceeds received by SaleCo will be paid to those Selling Shareholders who have sold Existing Shares to SaleCo and used to pay some of the expenses of the Offer.

Exhibit 7.1. Sources and uses of funds

Source of funds	$ million	%	Uses of funds	$ million	%
McAleese Group					
Drawdown of Senior Debt Facility	220.0	55.1%	Costs of the Offer	7.8	2.0%
Cash proceeds received for the issue of New Shares by McAleese Group	136.0	34.0%	Repay existing debt facilities	336.4	84.2%
Available cash and cash equivalents	13.1	3.3%	Direct costs associated with the Mona Vale Accident and the subsequent review of fleet maintenance	10.5	2.6%
			Establishment costs of Senior Debt Facility	2.3	0.6%
			Exit certain existing floating to fixed rate interest rate hedges	1.3	0.3%
			Accrued interest on existing debt facilities	10.8	2.7%
SaleCo					
Cash proceeds received from the transfer of Existing Shares by SaleCo under the Offer	30.2	7.6%	Costs of the Offer	0.9	0.2%
			Payments to Existing Shareholders	29.3	7.4%
Total sources	**399.3**	**100.0%**	**Total uses**	**399.3**	**100.0%**

1 Includes upfront fees on the Senior Debt Facility ($2.3 million), costs to exit certain existing floating to fixed rate interest hedges ($1.3 million) and accrued interest on the existing debt facilities.

7.1.2 Pro forma statement of financial position

McAleese Group's pro forma statement of financial position from Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.4.

7.1.3 Capital structure

McAleese Group's capitalisation and indebtedness as at 30 June 2013, before and following Completion of the Offer, is set out in Section 4.7.

7.1.4 Shareholders

The details of the ownership of Shares on Listing are set out below.

	Shares pre-Offer	% pre-Offer	Shares post-Offer	% post-Offer
Existing Shareholders[1]	50,635,504	25.99%	38,648,384	13.45%
Directors and management	144,212,991	74.01%	135,659,839	47.21%
Shareholders under the Offer	–	–	113,057,279	39.34%
Total	**194,848,495**	**100.0%**	**287,365,502**	**100%**

1 Excludes Directors and management.

Information on the number of Shares that will be subject to voluntary escrow arrangements and the terms of the escrow arrangements are set out in Section 7.6.

References to Shares in this Prospectus do not include 9,211,619 Shares which are the subject of a shareholder approved buy back, which was approved before the date of this Prospectus, and which is due to complete in February 2014. None of the proceeds of the Offer will be used to fund the buy back and the buy back will have no effect on any of the financial information or shareholding information presented in this Prospectus.

7.1.5 Control implications of the Offer

The Directors do not expect any Shareholder to control McAleese Group on Completion of the Offer.

7.1.6 Potential effect of the fundraising on the future of McAleese Group

The Directors believe that on Completion of the Offer McAleese Group will have sufficient working capital to carry out its stated objectives.

7.2 Terms and condition of the Offer

Topic	Summary
What is the type of security being offered?	IPO Shares (being fully paid ordinary shares in McAleese Group).
What are the rights and liabilities attached to the security being offered?	A description of the IPO Shares, including the rights and liabilities attaching to them, is set out in Section 7.11.
What is the consideration payable for each Share being offered?	Successful Applicants under the Offer will pay the Offer Price per IPO Share of $1.47.
What is the Offer Period?	The Broker Firm Offer opens at 9.00am (Melbourne time) on Wednesday, 20 November 2013. The Broker Firm Offer closes at 5.00pm (Melbourne time) on Wednesday, 27 November 2013. The key dates, including details of the Offer Period, are set out on page 2. This timetable is indicative only. McAleese Group and the Underwriters reserve the right to vary the dates and times of the Offer, including to close the Offer early, extend the closing date of the Offer or accept late applications, either generally or in particular cases, without notification. Investors are encouraged to submit their Applications as soon as possible after the opening of the Offer as the Offer may close at any time without notice. No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the date of this Prospectus.

Topic	Summary
What are the cash proceeds to be raised?	$136.0 million will be raised by McAleese Group if the Offer proceeds. $30.2 million will be raised by SaleCo if the Offer proceeds. The proceeds received by SaleCo will be paid to Selling Shareholders who sold Existing Shares to SaleCo.
What is the minimum and maximum Application size under the Retail Offer?	Applicants under the Broker Firm Offer must apply for a minimum value of $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter. The Underwriters, by agreement with McAleese Group, also reserve the right to treat any Applications in the Broker Firm Offer that are for more than $250,000 worth of Shares or are from persons whom they believe may be Institutional Investors, as part of the Institutional Offer or to scale back or reject the Applications. The Underwriters, in conjunction with McAleese Group, also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.
What is the allocation policy?	The allocation of IPO Shares between the Broker Firm Offer and the Institutional Firm Offer will be determined by the Underwriters, by agreement with McAleese Group, having regard to the allocation policy outlined in Sections 7.3.5 and 7.4.2. For Broker Firm Offer participants, Brokers will decide how they allocate Shares among their retail clients. McAleese Group and the Underwriters have absolute discretion regarding the allocation of IPO Shares to Applicants under Offer and may reject an Application, or allocate fewer IPO Shares than applied for, in their absolute discretion.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Tuesday, 3 December 2013. Refunds to Applicants who make an Application and receive an allocation, the value of which is smaller (at the Offer Price) than the amount of their Application Monies, will be made as soon as possible post Completion of the Offer, expected on or about Monday, 2 December 2013.
Will the Shares be listed?	McAleese Group will apply for admission to the official list of ASX and quotation of IPO Shares on ASX (which is expected to be under the code MCS). Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about Thursday, 28 November 2013, initially on a conditional and deferred settlement basis. It is the responsibility of each Applicant to confirm its holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. McAleese Group and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the McAleese Group Offer Information Line, by a Broker or otherwise. Shares are expected to commence trading on ASX on a normal settlement basis on or about Wednesday, 4 December 2013.
Is the Offer underwritten?	Yes. The Offer is fully underwritten.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.6.
Has an ASIC relief or ASX waiver been obtained or applied for?	Yes. Details are provided in Section 7.9.

Topic	Summary
Are there any tax considerations?	Refer to Section 9.8.
Is there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the McAleese Group Offer Information Line on 1300 733 154 (toll free within Australia) or +61 2 8767 1018 (outside Australia) from 8.30am until 5.30pm (Melbourne time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether McAleese Group is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

7.3 Broker Firm Offer

7.3.1 Who may apply?

The Broker Firm Offer is open to persons who have a registered address in Australia and who have received a firm allocation from their Broker. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

The Broker Firm Offer is not open to persons in the United States.

7.3.2 How to apply

Applications for IPO Shares may only be made on an Application Form attached to or accompanying this Prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation. Application Forms for the Broker Firm Offer must be completed in accordance with the instructions given to you by your Broker.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application amount. McAleese Group and the Underwriters reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person. McAleese Group may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00am (Melbourne time) on Wednesday, 20 November 2013 and is expected to close at 5.00pm (Melbourne time) on Wednesday, 27 November 2013. McAleese Group and the Underwriters may elect to close the Offer or any part of it early, extend the Offer or any part of it and accept late Applications either generally or in particular cases. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker.

7.3.4 Application Monies

McAleese Group reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

7.3.5 Allocations under the Broker Firm Offer

The allocation of firm stock to Brokers has been determined by the Underwriters and McAleese Group.

IPO Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It is a matter for the Brokers as to how they allocate firm stock among their retail clients, and they (and not McAleese Group and the Underwriters) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.4 Institutional Offer

7.4.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for IPO Shares. The Underwriters have separately advised Institutional Investors of the Application procedures for the Institutional Offer.

7.4.2 Allocations under the Institutional Offer

The allocation of IPO Shares between the Institutional Offer and the Broker Firm Offer was determined by the Underwriters and McAleese Group.

The basis of allocation of IPO Shares amongst Institutional Investors was determined by the Underwriters and McAleese Group. Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Underwriters. The allocation policy was influenced by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- McAleese Group's desire for an informed and active trading market following Listing;
- McAleese Group's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- any other factors that McAleese Group and the Underwriters considered appropriate.

7.5 Underwriting arrangements

The Offer is fully underwritten by the Underwriters. The Underwriters and McAleese Group have entered into an Underwriting Agreement under which the Underwriters have agreed, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Underwriters may terminate the agreement and the underwriting obligations. A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.6.

7.6 Voluntary escrow arrangements

All of the Shares held by Directors, senior management and certain Existing Shareholders and their respective controlled entities (the "**Escrowed Shares**" and "**Escrowed Shareholders**") at Listing, details of which are set out in the table in Section 7.1.4, will be subject to voluntary escrow arrangements until the date which is five Business Days after the release to ASX of McAleese Group's audited financial accounts for FY2014.

During the escrow period, an Escrowed Shareholder may not deal with any of their Escrowed Shares in any way other than:

- to accept an on market takeover offer in relation to all Shares on issue provided that at least half of the Shareholders who hold Shares that are not held by Escrowed Shareholders have accepted the takeover bid;
- to accept an off market takeover bid provided that if the bid is conditional, the Escrowed Shareholder and the bidder agree that any of the Escrowed Shares held by the Escrowed Shareholder which are not acquired by the bidder will continue to be Escrowed Shares; or
- the transfer or cancellation of Escrowed Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act.

The restriction on dealing is broadly defined and includes, among other things, disposing or agreeing to dispose of, granting or exercising an option in respect of or doing or omitting to do any act which would have the effect of transferring the Escrowed Shares or any legal, beneficial or economic interest in the Escrowed Shares.

With prior consent from the Board, the Escrowed Shares may be pledged for money borrowed by the Escrowed Shareholder.

Escrowed Shareholder	Escrowed Shares	% of Shares on issue on Listing
Interests associated with:		
Mark Rowsthorn	87,023,217	30.28%
Paul Garaty[1]	2,957,550	1.03%
Wayne Kent	3,019,082	1.05%
Gilberto Maggiolo	19,829,738	6.90%
Mark McSweeney	86,837	0.03%
Keith Price	19,580,333	6.81%
Don Telford	121,608	0.04%
Chris Keast[2]	2,129,050	0.74%
Havenfresh Pty Ltd	19,829,738	6.90%
Rasmussen Holdings Pty Ltd	12,919,750	4.50%
D.C.M.F. Pty Ltd	4,865,774	1.69%
Other management	912,424	0.32%
	173,275,101	**60.30%**

1 This excludes 868,404 Shares in which Paul Garaty has an interest under an option granted by an entity associated with Mark Rowsthorn which enables Mr Garaty to call for 868,404 Shares following the fourth anniversary of the start of his employment with McAleese Group.

2 This excludes 868,404 Shares in which Chris Keast has an interest under an option granted by an entity associated with Mark Rowsthorn which enables Mr Keast to call for 868,404 Shares following the fourth anniversary of the start of his employment with McAleese Group.

7.7 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities law.

Each Applicant under the Broker Firm Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities law;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transaction exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer is required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.8 Discretion regarding the Offer

McAleese Group may withdraw the Offer at any time before the issue or transfer of IPO Shares to successful Applicants in the Broker Firm Offer and Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded without interest.

McAleese Group, and the Underwriters also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer IPO Shares than applied for.

7.9 ASX and ASIC waivers, relief and confirmations

7.9.1 ASX waivers and confirmations

McAleese Group has applied to ASX for the following waivers/confirmations:

- a waiver of Listing Rule 10.1 to the extent necessary to permit McAleese Group not to seek Shareholder approval in relation to the TTPH Related Party Leases and the Kotara Lease; and
- confirmation that McAleese Group may undertake conditional and deferred settlement trading of the Shares, subject to certain conditions to be approved by ASX.

7.9.2 ASIC relief and modifications

McAleese Group has sought from ASIC a modification of the Corporations Act so that the voluntary escrow arrangements entered into by McAleese Group and the Escrowed Shareholders do not give McAleese Group a relevant interest in the Escrowed Shares.

7.10 ASX listing, registers and holding statements and deferred settlement trading

7.10.1 Application to ASX for listing and quotation of the Shares

McAleese Group will apply within 7 days after the date on this prospectus to ASX for listing of McAleese Group and quotation of Shares on ASX. McAleese Group's expected ASX code is MCS.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit McAleese Group to the official list is not to be taken as an indication of the merits of McAleese Group or the IPO Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on ASX within three months after the date of this Prospectus (or any later date permitted by law), all Application Monies received by McAleese Group will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by McAleese Group from time to time), McAleese Group will be required to comply with ASX Listing Rules.

7.10.2 CHESS and issuer sponsors holdings

McAleese Group will apply to participate in ASX's Clearing House Electronic Subregister System (**"CHESS"**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**"HIN"**) for CHESS holders or, where applicable, the Security holder Reference Number (**"SRN"**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. McAleese Group and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.10.3 Conditional and deferred settlement trading and selling shares on market

It is expected that trading of the Shares on ASX on a conditional and deferred basis will commence on or about Thursday, 28 November 2013.

The contracts formed on acceptance of applications will be conditional on ASX agreeing to quote the Shares on ASX, and on settlement occurring under the Underwriting Agreement (**"Settlement"**). Trades occurring on ASX before Settlement will be conditional on Settlement occurring.

Conditional trading will continue until McAleese Group has advised ASX that Settlement has occurred, which is expected to be on or about Friday, 29 November 2013. Trading will then be on an unconditional but deferred delivery basis until McAleese Group has advised ASX that holding statements have been despatched to Shareholders. Normal Settlement trading is expected to commence on or about Wednesday, 4 December 2013.

If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of applications will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. McAleese Group, SaleCo, the Share Registry, the Underwriters and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the McAleese Group Offer Information Line or confirmed your firm allocation through a Broker.

7.11 Description of Shares

Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

All Shares being offered under this Prospectus will rank equally with each other and with those held by Existing Shareholders at Completion of the Offer.

A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. This summary assumes that McAleese Group is admitted to the official list of ASX.

Voting at a general meeting

At a general meeting of McAleese Group, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. The chairperson has a casting vote on a show of hands or on a poll.

Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of McAleese Group and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. McAleese Group must give at least 28 days written notice of a general meeting of McAleese Group.

Dividends

The Directors pay any interim or final dividends that, in their judgement, the financial position of the Company justifies and fix the amount of the dividend, the record date for a dividend and the timing and method of payment. For further information about McAleese Group's proposed dividend policy, see Section 4.9.

Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules or a written transfer in any usual form or in any other form approved by the Directors and permitted by the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

The Directors may refuse to register a transfer of Shares in accordance with the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

Issue of further Shares

Subject to the Corporations Act, ASX Listing Rules and the Constitution, McAleese Group may issue, allot or grant options in respect of further Shares on such terms as the Directors decide.

Winding up

If McAleese Group is wound up, then subject to the Constitution and any rights or restrictions attached to any class of shares and a special resolution of Shareholders, the liquidator may divide the whole or part of the Company's property among McAleese Group's members and decide how the division is to be carried out as between members or different classes of members.

Unmarketable parcels

Subject to the Corporations Act and the ASX Listing Rules, McAleese Group may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buy-backs

Subject to the Corporations Act and the ASX Listing Rules, McAleese Group may buy back Shares on terms and at times determined by the Directors.

Proportional takeover provisions

The Constitution contains provisions for Shareholder approval to be required in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by special resolution of the Shareholders in a general meeting by the third anniversary of the date of the Constitution's adoption.

Variation of class rights

At present, McAleese Group's only class of shares on issue is ordinary shares. The rights attaching to any class of shares may be varied or cancelled in accordance with the Corporations Act.

Dividend reinvestment plan

The Directors have established a dividend reinvestment plan (under which any member may elect that the dividends payable by McAleese Group be reinvested be a subscription for securities).

For more information on the dividend reinvestment plan, see Section 9.5.

Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is four and the maximum may not be more than seven unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of McAleese Group. Retirement will occur on a rotational basis so that no Director (excluding any Managing Director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of McAleese Group.

Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. Subject to the Corporations Act, each Director has one vote. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote.

Directors – remuneration

See Section 6.3.2 for a description of the remuneration arrangements for Directors.

Indemnities and access to records

McAleese Group indemnifies each Director, alternate director and officer of McAleese Group on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by that person as an officer of McAleese Group or its related bodies corporate. McAleese Group, to the extent permitted by law, may purchase and maintain insurance, or pay or agree to pay, a premium for insurance for each Director or officer of McAleese Group against any Liability incurred by that person as an officer of McAleese Group or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome.

McAleese Group may enter into contracts with a Director or former director or McAleese Group or its subsidiaries agreeing to provide continuing access for a specified period after the director ceases to be a director to board papers, books, records and documents of McAleese Group or its subsidiaries which relate to the period during which the Director or former director was a director.

Amendment

The Constitution can only be amended by special resolution passed by Shareholders.

Investigating Accountant's Report and Financial Services Guide

8.

8. Investigating Accountant's Report and Financial Services Guide

KPMG Transaction Services
A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
147 Collins Street
Melbourne Vic 3000

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 43 007 363 215
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

Board of Directors
McAleese Limited
Level 4
697 Burke Road
Camberwell VIC 3124

Board of Directors
McAleese SaleCo Limited
Level 4
697 Burke Road
Camberwell VIC 3124

12 November 2013

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by McAleese Limited ("McAleese") and McAleese SaleCo Limited ("SaleCo") to prepare this report for inclusion in the prospectus to be dated 12 November 2013 ("Prospectus"), and to be issued by McAleese and SaleCo, in respect of the proposed initial public offering ("IPO") of ordinary shares in McAleese.

Expressions defined in the Prospectus have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare this report covering the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in an abbreviated form in the Prospectus insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Historical Financial Information

The pro forma historical financial information, as set out in Section 4 of the Prospectus, comprises McAleese's pro forma historical consolidated statement of financial position as at 30 June 2013, summarised pro forma historical consolidated statement of comprehensive income (including summarised pro forma historical consolidated segment financial performance) for the three years ended 30 June 2013 and summarised pro forma historical consolidated statements of cash flows for the three years ended 30 June 2013 (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the historical financial information of:

- McAleese (extracted from the following relevant audited financial statements):
  - McAleese Limited for the years ended 30 June 2012 and 30 June 2013; and
  - Harbrew Pty Limited for the year ended 30 June 2011;
- the International Energy Services Group ("IES Group") which comprises the following constituent entities:
  - International Energy Services Pty Ltd ("IES") (extracted from the audited financial statements of IES for the years ended 30 June 2011 and 30 June 2012);
  - IES Resources Pty Ltd ("IES Resources") (extracted from the audited financial statements of IES Resources for the years ended 30 June 2011 and 30 June 2012);
  - Liquip International Pty Ltd ("Liquip") (extracted from the audited financial statements of Liquip for the years ended 30 June 2011 and 30 June 2012); and
  - Cootes Transport Group Pty Ltd ("Cootes Transport") (extracted from the audited financial statements of Cootes Transport for the years ended 30 June 2011 and 30 June 2012).

(McAleese's and the IES Group's (as described above) information are together referred to as the "Historical Financial Information"); and

- after adjusting for the pro forma transactions and/or adjustments described in Section 4 of the Prospectus.

The financial statements of McAleese for the years ended 30 June 2012 and 30 June 2013 and those of the IES Group (as described above) for the two years ended 30 June 2012 were audited by KPMG in accordance with Australian Auditing Standards. The relevant financial statements of McAleese for the year ended 30 June 2011 were audited by McAleese's previous external auditor in accordance with Australian Auditing Standards. The audit opinions issued to the members of McAleese and the IES Group (as described above) relating to those financial statements were unqualified.

For the purposes of preparing this report we have reviewed the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe

that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by McAleese disclosed in Appendix A of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of Historical Financial Information of McAleese from the following relevant audited financial statements:
  - McAleese Limited for the years ended 30 June 2012 and 30 June 2013; and
  - Harbrew Pty Limited for the year ended 30 June 2011.
- a review of the extraction of the Historical Financial Information of the IES Group from the audited financial statements of IES, IES Resources, Liquip and Cootes Transport for the two years ended 30 June 2012;
- analytical procedures on the Historical Financial Information of McAleese and the IES Group (as described above);
- a review of relevant work papers including audit work papers, accounting records and other documents pertaining to McAleese and the IES Group (as described above);
- analytical procedures on the Pro Forma Historical Financial Information of McAleese for the three years ended 30 June 2013;
- consideration of transactions or events subsequent to 30 June 2013 as identified and included by McAleese as McAleese pro forma historical adjustments;
- consideration of assumptions used to compile the Pro Forma Historical Financial Information of McAleese;
- a review of the pro forma transactions and/or adjustments made to the Historical Financial Information of McAleese including a reconciliation of the Pro Forma Financial Information to the reviewed Historical Financial Information;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by McAleese disclosed in Appendix A of the Prospectus; and
- enquiries of directors, management and others in relation to the Pro Forma Historical Financial Information.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review of Directors' Forecast and directors' best-estimate assumptions

The directors' forecast is set out in Section 4 of the Prospectus and comprises the summarised pro forma and statutory forecast consolidated statements of comprehensive income (including summarised pro forma and statutory segment financial performance) and summarised pro forma and statutory forecast consolidated statements of cash flows of McAleese for the year ending 30 June 2014 (the "Directors' Forecast").

The Directors' Forecast has been prepared by the directors to provide investors with a guide to McAleese's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The directors' best-estimate assumptions underlying the Directors' Forecast are set out in Section 4.7 of the Prospectus.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of McAleese during the forecast period may vary materially from the Directors' Forecast, and that variation may be materially positive or negative.

The sensitivity of the Directors' Forecast to changes in key assumptions is set out in Section 4.8 of the Prospectus and the risks to which the business of McAleese is exposed are set out in Section 5 of the Prospectus. Investors should consider the Directors' Forecast in conjunction with the analysis in those sections.

We have reviewed the Directors' Forecast and the directors' best-estimate assumptions underlying the Directors' Forecast, set out in Section 4 of the Prospectus, in order to state whether, on the basis of procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by McAleese disclosed in Appendix A of the Prospectus; and consequently that
- the Directors' Forecast itself is unreasonable.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary.

Our review of the Directors' Forecast and the directors' best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Directors' Forecast or the directors' best-estimate assumptions.

Directors' responsibilities

The directors of McAleese are responsible for the preparation and presentation of:

- the Pro Forma Historical Financial Information, including the determination of the pro forma transactions and/or adjustments; and
- the Directors' Forecast, including the best-estimate assumptions on which the Directors' Forecast is based and the sensitivity of the Directors' Forecast to changes in key assumptions.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Prospectus that is free from material misstatement, whether due to fraud or error.

Review statements

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 4 of the Prospectus and comprises:

- the summarised pro forma historical consolidated statements of comprehensive income of McAleese for the years ended 30 June 2011, 30 June 2012 and 30 June 2013;
- the summarised pro forma historical consolidated statements of cash flows of McAleese for the years ended 30 June 2011, 30 June 2012 and 30 June 2013; and
- the pro forma historical consolidated statement of financial position of McAleese as at 30 June 2013,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by McAleese disclosed in Appendix A of the Prospectus.

Review statement on the Directors' Forecast and the directors' best-estimate assumptions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, set out in Section 4.7 of the Prospectus, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast, set out in Section 4 of the Prospectus, is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by McAleese disclosed in Appendix A of the Prospectus; and consequently that
- the Directors' Forecast itself is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of McAleese. If events do not occur as assumed, actual results achieved by McAleese may vary significantly from the Directors' Forecast. Accordingly, we do not confirm or guarantee the achievement of the Directors' Forecast, as future events, by their very nature, are not capable of independent substantiation.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of McAleese and from time to time, KPMG also provides McAleese with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours sincerely

Stewart May
Authorised Representative

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
147 Collins Street
Melbourne Vic 3000

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 43 007 363 215
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

Financial Services Guide
Dated 12 November 2013

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Stewart May as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404262.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities, and
- superannuation.

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide

financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by McAleese Limited ACN 156 364 068 (Client) to provide general financial product advice in the form of a Report to be included in a Prospectus (Document) prepared by Client in relation to the initial public offer of fully paid ordinary shares in the Client (Transaction).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Transaction Services approximately $0.6 million (excluding disbursements and GST) for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to the Client for

which professional fees are received. Over the past two years professional fees of $2.7 million have been received from the Client. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Stewart May
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Additional Information

9. Additional Information

9.1 Registration

McAleese Group was registered in Victoria on 19 March 2012 as a public company.

9.2 McAleese Group tax status

McAleese Group will be subject to tax at the Australian corporate tax rate.

9.3 Sale of Existing Shares by Selling Shareholders

SaleCo is a special purpose vehicle which has been established to enable the Selling Shareholders to sell all or a portion of their Existing Shares in McAleese Group. The Selling Shareholders have executed deed polls in favour of SaleCo under which they irrevocably offer to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional upon the commencement of conditional and deferred trading of Shares on ASX and the demerger of Existing Shares to the Selling Shareholders. As at the date of this Prospectus, Selling Shareholders have irrevocably offered to sell up to 20.5 million Existing Shares to SaleCo.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to successful Applicants under the Offer at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. McAleese Group will also issue New Shares to successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interest in the deed polls described above. The directors and shareholders of SaleCo are Mark Rowsthorn, Paul Garaty and Mark McSweeney. McAleese Group has indemnified SaleCo and the directors of SaleCo for any loss which SaleCo or the directors of SaleCo may incur as a consequence of the Offer.

9.4 Employee equity plans

McAleese Group has adopted a rights plan (**"Rights Plan"**) and a loan funded share plan (**"LFS Plan"**) to incentivise key employees (together, the **"Plans"**). The Plans form an integral part of McAleese Group's retention plan for key management personnel and aligns their incentives with the interests of Shareholders of McAleese Group.

9.4.1 Rights plan

The Rights Plan provides for the issue of rights (**"Rights"**) over Shares to any employee, executive or director that the Board determines is eligible to participate. Eligibility to participate in the Rights Plan and the number of Rights offered to each individual participant will be determined by the Board.

It is expected that Rights will be granted to key management personnel annually with vesting conditions determined by the Board at the time of the grant. Rights may also be granted to other McAleese Group employees from time to time subject to consideration by the Board. Grants of Rights will not be used to remunerate or retain non-executive Directors.

There are no Rights currently on issue.

The key terms of the Rights Plan are:

- participants are granted Rights to acquire Shares;
- the Board has the discretion to set the terms and conditions on which it will offer Rights, including in relation to vesting and forfeiture conditions or any application or exercise price attached to the Rights. The Board may determine that any conditions attaching to a participant's Rights are removed or satisfied;
- Rights do not attract dividends, voting rights or any capital distributions;
- participants must not sell, transfer, encumber or otherwise deal with Rights;
- Shares acquired on exercise of Rights rank equally with issued Shares; and
- upon satisfaction of the conditions, a participant's Rights will be automatically exercised and the participant will be allotted or transferred one Share for each Right upon payment of the exercise price (if any).

Generally unless otherwise determined by the Board, where a participant ceases employment with McAleese Group before the Rights vest, if the person is a "good leaver" Rights will vest pro rata to the proportion of the vesting period that has elapsed and having regard to any performance conditions which have been achieved and if the person is a "leaver" or "bad leaver" Rights will be forfeited.

In the case of extraordinary events, such as a change of control of McAleese Group the Board has discretion to allow Rights to vest.

The Rights Plan also contains customary and usual terms for dealing with administration, variation, suspension and termination of the Rights Plan.

9.4.2 Loan Funded Share Plan

The LFS Plan provides for the grant of loan funded Shares (**"LF Shares"**) in McAleese Group to any employee, executive or director that the Board determines is eligible to participate. Eligibility to participate in the LFS Plan and the number of LF Shares offered to each individual participant will be determined by the Board.

LF Shares may be granted to management personnel from time to time by the Board, with vesting conditions being determined by the Board at the time of grant. Grants of LF Shares will not be used to remunerate or retain non-executive Directors.

Wayne Kent, Paul Garaty and Chris Keast have each been granted LF Shares under the LFS Plan. The key terms and conditions attaching to those LF Shares are set out in Section 9.4.3 below.

The key terms of the LFS Plan are:

- participants are provided with a limited recourse loan from

McAleese Group for the sole purpose of subscribing for LF Shares in McAleese Group. Participants are not charged interest on the loan;

- the LF Shares are issued to the trustee of McAleese Group's LFS Plan on behalf of each participant upfront;
- the maximum number of LF Shares and total value of the loan a participant may apply for and the issue price of those LF Shares is determined by the Board;
- the LF Shares will vest upon the satisfaction of conditions set by the Board at the time of the offer;
- if the conditions are met and the LF Shares vest, the loan becomes repayable and participants have up to five years from the date the LF Shares were granted to repay the outstanding balance. The LF Shares cannot be dealt with until the loan in respect of the LF Shares is repaid. Once all of the conditions attaching to the LF Shares are lifted or satisfied and the outstanding loan balance is repaid in full, the LF Shares revert to being ordinary Shares and rank equally with issued Shares;
- LF Shares have the same rights as ordinary Shares including the right to receive dividends and capital distributions, participate in future capital raisings and exercise voting rights. Any dividends paid on the LF Shares while the loan remains outstanding are applied (on a notional after-tax basis) towards the repayment of the loan; and
- generally, if the conditions are not satisfied or if the participant ceases employment before the LF Shares vest, the participant forfeits all interest in the LF Shares in full satisfaction of the loan.

Generally unless otherwise determined by the Board, where a participant ceases employment with McAleese Group before LF Shares vest, if the participant is a "good leaver" unvested LF Shares will vest pro rata to the proportion of the vesting period that has elapsed and having regard to any performance conditions which have been achieved and the participant may retain vested LF Shares subject to repaying the loan balance in a specified period. If the participant is a "bad leaver", unvested LF Shares will be forfeited and vested LF Shares will be forfeited to the extent they remain subject to conditions or restrictions, they remain in trust or the loan has not been repaid in full. If the participant is a "leaver" unvested LF Shares will be forfeited and the participant may retain vested LF Shares subject to repaying the loan balance in a specified period.

In the event of extraordinary events, such as a change of control of McAleese Group, the Board has discretion to allow for vesting of Rights. The LFS Plan also contains customary and usual terms for dealing with changes in McAleese Group's capital structure, administration, variation, suspension and termination of the LFS Plan.

9.4.3 Key terms of granted LF Shares

9.4.3.1 Grant of LF Shares to Paul Garaty and Chris Keast

As part of their employment, Paul Garaty and Chris Keast have been granted LF Shares under the LFS Plan.

Key terms and conditions of LF Shares granted to Paul Garaty and Chris Keast	
Vesting conditions	The LF Shares granted to Paul Garaty and Chris Keast vest in equal tranches on the first, second and third anniversaries from the date of issue, providing they are continuously employed by McAleese Group on each of the vesting dates or such other date on which the Board makes a determination that the vesting conditions have been met. The LF Shares were granted to Paul Garaty and Chris Keast on 20 September 2013. The treatment of vested and unvested LF shares on cessation of employment is outlined in Section 9.4.2.
Value of loan	Paul Garaty – $4,000,000. Chris Keast – $2,900,000.
Price of LF Shares	$1.48 per LF Share which the Board determined was the fair market value at which LF Shares should be issued.
Number of LF Shares	Paul Garaty – 2,697,039 LF Shares Chris Keast – 1,955,376 LF Shares

9.4.3.2 Grant of LF Shares to Wayne Kent

As consideration for services provided to McAleese Group prior to him joining the Board, Wayne Kent has been granted LF Shares under the LFS Plan. Mr Kent will not receive any other fees or benefits in relation to the services.

Key terms and conditions of LF Shares granted to Wayne Kent	
Vesting conditions	The LF Shares granted to Wayne Kent vest in equal tranches on the first, second and third anniversaries from the commencement of quotation of Shares on ASX provided that Wayne Kent is continuously employed by McAleese Group or acting as a Director of McAleese Group on each of the vesting dates (or such other date on which the Board makes a determination that the vesting conditions have been met). The LF Shares were granted to Wayne Kent on 20 September 2013. The treatment of vested and unvested LF Shares on cessation of employment is outlined in Section 9.4.2.
Value of loan	$1,000,000.
Price of LF Shares	$1.48 per LF Share which the Board determined was the fair market value at which LF Shares should be issued.
Number of LF Shares	674,306 LF Shares

9.4.4 Employee share trust

McAleese Group currently has in place an employee share trust. McAleese Group has established the Trust for the purpose of operating in connection with the Plans (or any other employee share plan of McAleese Group), including acquiring, holding and delivering shares for participants in the Plans.

9.5 Dividend Reinvestment Plan

The Directors have approved a Dividend Reinvestment Plan (**"DRP"**). The Directors will determine when it may be appropriate to activate the DRP.

The rules of the DRP are typical of a DRP operated by an ASX-listed company. Shareholders who elect to participate in the DRP will be able to reinvest the dividends they are entitled to receive in Shares rather than receiving those dividends in cash. Shareholders may choose to participate in the DRP in respect of some or all of their Shares, although the Directors may specify a minimum and/or maximum number of shares that are able to participate.

The Board may choose to enter into underwriting arrangements from time to time for the partial or full underwriting of any shortfall in the DRP take-up with respect to a particular dividend.

The DRP may be varied, suspended or terminated by the Board at any time, according to the rules of the DRP.

A Shareholder may not be eligible to participate in the DRP if the Board considers that their participation might breach any law of Australia or a foreign jurisdiction, prejudice the effective operation of the DRP or be undesirable or impractical.

If and when the DRP is activated, a copy of the rules of the DRP will be made available to Shareholders in advance of the record date for the first dividend payable by McAleese Group after the activation of the DRP, and a copy of the rules of the DRP will be made available on McAleese Group's website.

9.6 Underwriting Agreement

The Offer is underwritten by the Underwriters pursuant to an underwriting agreement dated 12 November 2013 between McAleese Group, SaleCo and the Underwriters (**"Underwriting Agreement"**). Under the Underwriting Agreement, the Underwriters have agreed to arrange, manage and underwrite the Offer.

Commission, fees and expenses

McAleese Group and SaleCo have agreed to pay the Underwriters an underwriting fee equal to 2.4% and a management fee equal to 0.6% of the funds raised under the offer (less $20 million) (**"Net Offer Proceeds"**). The underwriting and management fees will become payable by McAleese Group and SaleCo on the date of settlement of the Offer and will be divided between the Underwriters according to the terms of the Underwriting Agreement.

McAleese Group may also pay a discretionary fee to the Underwriters of up to an aggregate amount of 0.5% of the Net Offer Proceeds. Payment of the discretionary fee is at McAleese Group's absolute discretion and may be paid to one Underwriter and not another Underwriter or to an Underwriter in a different amount to the other Underwriters.

In addition to the fees described above, McAleese Group has agreed to reimburse the Underwriters for certain agreed costs and expenses, including legal expenses, incurred by the Underwriter in relation to the Offer.

For the purpose of this Section 9.6, "Offer Documents" means the documents issued or published by or on behalf of McAleese Group in respect of the Offer including:

- this Prospectus, any application form and any supplementary prospectus;
- the pathfinder version of this Prospectus that was provided to Institutional Investors, Brokers and sub-underwriters prior to the lodgement of this Prospectus with ASIC (**"Pathfinder"**);
- the cover email sent to Institutional Investors in connection with the Institutional Offer; and

- any investor presentation or marketing presentation used in connection with the Institutional Offer and Broker Firm Offer.

Termination events

An Underwriter may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and before the issue and transfer of New Shares under the Offer (without cost or liability by notice to McAleese Group, SaleCo or the other Underwriters) if any of the following events occur at any time before completion of the Offer or such other time as specified below:

- a statement contained in the Prospectus or the Pathfinder is or becomes misleading or deceptive, or a matter required to be included is omitted from the Prospectus or the Pathfinder (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement;
- McAleese Group issues, or in the reasonable opinion of the Underwriters, becomes required to issue a supplementary prospectus to comply with section 719 of the Corporations Act or McAleese Group lodges a supplementary prospectus with ASIC in a form that has not been approved by the Underwriter seeking to terminate or otherwise fails to comply with the provisions of the Underwriting Agreement relating to supplementary prospectuses;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - McAleese Group's admission to the official list of ASX within the specified timeframe; or
  - the quotation of the Shares on ASX or for the Shares to be cleared through CHESS on or before the scheduled commencement of conditional and deferred trading on ASX,

    or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- any of the following occur in respect of the Offer:
  - ASIC issues an order under section 739(1A) of the Corporations Act;
  - any person (other than the Underwriters) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
  - any person (other than the Underwriters) gives a notice under section 730 of the Corporation Act in relation to the Offer Documents;
  - McAleese Group does not provide a closing certificate as and when required by Underwriting Agreement or a closing certificate that McAleese Group provides is false, misleading or deceptive (including by way of omission);
- McAleese Group withdraws the Offer;
- ASX withdraws, revokes or amends any ASX waivers or ASIC withdraws, revokes or amends any ASIC modifications required for the Offer;
- any person makes an application for an order under Part 9.5 of the Corporations Act, or to any government agency, in relation to the Prospectus or the Offer or ASIC commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or the Prospectus or any government agency (other than ASX or ASIC) commences or gives notice of an intention to hold, any enquiry except where the application, investigation, proceeding or hearing does not become publically known and is disposed of or withdrawn to the Underwriters' satisfaction within 2 business days and in any event before 4.00pm on the business day before settlement of the Offer;
- any of the following occur:
  - a director of McAleese Group or SaleCo is charged with an indictable offence;
  - any government agency commences any public action against McAleese Group, SaleCo any other McAleese Group member or any of the directors of McAleese Group or SaleCo in their capacity as a director of McAleese Group or SaleCo (as applicable), or announces that it intends to take such action; or
  - any director of McAleese Group or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- McAleese Group is prevented from allotting or issuing the New Shares or SaleCo is prevented from transferring the Existing Shares within the time required by the timetable, the Offer Documents, the ASX Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a government agency;
- other than for minor administrative or technical corrections, a deed entered into by an Existing Shareholder under which they irrevocably offered to sell Shares to SaleCo is varied, terminated, rescinded, altered or amended without the prior consent of the Underwriters (such consent not to be unreasonably withheld or delayed), or is breached or found to be void or voidable;
- any member of the McAleese Group is or becomes insolvent or there is an act or omission which may result in any member of the McAleese Group becoming insolvent;
- the chairman or the chief executive officer of McAleese Group is removed from office or replaced; or
- a representation or warranty given by McAleese Group in relation to the Senior Debt Facility is breached, becomes not true or correct or is not performed.

Termination events subject to materiality

An Underwriter may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and before the issue and transfer of New Shares under the Offer (without cost or liability by notice to McAleese Group, SaleCo or the other Underwriters) if any of the following events occur at any time before completion of the Offer or such other time as specified below and the Underwriter has reasonable grounds to believe the event (i) has had or is likely to have a materially adverse effect on the marketing, outcome, success or settlement of the Offer, the ability of the Underwriters to market, promote or settle the Offer, the willingness of investors to subscribe for IPO Shares or the likely price at which Shares will trade on ASX; (ii) has given or would be likely to give rise to a liability for the Underwriter; or (iii) has given or would be likely to give rise to a contravention by an Underwriter, or an Underwriter being involved in a contravention, of the Corporations Act or any applicable laws:

- a statement contained in the Offer Documents (excluding the Prospectus and the Pathfinder) or any public or media statements made by, or on behalf of, McAleese Group in relation to the affairs of McAleese Group or the Offer made on or after the date of the Pathfinder (**"Public Information"**) is or becomes misleading or deceptive;
- the due diligence report or verification material or any other information supplied by or on behalf of McAleese Group to the Underwriters in relation to McAleese Group or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States, the United Kingdom, the People's Republic of China, South Korea or any member state of the European Union or a major terrorist act is perpetrated against any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- there is, or is likely to be, in the reasonable opinion of the Underwriters, an adverse effect, when compared to the position disclosed in the Offer Documents or the Public Information;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, the United States, the United Kingdom, Hong Kong, or any member state of the European Union or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement);
- a change in senior management or the board of directors (other than in relation to the chairman or the chief executive officer) of McAleese Group occurs;
- ASIC issues an interim order under section 739(3) of the Corporations Act;
- a contravention by McAleese Group or any entity in the McAleese Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investment Commission Act 2001* (Cth), McAleese Group's constitution, or any of the ASX Listing Rules, or McAleese Group commits a fraudulent act;
- a default by McAleese Group in the performance of any of its obligations under the Underwriting Agreement occurs;
- a representation or warranty contained in this agreement on the part of McAleese Group is breached, becomes not true or correct or is not performed other than a representation or warranty in relation to the Senior Debt Facility;
- the Offer is not conducted in accordance with the timetable or any event specified in the timetable is delayed for more than 1 Business Day without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed);
- McAleese Group varies any term of its constitution without the prior written consent of the Underwriters to the terms of the variation;
- McAleese Group or any of its affiliates charges, or agrees to charge, the whole or a substantial part of the business or property of McAleese Group other than:
  - a charge over any fees or commissions to which McAleese Group is or will be entitled; or
  - as disclosed in the Offer Documents; or
  - as agreed with the Underwriters;
- any material contract of McAleese Group is varied, terminated, rescinded or altered or amended without the prior consent of the Underwriters or any material contract is breached or found to be void or voidable;
- any of the voluntary escrow agreements entered into by Escrowed Shareholders is varied, terminated, rescinded, altered or amended without the prior consent of the Underwriters (such consent not to be unreasonably withheld or delayed), or is breached or found to be void or voidable;
- any information supplied by or on behalf of a member of the McAleese Group to the Underwriters in respect of the Offer or a McAleese Group member is or is found to be false or misleading or deceptive or likely to mislead or deceive;
- if a regulatory body withdraws, revokes or amends any regulatory approvals required for McAleese Group to perform its obligations under this agreement; or

- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, the United States, the United Kingdom, Hong Kong or any member state of the European Union or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
- trading in all securities quoted or listed on ASX, New York Stock Exchange, Hong Kong Stock Exchange or London Stock Exchange is suspended or limited in a material respect.

Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by McAleese Group and SaleCo to the Underwriters as well as common conditions precedent, including the entry into a voluntary escrow agreement by each of the Escrowed Shareholders, a deed poll in favour of SaleCo being executed by each Selling Shareholder, the credit approved term sheets in relation to the Senior Debt Facility not being breached, amended or deemed void or voidable and ASIC and ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable.

The representations and warranties given by McAleese Group and SaleCo relate to matters such as the conduct of McAleese Group and SaleCo, power and authorisations, information provided by McAleese Group and SaleCo, financial information, information in the Offer Documents, the conduct of the Offer and compliance with laws, ASX Listing Rules and other legally binding requirements. McAleese Group also provides additional representations and warranties in connection with matters including in relation to its assets, material contracts, insurance, litigation, the Senior Debt Facility, environmental laws, occupational health and safety, property, authorisations, eligibility for Listing and internal accounting controls.

McAleese Group's undertakings include that it will not, during the period following the date of the Underwriting Agreement until 90 days after the date on which settlement of the Shares occurs, issue any equity securities or securities that are convertible into equity or alter the capital structure of McAleese Group without the consent of the Underwriters and that McAleese Group will, during the period following the date of the Underwriting Agreement until 90 days after the date on which settlement of the Shares occurs, carry on its business in the ordinary course and not dispose of all or any material part of its business, assets or property or acquire any material assets except in the ordinary course.

Indemnity

Subject to certain exclusions relating to, among other things, recklessness, fraud, wilful default or gross negligence of an indemnified party, McAleese Group agrees to keep the Underwriters and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.7 Litigation and claims

McAleese Group is from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. As far as the Directors are aware, except as disclosed in relation to the Mona Vale Accident as set out in Sections 3.2.2.2 and 5.1.6, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which McAleese Group is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of McAleese Group.

9.8 Tax considerations

9.8.1 Introduction

The comments below provide a general summary of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and hold their Shares on capital account for Australian income tax purposes.

The categories of Shareholders considered in this general summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds.

These comments do not apply to Shareholders that hold their Shares on revenue account or as trading stock, or to non-Australian tax resident Shareholders. They also do not apply to Shareholders that are banks, insurance companies or taxpayers that carry on a business of trading in Shares. These Shareholders should seek their own professional advice.

These comments also do not consider the consequences of Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or "TOFA" regime). Shareholders who are subject to TOFA should obtain their own tax advice as to the implications under the TOFA regime (if any).

The comments below are based on the tax laws in force as at the date of this Prospectus. The tax consequences discussed below may alter if there is a change to the tax law after the date of this Prospectus. They do not take into account the tax law of countries other than Australia.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. McAleese Group, SaleCo and their advisers disclaim all liability to any Shareholder or other party for all costs, loss,

damage and liability that the Shareholder or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or other party or the reliance on this summary by the Shareholder or other party.

All Shareholders should seek professional advice on the taxation implications of holding the Shares, taking into account their specific circumstances.

9.8.2 Australian taxation considerations

Dividends paid by McAleese Group

Generally, dividends paid by McAleese Group on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders should include in their assessable income the dividend received, together with any franking credit attached to that dividend.

Shareholders will generally be entitled to tax offsets against tax payable for the franking credit included in assessable income. To be eligible for the franking credit and tax offset, a Shareholder must satisfy the 'holding period' rule and 'related payments' rule. This requires that a Shareholder hold the Shares "at risk" for a continuous period of not less than 45 days (excluding the days of acquisition and disposal) and that the benefit of the dividend is not passed on within 45 days. Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied. The holding period rules will not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed $5,000.

On 28 June 2013, the Australian Government Treasury announced that it would address certain arrangements known as "dividend washing" arrangements by inserting a specific integrity rule in the tax lax relating to the 45 day 'holding period' rule. This rule will restrict the entitlement of sophisticated investors to franking credits in certain circumstances. Treasury is still to release exposure draft legislation. Shareholders should consider the impact of this proposed change given their own specific circumstances.

Where a Shareholder is an individual or a complying superannuation entity, the Shareholder will generally be entitled to a refund to the extent that the franking credits attached to that Shareholder's dividends exceed that Shareholder's income tax liability for the income year.

Franked dividends received by Shareholder that is a company will generally give rise to a franking credit in the Shareholder's franking account to the extent of the franking credit on the dividend received. These Shareholders may then pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

Excess franking credits received by a company cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

Special rules apply to Shareholders that are trustees (other than trustees of complying superannuation entities) or partnerships. These Shareholders should seek specific advice regarding the tax consequences of dividends received in respect of Shares held.

Disposal of a Share for Australian tax resident Shareholders

The disposal of a Share by a Shareholder will be a capital gains tax (**"CGT"**) event.

A capital gain will arise where the capital proceeds received on disposal of the Share exceeds the cost base of the Share. A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal of that Share. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years. Broadly, the cost base and reduced cost base of a Share would usually be equal to the amount paid to acquire the Share (including certain other costs, such as incidental costs of acquisition and disposal). The cost base and reduced cost base of the Share may be different if a CGT roll-over applied to the acquisition of the Share.

Generally, all capital gains and losses made by a Shareholder for an income year, plus any net capital losses carried forward from an earlier income year, will need to be aggregated to determine whether the Shareholder has made a net capital gain or net capital loss for the year.

A net capital gain is included in the Shareholder's assessable income whereas a net capital loss is carried forward and may be available to be offset against capital gains of later years.

If a Shareholder is an individual, complying superannuation entity or trust, and has held the Share for at least 12 months or more before disposal of the Share, the Shareholder will prima facie be entitled to a "CGT discount" for any net capital gain made on the disposal of the Share. A company is not entitled to a CGT discount.

Where the CGT discount applies, any net capital gain arising may be reduced by 50% in the case of individuals and trusts, and by one-third in the case of complying superannuation entities. Shareholders that are companies are generally not entitled to a CGT discount.

Where the Shareholder is a trustee of a trust that has held the Share for at least 12 months or more before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

Tax file numbers

A Shareholder is not required to quote their tax file number (**"TFN"**) to McAleese Group. However, if a TFN or exemption details are not provided, Australian tax may be required to be deducted by McAleese Group from certain distributions (other than fully franked dividends) at the maximum marginal tax rate plus the Medicare levy. A Shareholder that holds Shares as part of an enterprise may quote its Australian Business Number instead of its TFN. Non-residents are exempt from this requirement.

Goods and services tax

Shareholders should not be liable for goods and services tax in respect of their acquisition or disposal of Shares. No GST should be payable by Shareholders on receiving dividends distributed by McAleese Group. Shareholders may be entitled to claim input tax credits in respect of costs incurred to acquire their Shares. Individual Shareholders should obtain their own independent advice depending on their individual circumstances.

Stamp duty

No Australian stamp duty should be payable by Shareholders in respect of their acquisition or disposal of their Shares.

9.9 Consents

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Credit Suisse, J.P. Morgan and Macquarie have given, and have not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as the Underwriters to the Offer in the form and context in which they are named;
- Macquarie has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as debt adviser to McAleese Group in connection with the Senior Debt Facility in the form and context in which they are named;
- J.P.Morgan and Macquarie have given, and have not withdrawn prior to lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as lenders to a company in the McAleese Group in the form and context in which they are named;
- KPMG Transaction Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to McAleese Group in relation to the Historical Financial Information and the Forecast Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Reports in the form and context in which it is included;
- KPMG has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Auditor and Australian taxation adviser to McAleese Group in relation to the Offer in the form and context in which it is named;
- Herbert Smith Freehills has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in respect of taxation and financing matters) to McAleese Group in relation to the Offer in the form and context in which it is named;
- Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the share registry in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to McAleese Group; and
- Ernst & Young has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor of Harbrew Pty Ltd and National Crane Hire Pty Ltd and its controlling entities in FY2011 in the form and context in which it is named. Ernst & Young has had no involvement in the preparation of any part of this Prospectus.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and, subject to the law, expressly disclaims and takes no responsibility for any statements or omissions in this Prospectus except as stated above.

9.10 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria.

9.11 Statement of directors

This Prospectus is authorised by each Director of McAleese Group and by each director of SaleCo who has consented to its lodgement with ASIC and its issue.

Appendix A. Key Accounting Policies

A.

A. Key Accounting Policies

The key accounting policies set out below have been applied consistently by McAleese Group in the financial year period disclosed in this Prospectus.

Basis of preparation

(i) Statement of compliance

The consolidated financial information has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

(ii) Basis of measurement

The consolidated financial information has been prepared on the historical cost basis except for derivative financial instruments and available-for-sale financial assets which are measured at fair value. The methods used to measure the fair values are discussed further in this Section 11.

(iii) Functional and presentation currency

The consolidated financial information is presented in Australian dollars which is the Company's functional currency and the functional currency of the majority of the McAleese Group.

(iv) Use of estimates and judgements

The preparation of the consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the McAleese Group. Control exists when the McAleese Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the McAleese Group takes into consideration potential voting rights that are currently exercisable.

The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the McAleese Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the McAleese Group holds between 20 and 50 per cent of the voting power of another entity. The consolidated financial information includes the McAleese Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the McAleese Group's share of losses exceeds its interest in an associate, its carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the McAleese Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the McAleese Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of McAleese Group entities at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences in respect of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

(ii) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss on disposal of the entity.

Where the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, the foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the foreign currency translation reserve in equity.

Financial instruments

(i) Derivative financial instruments and foreign exchange
The McAleese Group holds derivative financial instruments to hedge its interest rate risk and foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if: the economic characteristics and risks of the host contract and the embedded derivative are not closely related; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges
Where a derivative instrument is designated as a cash flow hedge, the change in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit and loss.

(ii) Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(iii) Compound financial instruments
Compound financial instruments issued by the McAleese Group comprise convertible notes that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

(iv) Non-derivative financial instruments
Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, other investments, trade and other payables and loans and borrowings.

Non-derivative financial instruments are initially recognised at fair value plus, for instruments not at fair value through profit and loss, directly attributable costs. Subsequent to initial recognition, non- derivative financial instruments are remeasured as described below.

The McAleese Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the financial asset without retaining substantially all the risks and rewards of ownership of the asset.

Trade and other receivables
Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost, using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the McAleese Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

(v) Non-derivative financial liabilities

Non-derivative financial liabilities comprise trade and other payables and loans and borrowings.

Non-derivative financial liabilities are recognised initially when the McAleese Group becomes a party to the contractual provisions of the instrument. The McAleese Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Property, plant and equipment

(i) Property

Land and buildings are measured at fair value less accumulated depreciation and any impairment losses recognised after the date of revaluation. Valuations are performed periodically to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss. Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

(ii) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. When parts of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

– buildings	20 to 40 years
– leasehold improvements	1 to 10 years
– plant and equipment	2 to 20 years
– leased plant and equipment	4 to 20 years

Depreciation methods, useful lives and residual values are reviewed annually.

Intangible assets

(i) Goodwill

The McAleese Group measures goodwill as the fair value of the consideration transferred less the net recognised amount of the identified assets acquired and liabilities assumed as at the acquisition date.

Negative goodwill arising on acquisition is recognised immediately in profit and loss. Transaction costs, other than those associated with the issue of debt or equity securities, incurred in connection with the transaction are expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if: development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the McAleese Group intends to, and has sufficient resources to, complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended

use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses

(iii) Other intangible assets
Other intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure
Subsequent expenditure is capitalised only when it is probable the future economic benefits embodied in the specific asset to which it relates will benefit the McAleese Group. All other expenditure is recognised in profit and loss as incurred.

(v) Amortisation
Intangible assets, with the exception of goodwill, are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

– development costs	2 to 5 years
– customer relationships	3 to 15 years
– customer contracts	1 to 3 years
– software	2 to 5 years

Amortisation methods, useful lives and residual values are reviewed annually.

Leased assets
Leases are classified as finance leases when the McAleese Group assumes substantially all the risks and rewards of ownership. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in McAleese Group's statement of financial position.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out basis and includes: expenditure incurred in acquiring the inventories; production or conversion costs; and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Impairment
A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that occurred after the initial recognition of the asset have had a negative impact on the estimated future cash flows of that asset.

(i) Non-derivative financial assets
Financial assets measured at amortised cost
The McAleese Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the McAleese Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets
Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the McAleese Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (**"CGU"**) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amounts of the other assets on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

(i) Long-term employee benefits

The McAleese Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods plus related on-costs. The future benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the McAleese Group's obligations.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the McAleese Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised if, as a result of a past event, the McAleese Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Restructuring

Termination benefits are recognised as an expense when the McAleese Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the McAleese Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to labour hours or days incurred to date as a percentage of total estimated labour hours or days for each contract. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Leases

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as part of the total lease expense over the term of the lease.

Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit and loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the McAleese Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, bank fees and charges, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit and loss.

Borrowing costs are recognised in profit or loss using the effective interest method.

Tax

(i) Income tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

In determining the amount of current and deferred tax, the McAleese Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The McAleese Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the McAleese Group to change its judgement regarding the adequacy of existing tax liabilities. As such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right of offset and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the tax losses, tax credits and temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

McAleese Limited and its wholly-owned Australian resident entities are part of a tax consolidated group and are taxed as a single entity. The head entity within the tax consolidated group is McAleese Limited.

Determination of fair values

A number of McAleese Group's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets

The fair value of customer contracts and customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Equity securities

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date.

(v) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest. Where this fair value is determined for disclosure purposes, the market rate of interest is that at reporting date. Where this fair value is determined when acquired in a business combination, the market rate of interest is that at the date of acquisition.

(vi) Forward rate contracts and interest rate swaps

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the McAleese Group entity and counterparty when appropriate.

(vii) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Appendix B. Glossary

B.

B. Glossary

The following words and expressions have these meanings in this Prospectus, unless the context otherwise requires:

AASB	Australian Accounting Standards Board
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares under the Offer
Application Form	The application form in respect of the Broker Firm Offer attached to or accompanying this Prospectus
Application Monies	The amount accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited (ACN 008 624 691)
ASX Listing Rules	The listing rules of ASX
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The rules of ASX Settlement Pty Limited (ACN 008 504 532)
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
BBSY	Bank Bill Swap Bid Rate
Board *or* Board of Directors	The board of directors of McAleese Group
BREE	Bureau of Resources and Energy Economics
Broker	A broker who is offered a firm allocation of Shares under the Broker Firm Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker as described in Section 7.3
CAGR	Compound annual growth rate
CGT	Capital gains tax
CHESS	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act
Completion	Completion in respect of the issue of New Shares and transfer of Existing Shares pursuant to the Offer under the Underwriting Agreement
Constitution	The constitution of McAleese Group
Corporations Act	*Corporations Act 2001* (Cth)
Credit Suisse	Credit Suisse (Australia) Limited (ACN 007 016 300)
CY	Calendar year (ended 31 December)
Director	Each of the directors of McAleese Group
DPS	Dividends per Share
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPCM	Engineering, procurement and construction management
EPS	Earnings per Share
ETS	Emissions trading scheme

B. Glossary (continued)

Existing Shareholders	The persons holding Shares immediately prior to Completion of the Offer
Existing Shares	Shares on issue immediately prior to Completion
Exposure Period	The seven day period after the date of this Prospectus, which may be extended by ASIC for up to an additional seven days, during which an Application must not be accepted
Financial Information	The: – Historical Financial Information; and – Forecast Financial Information
Forecast Financial Information	The: – Consolidated pro forma forecast statement of comprehensive income for FY2014; – Consolidated statutory forecast statement of comprehensive income for FY2014; – Consolidated pro forma forecast statement of cash flows for FY2014; and – Consolidated statutory forecast statement of cash flows for FY2014
FY	Financial year (ended 30 June)
GST	Goods and services tax
HIN	Holder Identification Number
Historical Financial Information	The: – Pro forma Historical Results; – Consolidated pro forma historical statement of cash flows for FY2011, FY2012 and FY2013; and – Consolidated pro forma historical statement of financial position as at 30 June 2013
Pro forma Historical Results	The Consolidated pro forma historical statements of comprehensive income for FY2011, FY2012 and FY2013
IES Group	International Energy Services Pty Ltd ACN 112 063 877, Cootes Transport Group Pty Ltd ACN 112 151 694, McAleese Resources Pty Ltd (formerly IES Resources Pty Ltd) ACN 119 899 446 and Liquip International Pty Ltd ACN 112 087 448
Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus, including in Australia person to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus under Section 708 of the Corporations Act
Institutional Offer	The invitation to bid for Shares made to Institutional Investors under this Prospectus to acquire Shares as described in Section 7.4
Investigating Accountant	KPMG Transaction Services
IPO Shares	New Shares and Existing Shares offered under this Prospectus as part of the Offer
J.P. Morgan	J.P. Morgan Australia Limited (ACN 002 888 011)
KPMG	KPMG (ABN 51 194 660 183)
KPMG Transaction Services	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited (ABN 43 007 363 215)
Listing	Admission of McAleese Group to the official list of ASX
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
Macquarie	Macquarie Capital (Australia) Limited (ACN 123 199 548)
McAleese Group	McAleese Limited (ACN 156 354 068) and, as the context requires, its subsidiaries

Mona Vale Accident	Has the meaning given in Section 3.2.2.2 of this Prospectus
MRRT	Minerals Resource Rent Tax
Mt	Million metric tonnes
National Crane Hire	National Crane Hire Pty Ltd ACN 101 646 235
Net Debt	Total debt (including drawings under the Senior Debt Facility, finance leases on plant and equipment offset by unamortised capitalised upfront fees) plus mark-to-market value of financial instruments less cash and cash equivalents
New Shares	Shares issued upon Completion of the Offer
NPAT	Net profit after tax
OEM	Original equipment manufacturers
Offer	The offer under this Prospectus of New Shares for issue by McAleese Group and of Existing Shares for transfer by SaleCo
Offer Price	$1.47 per Share, payable on application for the Shares
PE Ratio	Price to earnings ratio
Pro forma McAleese Group	McAleese Group, containing: – McAleese Ltd; and – IES Group
Prospectus	This document dated 12 November 2013 and any replacement or supplementary prospectus in relation to this document
REQ	Resources and Energy Quarterly
SaleCo	McAleese SaleCo Limited (ACN 165 966 905)
Selling Shareholders	Shareholders in McAleese Group who have executed deed polls in favour, and for the benefit, of SaleCo under which they irrevocably offer to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional upon Listing
Senior Debt Facility	Has the meaning given in Section 4.4.2.1 of the Prospectus
Share	A fully paid ordinary share in McAleese Group
Share Registry	Link Market Services Limited (ABN 54 083 214 537)
Shareholder	A holder of Shares
Shareholding	A holding of Shares
SRN	Security holder Reference Number
TFN	Tax file number
Underwriters	Credit Suisse, J.P. Morgan and Macquarie
Underwriting Agreement	The underwriting agreement dated 12 November 2013 between McAleese Group, SaleCo and the Underwriters
US Securities Act	US Securities Act of 1933, as amended
Watt Wah	Watt Wah Petroleum Haulage Pte Ltd

Appendix C. Corporate Directory

C. Corporate Directory

Company address
Level 4
697 Burke Road
Camberwell VIC 3124
Telephone: +61 3 8832 0100
Web address: www.mcaleese.com.au

Directors
Mark Rowsthorn
(Chairman and Executive Director)

Paul Garaty
(Managing Director and Chief Executive Officer)

Wayne Kent
(Independent Non-Executive Director and Deputy Chairman)

Gilberto Maggiolo
(Non-Executive Director)

Mark McSweeney
(Independent Non-Executive Director)

Keith Price
(Executive Director and General Manager, McAleese Specialised Transport & Lifting)

Don Telford
(Independent Non-Executive Director)

Share Offer Information Line
Within Australia: 1300 733 154

Outside Australia: +61 2 8767 1018

The McAleese Group Offer Information Line will be open from 8:30am to 5:30pm (Melbourne time) Monday to Friday

Joint lead managers and underwriters
Credit Suisse (Australia) Limited
Level 31, Gateway
1 Macquarie Place
Sydney NSW 2000

J.P. Morgan Australia Limited
Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000

Macquarie Capital (Australia) Limited
No. 1 Martin Place
Sydney NSW 2000

Australian legal adviser
Herbert Smith Freehills
Level 42
101 Collins Street
Melbourne VIC 3000

Investigating accountant
KPMG Transaction Services
147 Collins Street
Melbourne VIC 3000

Auditor
KPMG
147 Collins Street
Melbourne VIC 3000

Share Registry
Link Market Services Limited
Level 1
333 Collins Street
Melbourne VIC 3000

Application Form

McALEESE GROUP

ABN 86 156 354 068

Broker Code

Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in McAleese Limited under the Broker Offer on the terms set out in the Prospectus dated 12 November 2013. You may apply for a minimum of $2,000 Shares and multiples of $500 thereafter. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

A Shares applied for

(minimum $2,000, thereafter in multiples of $500)

at Price per Share **A$1.47**

B Application Monies A$

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C

Applicant #1
Surname/Company Name

Title First Name Middle Name

Joint Applicant #2
Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D

TFN/ABN/Exemption Code
First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

E

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued or transferred as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours ( )

Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

H Cheque or Bank Draft Number BSB - Account Number

Total Amount A$

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

MCS BRO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are McAleese Limited (**McAleese Group**) Shares. Further details about the Shares are contained in the Prospectus dated 12 November 2013 issued by McAleese Group and McAleese SaleCo Limited. The Prospectus will expire on 12 December 2014. While the Prospectus is current, McAleese Group will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of $2,000 Shares and thereafter in multiples of $500. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, McAleese Group will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from McAleese Group and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to McAleese Group's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

McALEESE GROUP

ABN 86 156 354 068

Broker Code

Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in McAleese Limited under the Broker Offer on the terms set out in the Prospectus dated 12 November 2013. You may apply for a minimum of $2,000 Shares and multiples of $500 thereafter. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

A Shares applied for

(minimum $2,000, thereafter in multiples of $500)

at Price per Share **A$1.47**

B Application Monies A$

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C

Applicant #1
Surname/Company Name

Title First Name Middle Name

Joint Applicant #2
Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D

TFN/ABN/Exemption Code
First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

E

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued or transferred as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours ( )

Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

H Cheque or Bank Draft Number BSB - Account Number

Total Amount A$

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

MCS BRO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are McAleese Limited (**McAleese Group**) Shares. Further details about the Shares are contained in the Prospectus dated 12 November 2013 issued by McAleese Group and McAleese SaleCo Limited. The Prospectus will expire on 12 December 2014. While the Prospectus is current, McAleese Group will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of $2,000 Shares and thereafter in multiples of $500. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, McAleese Group will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from McAleese Group and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to McAleese Group's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

www.mcaleese.com.au

McALEESE GROUP