

Friday 26 November 2010

2010 ANNUAL GENERAL MEETING

Chairman's Address

Chairman – Mr Ken Scott-Mackenzie

It is a privilege to be addressing you as the Chairman of Macmahon's Board of Directors.

Firstly, may I take this opportunity to acknowledge the role my predecessor, Mr Dick Carter, played in the development of Macmahon.

Dick retired as the company Chairman at the 2009 Annual General Meeting after more than eight years on the Macmahon Board. I would like to thank him for the dedication and commitment he showed during his tenure as both a Director, and Chairman.

I would also like to officially welcome Dr David Smith who was appointed to the Board as a non-executive director in April this year. David spent more than 30 years with Rio Tinto, and his extensive experience as a senior executive, in addition to his operational knowledge, is a valuable addition to the Macmahon Board.

Throughout the year a huge focus was placed on safety by all of Macmahon's operations and I am delighted to report to you that continuing improvements have been achieved.

The safety of our people is paramount and it is very pleasing to be able to publicly recognise the improvements in the Total Recordable Injury Frequency Rate and the Lost Time Injury Frequency Rate. These achievements place Macmahon well within the top percentile of our respective industry peer groups.

I would like to now turn to a review of the 2010 financial year, during which Macmahon delivered a significant improvement in business performance. Pleasingly, the company reported a 120 per cent increase in profit as a result of a considerable increase in margins from our Mining business.

While revenue was down 16 per cent on the previous year to \$1.25 billion, the company's reported net profit after tax more than doubled to \$37.9 million. The reduction in revenue was, to a greater extent, related to the flow on effects from the Global Financial Crisis.

The net profit outcome was driven by an improvement in margins and led to the Directors declaring a final unfranked dividend of 1.5 cents per share. This lifted the full year dividend to 3.0 cents per share - representing a payout ratio of 58 per cent.

However, as a result of lower tax payments, the company did not have sufficient franking credits available to fully frank the final dividend.

Cash flow generation over the period was very strong. This led to a record cash flow from operations of \$117.1 million and a surplus of cash over debt of \$43.8 million, as at 30 June 2010. It leaves the company well placed to fund future growth opportunities.

Additionally, during the 2010 financial year Macmahon finalised a three-year debt facility. This \$240 million syndicated facility, combined with a strong balance sheet, gives Macmahon the stability and certainty to take advantage of growth opportunities as they emerge.

During the year, Macmahon successfully rebuilt its order book, with more than \$2.1 billion of new contracts and extensions awarded to the company.

However, having said this, there still remains significant work to do to further build the order book and grow the company.

As at 30 June 2010 the company's order book stood at more than \$2.2 billion, a 57 per cent increase on the previous year.

The majority of this expanded order book was the result of the successful extension of all our key surface and underground mining contracts which were due for renewal during the period.

These renewals included Orebody 18 / Wheelara for BHP Billiton Iron Ore, Olympic Dam for BHP Billiton, Eaglefield for Peabody Energy and the Waihi Gold Mine for Newmont Mining in New Zealand.

A number of new contracts were won including Syntech Resources' new Cameby Downs open cut coal mine in the Surat Basin in Queensland, as well as the Metals X Renison underground tin mine, which signalled Macmahon's return to Tasmania's mining sector.

Construction was awarded a variety of rail and road contracts throughout the year, notably the Glenugie Bypass and Ulan Line Alliance, both located in NSW, and the Goonyella to Abbot Point rail expansion in Queensland. However, the number of construction projects available to tender and Macmahon's success rate have both been lower than expected.

On the international front, we had encouraging success during the year with \$305 million of new and extended contracts in Hong Kong, Malaysia and Nigeria.

Namely, the XRL 822 rail tunnel in Hong Kong; Rawang limestone quarry in Malaysia, for LaFarge; and the Ewekoro limestone quarry also for LaFarge in Nigeria. This is our first contract in Africa; we started work in January and the project is performing well.

Your Chief Executive Officer, Nick Bowen will provide shareholders with an update on the latest developments relating to the order book.

Although it is outside the 2010 financial year, I feel it is important to mention the update that was provided to the market on the 19th of October, 2010.

While Nick will provide further details around the subsequent Construction review and outcomes, the financial performance of the Construction business across the first part of the 2011 financial year has been extremely disappointing.

Macmahon has a long and successful history as a Construction contractor and the Board sees a strong future in this sector.

We have certainly experienced some recent problems which have had a significant and unacceptable impact on the Group's financial result.

However, to keep things in perspective, the greatest adverse impact has related to one project which is coming to an end.

We are well through the review of the Construction business and in Nick's presentation he will also outline the changes we intend to implement and the expected impacts of those changes.

As a Board, we are confident that the analysis will refocus the Construction business and shape the changes required to drive more consistent returns.

In contrast to Construction, Macmahon's Mining business is performing strongly with positive market conditions prevailing. The underground sector is particularly strong with the business benefiting from increased production requirements driven by continuing strong commodity prices.

The Mining business continues to grow with a large number of prospects for new work in Australia and overseas.

Macmahon's share price reflected the strong growth of the business across the 2010 financial year, ending the year at 54.5 cents, up 60 per cent for the year.

Like other companies in the mining sector, the share price of Macmahon was impacted by the Federal Government's announcement of a new Resource Super Profits Tax, which is now known as the proposed Minerals Resource Rent Tax.

The resulting uncertainty weighed on the market and led to significant volatility in stock prices late in the 2010 financial year, with our share price dropping some 25 per cent in the month following the announcement of the proposed tax.

The recent update to the market on our Construction business has also negatively impacted the share price, and while we understand that shareholders have suffered a recent fall in the value of their investment in Macmahon, the Board remains focused on, and committed to, delivering improved shareholder returns.

Again, despite the recent issues in the Construction business, it is important to recognise that Macmahon is in a secure and viable position.

We expect a quick recovery in performance across the company to be led by our growing Mining business. Further, we are undertaking the necessary assessments within the Construction business to ensure we have the right structures in place to deliver an improved performance, and importantly, ensure that the business contributes to a sustained growth in shareholder value.

Your Directors continue to believe that a dividend payout ratio of around 50 per cent is appropriate. In the first half of the 2011 financial year, the company expects to break even, so it is unlikely that a dividend will be paid for this period.

Macmahon expects to achieve a profit in excess of \$20 million in the second half and therefore we plan to be able to pay a final dividend for the year.

However, as a result of lower tax payments in the 2010 year, it is unlikely that any 2011 dividend payment will be franked.

As a company Macmahon continues to evolve.

We are a much larger and a far more diverse organisation than we were ten years ago.

To reflect this growth and the changes that naturally flow from it, the Macmahon Values were updated and relaunched across all areas of the company at the end of the financial year.

Having been last formalised more than a decade ago, a review was undertaken with contributions from our employees. This was done to align the values with our current operations and objectives and thus make them more relevant to our business and our people.

From the feedback received, a new set of values were developed, but interestingly the key features did not change.

The emphasis on our Values was, however, strengthened, with the importance of safety in everything we do as a company certainly coming to the fore.

The refined values are:

- Safety** - Look after yourself, your team and others around you.
- Teamwork** - Work smart, work hard, work together.
- Prosperity** - Create value for shareholders, employees, clients and partners.
- Integrity** - Do what you say you are going to do; and
- Environment** - Reduce, recycle, rejuvenate.

These values are the drivers behind everything that Macmahon and its employees do in delivering our projects to the highest of standards.

The Macmahon Board is focussed on delivering sustained growth in shareholder value.

Fundamental to this is growth and diversification.

Macmahon aims to achieve this by in turn focussing on our core capabilities centring on our people and contract management skills to service the resources sector and deliver government infrastructure projects.

We will continue to seek opportunities to diversify leveraging off our existing capabilities and relationships. This will include both geographical diversification and diversification through the range of services we provided.

The growth and diversification of Macmahon will not only add shareholder value, but it will also spread the risks associated with cyclical fluctuations in market segments.

This diversification will ultimately allow us to deliver a unique full service offering to the mining and construction sectors for resources and government clients.

This full service offering is particularly relevant to our underground mining division, which Nick Bowen will cover in more detail.

Additionally, our collaborative and flexible approach continues to strengthen our long-term relationships with some of the world's largest mining companies, plus establish new connections with junior and emerging operators.

Macmahon strives to be a contractor of choice, recognised for its safety and quality of work.

It is important that I take this opportunity to recognise Macmahon's greatest asset - our people.

From the long serving engineer, to the skilled underground jumbo operator, the haul-pak driver, the document controller, the Health and Safety officer, the receptionist, the trainer or the newest apprentice diesel fitter - it is our people who will continue to drive our future.

As mentioned before, it is pleasing to report that our record for improving the safety of our people has this year been outstanding. It was, in fact, the best in the company's history.

A new centralised approach to our recruitment branding has assisted in attracting new talent to Macmahon while helping in the promotion of the Macmahon identity to enhance employee ownership.

Through a consistent approach, and given the vast career opportunities available across the business, we are able to reinforce the diversity of the company as an employer to attract and retain people.

A focused development program for staff, particularly in the area of leadership, is being implemented for employees in current leadership roles and other identified talent throughout the business.

This initiative, combined with ongoing retention programs, will assist in retaining our key skilled people and subsequently enhance Macmahon's capabilities to deliver leading projects.

In order for Macmahon to deliver its undertakings, the company aims to offer competitive remuneration designed to attract and retain individuals with suitable skills and experience.

Several factors are considered when setting and reviewing staff remuneration, including market data, internal relativities and individual performance.

In addition to an annual review process, Macmahon operates a short and long term incentive plan for key members of staff, which is structured to ensure alignment with the company's strategic objectives.

The fixed and variable remuneration components are actively monitored against an established industry reference group to ensure Macmahon is in line with the industry benchmarks.

In closing I wish to convey my thanks, and that of the Board, to our employees for their continued efforts in delivering our leading and award winning projects across Macmahon's expanding global footprint – And for doing it safely.

It is also important that we acknowledge and thank our employees' partners and families, who often make significant sacrifices to support our employees and ultimately Macmahon's successful operation. I would also like to acknowledge not only you the shareholders who have chosen to invest in Macmahon, but also the organisations which have contracted our company to deliver their projects and developments.

Without our combined commitment to safety, teamwork, prosperity, integrity and the environment, we would not be able to deliver the resulting industry leading projects.

Lastly, I would like to thank my fellow Board members for their support, comradery and at times robust interactions, as we all look to the further growth and success of your company.

*** ENDS ***

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2010 ANNUAL GENERAL MEETING

CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer – Mr Nick Bowen

Thank you Ken and good morning ladies and gentlemen.

In my presentation today I will cover a snapshot of 2010, talk about strategy, our people and our capabilities. I will then conclude with an update on our performance to date this year and outlook.

The 2010 financial year was a period of strong performance for Macmahon.

As we moved away from the Global Financial Crisis, we consolidated our financial position with a record operating cash flow, a surplus of cash over debt and we strengthened our balance sheet.

There were significant achievements across our operating businesses including winning work, building our international operations and the successful completion of a number of major projects.

Across the company we also achieved an outstanding safety performance.

Our strategy remains focused on delivering quality contracting services to the resources and government sectors and most importantly delivering value to our shareholders.

Our company has been built on a “can do” approach. You only have to look at our early beginnings as a small, unlisted engineering contractor in Adelaide to realise we have come a long way.

This desire to deliver innovative solutions has remained with us to this day, and forms the cornerstone of our strategy.

Our values of Safety, Teamwork, Prosperity, Integrity and Environment underpin everything we do.

For our customers, Macmahon continues to provide safe and efficient contracting solutions. A key pillar of our strategy is to extend our service offering to deliver end to end capabilities.

Our growing skill set has also enabled us to expand our operations into new regions.

Our success in both winning work and delivering on contract performance is a direct result of Macmahon's people.

As a company, we are only as strong as our people and without a talented, skilled and committed workforce we would not be able to deliver quality outcomes for our clients. As Chief Executive Officer, I would like to personally thank the entire Macmahon workforce for their efforts over the last 12 months.

At the centre of everything we do as a company is our core value of safety.

It is very pleasing to report our focus on safety across all our operations resulted in the best safety record in Macmahon's history.

This commitment to improving our safety performance resulted in all the safety targets set for the 2010 period either being met or exceeded and placing us well within the top quartile of mining and construction companies.

We reported a Total Recordable Injury Frequency rate per million hours worked of 4.6, an improvement of more than 38 per cent over the prior year.

Similarly, our Lost Time Injury Frequency rate of 0.4 per million hours worked was a 50 per cent improvement. This compares exceptionally well against the Australian Mining Industry average of around 2.0.

Not only are we keeping our people safe, but our safety performance is recognised by both our clients and across the industry, further enhancing our work winning efforts.

While keeping our people safe is at the core of our operations, continuing the professional development of our employees is a key strategy in retaining our skilled workforce.

With a recovering economy and the subsequent expansion of resource activity, Macmahon like other companies is anticipating growing pressure to attract and retain skilled personnel.

We are already working to counter the impacts of this expected shortage through recruitment branding to reflect the opportunities at Macmahon, in addition to the focused development of existing staff.

Macmahon's graduate and apprenticeship program continues to strengthen the company's future talent as we invest in developing Australia's upcoming engineers and tradespeople. We have again been recognised for our commitment in this area at the Federal Minister's Awards for Excellence for Employers of Australian Apprentices.

We remain committed to maximising Indigenous employment levels throughout Macmahon, with a particular focus on our operations in Western Australia and the Northern Territory.

During the year we made solid progress at our tailings operations at the Argyle Diamond Mine in the Kimberley, including our joint venture Gooring Jimbila and we have now achieved almost 90 per cent Indigenous employment levels on this project.

We have also become a signatory to the Australian Employment Covenant, committing to training and employing Indigenous Australians on our projects.

I would now like to talk about our business, our capabilities and the areas in which we operate.

This map illustrates Macmahon's current geographical spread of work and highlights our operational diversity throughout Australia and internationally.

The breadth of our work helps minimise the company's exposure to regional fluctuations in activity, while also offering our services to repeat clients in multiple locations.

A major strength of Macmahon is its Underground business.

The Underground business reinforces the company's capacity to deliver multiple services which are tailored to our clients' specific needs.

Underground is the fastest growing business within Macmahon and this sector has further opportunities for expansion.

With every aspect of our business offering being utilised across our client base, revenue for Underground in the 2011 financial year is expected to double compared to last year.

With capabilities ranging from total mine development and production, materials handling, equipment maintenance and specialised services for short and long term contracts, Macmahon provides a complete package of underground services.

Delivered as a combined package or individually, the underground services offered by Macmahon range from engineering, electrical and development works, raise drilling and cable bolting to shaft sinking, production drilling, infrastructure construction and total mine management.

Macmahon has a 20 year relationship with the Argyle Diamond Mine, in the Kimberley.

Our significant presence on site highlights the success of Macmahon's combined capabilities in the development of the underground block cave mine.

In addition to 30 kilometres of underground development and the excavation of two underground crusher chambers, Macmahon is undertaking vertical development and initial cave draw production in addition to engineering works.

Over the last year we have also commenced operations at Cadia for Newcrest Mining and at George Fisher for Xstrata. Although the scale of these operations is currently small we anticipate an increase in works at both these mines in the future.

Macmahon's surface mining division has more than 40 years of experience in bulk and selective mining operations.

The stability of the long term contracts associated with surface mining provides a platform for Macmahon's continued growth and development.

It was our experience and proven capability in surface operations which led to the successful extension of all our surface mining contracts that were due for renewal in the 2010 financial year.

Macmahon's surface mining services provide customers with a range of capabilities across a variety of commodities, including coal, iron ore, diamonds, gold and limestone.

We are experienced in mine management, drill and blast, bulk and selective mining, crushing and screening and tailings dam construction.

Our surface mining operations at BHP Billiton Iron Ore's Orebody 18 / Wheelarra mine sites is a prime example of Macmahon delivering the full range of services to its client.

Our operations involve all aspects of drilling and blasting, loading and hauling, crushing and screening, through to train loading of the final product.

The 2010 contract extension takes this project's total contract value to almost \$1 billion, making it Macmahon's largest single contract.

We won the Cameby Downs contract in March of this year and mobilised to site in June. Since then we have constructed the site facilities and commenced mining and coal processing, culminating in the loading of the first train of coal last week.

The award of the Cameby Downs project not only built on our expertise in coal mining, it also is the first contract where we will operate and maintain the Coal Handling and Preparation Plant.

The diverse range of surface and underground operations conducted by Macmahon are supported by the company's Plant and Maintenance department.

Macmahon owns and maintains an extensive fleet of equipment, with 450 major mobile plant assets worldwide.

Macmahon's main workshop is located near the Perth Airport, with another base workshop in the town of Nebo in Queensland. Together, these facilities support both Macmahon's domestic and international operations, plus a range of work for external customers.

Our deliberate strategy to diversify geographically has proven very successful with international contracts established in Malaysia, Indonesia, Hong Kong and Nigeria. It is our surface mining experience and excellent safety record that opened up these opportunities.

Our success in the Kanthan project in Malaysia, with leading international cement producer LaFarge has seen this relationship expanded to include a further Malaysian operation, an Indonesian project and, during the 2010 financial year, the start of operations in Africa.

Breaking in to the Hong Kong market has been a notable achievement and Macmahon now has three separate projects underway on the densely populated island.

The largest project in value is the Hong Kong Express Rail Link Tunnel which includes the construction of a 7.6 kilometre twin-track tunnel and ventilation / access adits for the new high speed rail service between Hong Kong and mainland China.

A new frontier for Macmahon has been the award of the limestone quarrying operations at Ewekoro in Nigeria for LaFarge.

Africa remains a major growth area in the resources sector, and the six year quarrying contract in Nigeria establishes a stepping stone for further growth in this region.

Now that Ewekoro is up and running, we are tendering on further work in Africa.

From its formation, Macmahon has continued to expand its construction capabilities.

As a major constructor of key government and resources infrastructure, Macmahon has delivered a number of significant projects across Australia in the last 12 months.

Macmahon's service offerings include the construction and maintenance of roads, bridges, rail, marine, water and resource infrastructure.

With a proven track record in innovation, design and construction methodology, Macmahon's skill and experience is utilised by major resource and government clients.

The single biggest road project in the Northern Territory, the extension of Tiger Brennan Drive is being delivered by Macmahon. With Stage 2 nearing completion and Stage 3 about to commence, this project will continue through to next financial year.

Funded by both the Territory and Federal governments, the Tiger Brennan Drive project involves road and bridge construction with the completed extension to play a strategic role in improving freight access to what is one of Australia's emerging gateways to Asia.

Macmahon is part of the Urban Superway Joint Venture, which has been awarded the contract to construct the South Road Superway project in South Australia.

The Superway is South Australia's largest ever investment in a road project, with our share of this contract expected to be \$230 million.

I would now like to show you an impression of what the completed Superway will look like.

This is an exciting project for the Construction business and it is a pleasing addition to our many existing road construction contracts around Australia.

Our customer base is built on a core of blue chip resource clients and government agencies. These established clients provide reduced commercial risk and a vast portfolio of opportunities.

These relationships have resulted in a strong stable of repeat business for Macmahon and we anticipate continuing these associations with our key customers in future years.

Asia's demand for commodities continues to drive commodity prices upwards, boosting Australia's mining sector. Iron ore and coal are offering a number of areas of growth, as both the large and mid tier mining companies work to further expand their operations, particularly across Western Australia and Queensland.

Unfortunately, the proposed Minerals Resource Rent Tax (MRRT) has led to some short term uncertainty for domestic projects and an early and acceptable resolution to this tax is expected to lead to future growth opportunities for Macmahon.

Also as I have previously mentioned, the underground sector is buoyant, with substantial growth opportunities available.

Moving to the construction market, we are seeing a solid pipeline of infrastructure work being driven by mining expansion plans, however delays in project commitment are still persisting due to the proposed Mining Resources Rent Tax.

Additionally, the Liquefied Natural Gas (LNG) market presents an area for growth.

Infrastructure Partnerships Australia has forecast that more than \$700 billion needs to be spent to upgrade and develop new infrastructure for Australia's growing population.

Disappointingly, however, we are not seeing the Government committing to fund the necessary levels of infrastructure which is required to support Australia's growth.

As a result of these constraining actions, we are still seeing some short term uncertainty in the construction sector, but positively, general market confidence is returning.

Despite the outlook for the next six to 12 months remaining unclear, there is a visible pipeline of opportunities for 2012 and beyond, and we feel confident that we will be able to capture our share of this work.

Looking now to the international market, the growth in Asia and Africa as their economies continue to develop will provide new opportunities for Macmahon.

We are focused on winning further work overseas and will continue to leverage off our strong client relationships to ensure we are winning the right work, with the right risk profile.

In my presentation so far, I have commented on the core elements of our strategy, being our people, our capabilities and our clients.

By linking all these aspects together Macmahon is ready to capitalise on growth opportunities.

We have significant opportunities in Australia in both mining and construction with emerging overseas markets in Africa and Asia. Mongolia is also on our watch list. These regions include some of the most rapidly growing areas in the world, and offer Macmahon opportunities for expansion.

As we reported to shareholders on 19 October, the 2011 first quarter produced a mixed result for the company. While our Mining business continued to perform strongly, the Construction business achieved a less than acceptable outcome.

As Ken mentioned, Construction has been impacted by a poor performing rail contract and the award of fewer contracts than anticipated.

This is a disappointing and unacceptable result for the company and one we are committed to turning around.

As we announced in October, we have commenced an independent review of our Construction business.

Whilst the review will not be complete until the end of the year, we do have some preliminary findings. On a positive note, the main area of our Construction business is performing well and the majority of the problem is restricted to a single contract which is near completion.

The review is focusing on the following areas:

- Strategic effectiveness
- Financial performance
- Organisational structure and
- Cost and project management systems

The preliminary findings indicate that the areas of concern in Construction include:

1. The current strategy to grow the Construction business to achieve a Tier 1 Contractor status has been constrained by fewer opportunities than expected and strong market competition.

- Also the focus on growth has resulted in less focus on Macmahon's traditional core markets
2. The contract structures on some large projects have changed adding complexity and consequently increasing the risk profile of the contracts.
 3. There are opportunities to improve the business performance through more stringent project selection and an improvement in training and development of project staff.

Although the review is not yet complete, our actions are expected to include realigning our strategy in each state to ensure there is a stronger focus on our core strengths.

Additionally, we will work towards improving our current business development activities and look to strengthen our capacity in this area.

In terms of contract management, there will be a comprehensive analysis undertaken on the current contract styles and structures, to ensure the contracts which we take on are a best fit with the business. This will include improving our contract selection process and commercial management capability across all our projects.

We have also made some management changes in the Construction business.

Our strategy will be revised over the next three to four months, with improvement plans to be implemented over the next six to nine months.

Overall we see Construction as an important part of our business, however it will need to demonstrate its capability to deliver sustainable and acceptable returns.

I would like to spend a few moments discussing the work we have won since 1 July 2010.

Construction has already been successful in winning around \$450 million of new work this financial year, which compares very favourably to the \$590 million that was won for the entire 2010 financial year. As I discussed earlier, the business has been awarded the South Road Superway project in South Australia, which is an excellent win for our team.

We also continued to build on our reputation for delivering road projects in Western Australia, through the award of the \$74 million Roe Highway interchange project.

The \$86 million Karara Rail Project, also in Western Australia, was awarded in August and will see us undertake infrastructure works associated with the Karara iron ore mine.

The Northern Territory remains an area of opportunity for the business and the division has recently won the \$25 million upgrade to RAAF Base Darwin Fuel Farm.

In regards to the underground division, the business has won approximately \$50 million of underground mining contracts since June. These contract awards span our full range of services, including raise drilling, underground construction and specialised services.

The current order book stands at more than \$2.2 billion which is similar to the 30 June position.

The Mining and Construction Businesses are presently tendering on more than \$6 billion of work across Australia and overseas which is at near record levels. However most of this work does not have a commencement date until the 2012 financial year.

Pleasingly we are in advanced stages of negotiations on a number of contracts and expect to have at least \$200 million of additional work awarded shortly.

While uncertainty still remains in the short term, there is a strong medium term pipeline of work available across both the mining and construction sectors.

We expect our Mining business to perform strongly, underpinned by positive market conditions and the robust underground sector.

Mining revenue of \$630 million is already locked in for the 2011 financial year and there are further growth opportunities visible in the 2012 financial year.

As discussed, an analysis of the Construction business is underway which will refocus the business and implement the necessary changes to deliver an improved performance.

While we do not anticipate that the Construction business will be an area of growth in the short term, the medium term outlook for the construction sector is improving, particularly in Western Australia, Queensland and the Northern Territory. We also expect further improvements in the New South Wales market, following next year's state government election.

Construction is now focused on delivering sustainable margins rather than revenue growth. Revenue of \$600 million is already locked in for the 2011 financial year.

Combining both Mining and Construction we already have \$1.23 billion of work locked away for 2011 and anticipate that additional contract wins will increase this value further. This indicates that our 2011 financial revenue will exceed last years \$1.25 billion.

As a result of the issues previously announced in Construction, the Company is forecasting a break even result for the first half of the 2011 financial year. A profit in excess of \$20 million after tax is forecast for the second half, delivering an expected 2011 full year result in excess of \$20 million.

We are positive on the outlook for 2012 and are committed to delivering improved future returns to our shareholders.

In closing, our focus as a company remains unchanged. We must continue to win work, conduct our operations in a profitable manner, operate safely and deliver improved returns to our shareholders.

Thank you.
