

Thursday 3 November 2011

2011 ANNUAL GENERAL MEETING

Chairman's Address

Chairman – Mr Ken Scott-Mackenzie

Overview

I am pleased to provide an overview of the 2011 Financial Year.

However, first I would like to introduce our new Director to the Board and a number of new people who have joined our Executive Leadership Group over the past 12 months.

Firstly, I would like to officially welcome Ms Eva Skira to the Board of Directors. Eva was appointed to the Board as a non-executive director in September this year and brings substantial experience in the areas of banking, capital markets, stockbroking and financial markets.

I am sure Eva's extensive experience will be a great asset to the Board and I would like to take this opportunity to officially welcome her to Macmahon.

I would also like to acknowledge John Massey's contribution to the Board. John resigned from the Board in February after three and a half years of service. We thank him for his involvement with the Company during this time.

I would also like to introduce those who joined the Executive Leadership Group during the year.

Former Chief Financial Officer Ross Carroll was appointed to the newly created position of Chief Operating Officer – Mining earlier this year.

This appointment will provide a stronger focus on growing the Mining Businesses, particularly our international operations.

As a result of this move, Theresa Mlikota returned to Macmahon as the new Chief Financial Officer; welcome back Theresa.

I would also like to welcome Ashley Mason, who was appointed to the newly created role of Executive General Manager Strategy and Development.

The role provides a dedicated focus on strategy, business development and business improvement across our operations.

The Construction review saw Mark Hamilton promoted to the role of Executive General Manager – Construction East after a successful period as the Queensland Construction Manager.

Aidan Mullan was recruited for the new position of Executive General Manager – Construction West.

Also in 2011, Angie Young was promoted to the leadership team as Executive General Manager – Human Resources.

As you will hear shortly, the Executive Leadership Group has played an essential role in delivering positive change to the Business and I am very pleased with the way the new management team is working together.

Our business is all about people, and we have certainly added strength to our senior management team.

We are now well placed to address both current issues and future challenges, as well as to better prepare the Company in terms of succession planning.

2011 Highlights

Turning to the 2011 Financial Year, it was a year of mixed results for the Company. A very poor financial result was mixed with some key achievements for the year including:

- More than \$1 billion of new work won during the 2011 Financial Year;
- An order book of \$2 billion, consistent with the previous year ;
- A strong operating cash flow, with surplus cash over debt of \$39.5 million at year end;
- A record safety performance across the business, with a Lost Time Injury Frequency Rate of 0.2 - an industry leading result; and
- The fore mentioned creation of a strengthened management team with a focus on delivering growth for the future.

In summary, work throughout the year has resulted in the Company now having much stronger management teams in both mining and construction, a more focused approach to winning work, a clearer definition of accountabilities and a record order book to grow the business.

Company performance

While the Company can be proud of achievements across its operations in 2011, there were two significant impacts on the Business that affected the Company's overall profit performance.

Extreme wet weather impacted operations in Queensland and the Pilbara region of Western Australia.

In addition, the poor performance of a single contract also contributed to a disappointing financial result for the Company.

Both the Board and management acknowledge the Company's financial results for the year were totally unacceptable.

We have worked hard to address areas of poor performance and establish a solid foundation for the future.

Despite this very disappointing financial result, the Company did achieve a number of positive outcomes throughout the year that point to a strong future for Macmahon.

Our outstanding safety record, increased order book, sound financial position and strengthened management team ensure the Company is well placed to deliver growth and improved profit performance in the 2012 Financial Year.

The Company's revenue for the 2011 Financial Year was in line with 2010, with the Mining Business experiencing significant growth.

This was the result of a substantial increase in domestic underground mining activity, new operations and scope increases at our surface mining operations.

However, this was offset by a reduction in revenues from the Construction Business.

The Company finished the year with profit after tax of \$1 million.

This followed the decision at the half year to book a conservative position, by not taking up a value against the claims, with respect to the RGP5 Rail North contract.

While the financial impact of that decision was significant, it is important to note that Macmahon delivered a quality project in a challenging environment, and work on the project has now been completed.

The Company is still pursuing the recovery of claims against that project.

As I mentioned earlier, the Company's operations were also affected by severe wet weather, which had a significant impact on the Business.

Removing the impact of these two factors, the Company's underlying profit after tax was \$38.8 million, demonstrating the Company's strength across all of its other projects.

Those projects included the \$1 billion of new work won during the year. The new contracts highlighted the increased demand for work associated with resources projects.

These included:

- The \$150 million subcontract to perform site preparation work for the Gladstone LNG project on behalf of Bechtel Australia Pty Ltd;
- An \$86 million contract for rail earthworks and track laying for Karara Mining Limited in Western Australia's mid west region;
- A \$129 million package of works for construction projects associated with Rio Tinto's 333 expansion in Western Australia's Pilbara region;
- The \$575 million South Road Superway project in Adelaide; and
- A total of \$100 million worth of Underground mining contracts at Olympic Dam in South Australia, Cadia Valley in New South Wales and George Fisher in Queensland.

Mr Bowen will provide you with an update on the latest developments relating to the order book later in the meeting.

Construction review

Following the result of the RGP5 Rail North contract, a review of the Construction Business was completed. The review recommended, and the Company implemented, the development of clearer lines of accountability, streamlining overhead costs and improved strategic alignment across our operations.

As a result, the Construction Business has been divided into East and West operations to pursue a more targeted, regional strategy for winning and delivering new work.

The tender process was also reviewed and upgraded to further improve project selection and tender preparation.

We are confident these initiatives will refocus the Construction business and shape the changes required to improve profit and drive more consistent returns.

As you will hear in the Chief Executive Officer's address, the positive outcomes of the review process are already evident, and I commend those within the Company who have put in the hard work to bring about this improved performance.

Our people

Macmahon's people are central to its success.

Each of our employees shows tremendous dedication, competence and commitment to the Company's values in the course of their work and are a credit to the organisation.

In recognition of the importance of our people, we continue to develop strategies to attract and retain key talent across the business.

At year end, Macmahon had more than 3500 direct employees, with this number expected to increase in line with the new contracts secured.

With operations throughout Australia and internationally, the Company is well positioned to recruit for growth and expand our existing skills base, particularly in light of depressed conditions in overseas markets.

Mr Bowen will provide a more detailed overview of the Company's recruitment strategies.

Workplace safety

The efforts of our people must also be commended with regard to the Company's record safety performance in the 2011 Financial Year.

Safety is not only a moral and legal obligation, it is also good business.

It is worth noting that this outstanding safety performance was achieved across the whole Company.

The Construction, Underground Mining and International businesses all recorded zero lost time injuries for the entire period.

The Surface Mining business also delivered an improved safety performance for the year, with the Ellendale and Eaglefield projects both achieving the milestone of more than four years Lost Time Injury free during the year.

Of course, safety requires constant vigilance, and will remain an area of significant focus across the business in the future.

Returns to shareholders

Turning to our shareholders, Macmahon's share price made a slow recovery following the write-down of the RGP5 project.

The share price rose from 52 cents on the day of the 2010 AGM to 56 cents at the close of the Financial Year. Today, the value is around 60 cents per share.

The continued improvement of the share price over this time suggests that some of our initiatives are adding value for our shareholders.

Pleasingly, the Company's share price held firm in the face of recent financial market turbulence, outperforming the ASX 200 and our industry sector over the last six months. This was largely on the back of recent project wins.

Macmahon's Total Shareholder Return (TSR) remains an important measure for the Company and we are focused on improving the TSR over time.

Due to the poor profit performance of the Company, the Directors resolved that no dividend be declared for the year ending 30 June 2011.

The Company is expected to improve profit performance significantly this Financial Year, providing the opportunity to start paying dividends again.

Corporate Governance

The Board is committed to ensuring the good governance of the Company and maintains a constant focus on adopting best practice wherever possible.

To reinforce this focus, the Board has established a Corporate Governance Committee.

The Board has overseen the development of an enhanced risk review process, both at tender and throughout a project's lifecycle, with greater ownership of risk at all project levels.

This more rigorous focus on recognising and managing risk should deliver improved outcomes for the Company.

The Board has also reinforced its commitment to diversity among our employees.

Diversity is an essential part of our long term sustainability to ensure the Company is an appropriate reflection of the communities in which it operates.

At year end, Macmahon was in the process of redefining its diversity policy to place a greater focus on improving female participation in the workplace.

I look forward to reporting on the progress made in this regard as the policy is implemented across the business.

Further underpinning our focus on diversity, Macmahon signed the Australian Employment Covenant.

This initiative has resulted in an increase in the number of Indigenous people employed across the Company. It has also established long term targets for increasing Indigenous employment within the organisation.

This is a significant commitment by Macmahon and we believe it will make tangible differences that benefit both individuals and the Company as a whole through diversification.

Our Chief Executive Officer will elaborate on this issue in his address.

Strategy

Looking to the future, the Macmahon Board continues to pursue a sustainable growth strategy based on diversification, both in terms of the services provided and geographical spread.

Macmahon is actively seeking opportunities to broaden its services within its core competencies of civil construction and underground and surface mining.

The Company will also continue to expand internationally to capitalise on new opportunities emerging in Asia, Africa and Mongolia.

Resources sector and government clients remain the key focus of our domestic operations.

We will look to build on existing client relationships and develop new relationships with blue-chip customers.

With much of the new work won in the 2011 Financial Year being the result of new contracts with existing clients, those relationships remain an important focus for driving future growth.

The Board is confident that the Company's management team will place a concerted effort on increasing profits through more effective project selection and delivery, while maintaining an ongoing focus on continual safety improvement.

Conclusion

In closing I wish to convey my thanks, and that of the Board, to all our employees.

Our people are at the forefront of delivering award winning projects throughout Australia and beyond. Their continued commitment to maintaining these very high standards cannot be underestimated.

As the Company grows, our people remain a critical part of our success and I thank them for their efforts in what has been, at times, a challenging year.

Our combined commitment to safety, teamwork, prosperity, integrity and the environment underpins the Company's drive to deliver projects that are leading the way in the mining and construction industries.

The Board would also like to acknowledge and thank the partners and families of our employees for their ongoing support, sometimes under very demanding circumstances.

I also thank our clients, subcontractors and suppliers for their ongoing loyalty and support.

We continue to enjoy strong and productive relationships with our clients and look forward to supporting them in their aspirations as we grow the Company.

To my fellow Board members, thank you for your contribution and support as we all look to the future growth and success of Macmahon.

Finally and most importantly, I would like to acknowledge you, the shareholders, who have chosen to invest in Macmahon.

We look forward to delivering just rewards for your patience, with improved profit performance in 2012.

Thank you.

Thursday 3 November 2011

2011 ANNUAL GENERAL MEETING

CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer – Mr Nick Bowen

Overview

Thank you Ken and good afternoon ladies and gentlemen.

In my presentation today I will cover a number of areas related to our current operations and future growth including:

- Strategy
- Winning work
- Capability
- People
- Managing Risk ,and
- Outlook

Our strategy has four key elements which are all interrelated. We are focussed on delivering profitable growth from our core businesses of Construction and Mining, in both Australia and Overseas.

To deliver the growth we must have the best people operating in an environment where they are safe and at the same time able to maximize their contribution to the Company.

The work that has gone into our strategy over the last 6 months has been focussed on securing the right type of work from which we can deliver profits for our shareholders.

Winning work

For a Contractor it is critical that we continually build our order book so that we have transparency of our future revenue streams.

As the Chairman mentioned in the 2011 year we won \$1 billion of new contracts and extensions. Although this is a large headline number, it did mean that we still needed to win additional work this year to ensure growth for 2012 and beyond.

In fact, one of the key issues that has impacted Macmahon's performance over the last three years is that we have not been winning sufficient work to enable the Company to operate at an optimum level to maximise profitability.

To that end, the start of this Financial Year has been very successful on the work winning front. We have secured some \$1.4 billion of new work in only 4 months which is an unprecedented record for Macmahon

The best way to illustrate just how quickly the Company is winning work is to walk you through the succession of new contracts awarded since July 1.

On July 15, we announced the award of the Tropicana Gold Project, worth an estimated \$900 million over 10 years.

This is the largest ever single contract win for Macmahon. This greenfield mine operation for the Tropicana Joint Venture between AngloGold Ashanti Australia Ltd and Independence Group NL is located 330 kilometres east north east of Kalgoorlie in Western Australia.

The project will place Macmahon at the heart of the development of a new area of gold mining in the Goldfields region and is an extremely important project for the Surface Mining business.

We have already ordered \$125 million worth of equipment for use at Tropicana, including 14, 240 tonne dump trucks and three large excavators, in addition to three large drills.

We will start building our facilities on site early next calendar year, with the first of this equipment is expected to arrive in March. This will ensure we are well established and ready to start mining in July 2012.

On August 12, Macmahon was awarded various mining contracts totalling \$90 million. This included work at BHP Billiton Iron Ore's Wheelara Mine, Newmont's Boddington Gold Mine, Newcrest's Cadia Hill Mine and Panoramic Resources' Savannah Project in WA.

All of these wins were extensions of existing contracts and reflect the strong client relationships that both our Surface and Underground Mining businesses are maintaining.

On August 19, we announced the Company had won the \$110 million engineering construction contract at the CSA Mine in New South Wales.

This will include engineering design, fabrication, procurement, construction and management of the extension and upgrade of the CSA number one shaft and associated above ground infrastructure

On September 1, Macmahon secured the Pilbara Integrated Services Arrangement for Main Roads WA, a \$170 million project that will see the Company deliver road maintenance services in this critically important region for the next five years.

The vast project area covers 2276 kilometres of road network, including 104 bridges, and will see Macmahon maintaining some of the Pilbara's key transport corridors.

There is potential to extend this contract on the basis of performance outcomes, so this project has long term potential for the Company.

On October 14, Macmahon announced its first contract in Mongolia, a country that is emerging as a significant resources market for the future.

Macmahon will undertake coal mining operations at the Tavan Tolgoi Coal Mine for the state owned Erdenes Tavan Tolgoi JSC, with an expected start early in the 2012 calendar year.

We are delivering this project in joint venture with Germany's Operta GmbH. This is a large contract for us, valued at \$500 million over the first five years and placing the Company at the heart of this rapidly developing new sector.

The contract will be carried out on a cost reimbursable alliance basis which minimizes the risk for Macmahon. Mongolia has the potential to be a huge part of our future and this contract is a really important step in our international expansion.

Looking at such an extensive list of projects, I think it's fair to say it's been an impressive start to the year. In addition, we have been named preferred contractor for a number of projects which will add further to the order book.

One of the preferred contracts is the Solomon Rail Spur construction for Fortescue Metals Group Award of this contract, valued in excess of \$300 million, is expected before the end of November, 2011.

This is Macmahon's first contract with Fortescue and will see the Company play a key role in assisting in their rapid Pilbara expansion.

The project will see the development of 81km of rail formation from the Fortescue main rail line through the Chichester Range towards the Solomon deposit.

It will involve the construction of four major bridges, as well as level crossings over the Great Northern Highway.

We have now commenced early works on site ahead of the arrival of the full project team later this month. The project is expected to be completed by the end of the 2012 calendar year.

As you can see on the project map, all of this means we currently have a very diverse range of projects spread across Australia and overseas.

Our operations throughout Australia are providing a diverse mix of business within the domestic market as our locally based teams meet the specific needs of each state and territory.

Internationally, we continue to expand with new projects and this is an area of great potential for the future. The addition of the Tavan Tolgoi project in Mongolia means our international operations are now a material and growing part of our business.

In Australia, we have a good geographical spread of work across the country, with Western Australia and Queensland obviously representing very strong areas of opportunity at the moment.

Our expertise

As we grow our business we continue to expand and refine our service offering to meet our client requirements.

Across Mining and Construction we now offer an expanded range of services.

Our Mining operations include:

- Surface Mining, with current work including drill and blast, load and haul, crushing and screening, plant maintenance, mine management and tailings dam construction throughout Australia and overseas.
- Underground Mining, offering a full suite of hard rock mining services. Our capabilities extend to all aspects of underground mine development and production and includes highly specialised services such as raise drilling, shotcreting, cablebolting and shaft sinking.
- Engineering, which is our newly formed business established to deliver mine related engineering and infrastructure services.

Our Construction operations provide a full service offering across civil engineering and construction works including:

- Roads, ranging from design and construct projects to bulk earthworks, road formations, bridges and tunnels.
- Rail, which includes the delivery of services such as bulk earthworks, bridges and track formation. Macmahon's jointly owned subsidiary MVM Rail also offers a full suite of railway solutions including tracklaying and maintenance.
- Resource infrastructure to support the development of the rapidly expanding resource sector.
- Landside Marine Infrastructure, specialising in the construction of wharves and jetties using landside techniques.
- Water infrastructure, specialising in dam construction, remediation, water storage, treatment and supply.

I thought I'd just take a moment to give you some examples of our expertise:

- In Queensland, our coal mining operations at Eaglefield continue to perform strongly. Having been operational at the site since 2003, Macmahon is constantly working to identify further efficiencies and deliver improved production to the client. As part of this commitment, Macmahon has successfully adopted a mining methodology incorporating cast blast and dozer push techniques to deliver a more cost effective approach to mining interburden. The project teams ongoing commitment to safety mean these innovations have been achieved while remaining LTI free for more than four years.
- The CSA project I detailed earlier will see Macmahon develop the deepest mine shaft in Australia, going to a depth of 1550 metres. The works will involve the extension of the existing shaft from 1050 metres to 1550 metres, including ground support and concrete lining. Following the shaft excavation, the new shaft will be equipped with steel guides and a new headframe and winder will be installed. The works also involve a new underground materials handling system including crushers and conveyors. This is the first project being undertaken by our recently established Engineering Business, created to better capture market opportunities for complete turnkey projects such as this. We have always had an experienced mechanical and electrical engineering team within the Company, and the establishment of a dedicated Business will help us better make use of these skills on specialist engineering projects.
- In South Australia, our role in the South Road Superway is seeing Macmahon play a key part in delivering the state's largest ever investment in a road project. This is a big and complex project being delivered in the heart of Adelaide's industrial precinct. The project involves the development of a 4.8 kilometre highway corridor, including 2.8 kilometres of elevated roadway, with three lanes in each direction. The elevated roadway is being constructed from match cast concrete segments, requiring great precision in the development of the piers that will support the road. This is the largest single road project Macmahon has been involved in and it will result in the development of a truly iconic piece of Adelaide infrastructure.
- Internationally, we are delivering world class expertise to our projects in Asia and Nigeria. Our success in delivering on what we have promised is driving our expansion overseas as we continue to translate the skills and experience we have gained in the domestic arena to the international market.
- On the east coast, we have developed extensive experience in water infrastructure and dam construction through a range of projects in New South Wales and Queensland. This includes Jindabyne Dam, where the spillway was recently opened up to allow a major flow release of the Snowy River. These projects not only present highly technical engineering and construction challenges, they are also delivering environmental benefits by improving the health of the river systems in which they are located.

- And finally, in the Northern Territory, we are currently delivering the third and final stage of the Tiger Brennan Drive Extension. This is a road infrastructure project that has provided a new gateway into Darwin and has really changed the landscape of the eastern part of the city. The project been delivered with a primarily local workforce, in short timeframes, using industry best practice and engaging the local community along the way. So impressive is the project team's performance, that stage two of the extension won the Macmahon internal Project of the Year Award in September. I would like to take a moment to pause and show you the presentation on the project that was shown at the awards night.

Our people

As you will understand these sorts of successes don't happen without very good people.

The big challenge for us at the moment is people. We need a lot of people, we need them quickly and we need the very best.

At year end, Macmahon had more than 3500 direct employees and this has already grown to 3800.

By the end of the 2012 Financial Year, it is expected the Company will directly employ around 5000 people

This is a huge leap in a short space of time and one we must achieve in order to deliver on the commitments we have made to our clients.

We understand that attracting the right people is challenging in the current market and are focused on identifying solutions.

The Company is pursuing a range of strategies to ensure we achieve the right employee base to deliver on our growth projections.

Our people strategy is based on both recruitment and retention initiatives aimed at ensuring Macmahon is not just attracting the right people, but keeping them.

While I will go through some of our recruitment initiatives in detail shortly, it is important to note that we are doing a great deal of work to ensure the non-financial benefits we offer our existing and potential employees make a positive impacts on their decisions to join and stay with the Company.

We know that maintaining a strong, values based culture is an important consideration for our people and that part of the appeal of working for Macmahon is the ability to work in diverse roles, in different locations and realise new opportunities within the Company.

We are working to further develop the Company's culture to ensure our very best are being recognised and are involved in the future development of the business.

Our ability to deliver a safe and productive environment for our people is an area of constant focus and remains a key part of our people strategy.

In addition to these non-financial benefits, we are of course, maintaining a strong focus on ensuring we are offering market competitive salaries across all levels of the organisation to ensure each and every one of our employees are appropriately recognised for the work that they do.

In terms of recruitment, there is a whole suite of initiatives currently underway to ensure we continue to meet the demand for people across the business.

We have continued to pursue traditional strategies such as the engagement of job agencies and the use of online tools to advertise available positions.

However, there are a number of additional approaches we are taking as part of that process.

A key element of our People Strategy is the development of new talent through our apprenticeship and graduate engineer programs.

We have a very successful apprenticeship program in place that is bringing new people into the industry and giving them the skills required for a long and rewarding career in mining and construction.

We are committed to making a contribution to the local skills base and see the apprenticeship program as an extremely important part of developing a sustainable workforce.

We currently have 75 apprentices in the program and in 2012, we will increase this to around 100 to help support our growth.

Similarly, we are broadening the scope of our graduate program. Macmahon typically has an intake of 10 to 15 graduates each year, but in 2012 we are targeting an intake of 40 people.

This is a big increase and will see a dramatically expanded graduate program operating across the business.

Once again, this is an important part of developing our skills base from the ground up and will see Macmahon play an important role in the career development of young professionals pursuing an exciting career in mining and construction.

As the Chairman touched on briefly, Macmahon has made a significant commitment to increasing Indigenous employment across its workforce by becoming a signatory to the Australian Employment Covenant.

The Company has committed to create 500 new jobs for Indigenous people over a five year period. In the first year since signing we have made good progress, creating 120 new positions across Macmahon for Indigenous Australians.

Pleasingly Indigenous employees now make up 4.5% of our Australian workforce and with continued success we expect to increase this further in coming years.

Managing the challenges

Beyond the challenges associated with people, there are a number of other factors we must manage effectively to ensure the long term sustainability of the business.

Ken addressed issues of risk management when he spoke earlier. However, it is worth revisiting to emphasise the importance the management team have placed on risk management.

Macmahon has over the last 12 months refined its approach to risk management as a result of the recent poor financial performance of the Company.

As part of this approach, we look to meet five key requirements for managing risk:

- Ensuring accountability for risk at all levels of the Company by driving awareness, ownership and management of risk deeper into the organisation.
- Complying with rigorous project selection and tendering procedures, including independent technical reviews and clearer risk guidelines.
- Having a strong focus on project performance through people and systems.
- Applying lessons learnt from previous projects, and
- Monitoring and responding to external factors.

These revised procedures are not simply a tick the box exercise, but are aimed at ensuring operational and business risks are managed by the people in the business that have accountability and responsibility.

Looking to the future

Overall, the outlook is very positive for Macmahon. With the contract wins of recent months already starting to come on line and further opportunities ahead, there is a strong pipeline of work for the year ahead and a clear opportunity for the growth.

The Mining Business expects to see growth as the current high demand for commodities ensures the market for contract mining will continue to expand.

The business will focus on growing revenue organically and through its new Engineering arm.

With our International Business we expect further success with new work, but we will also be placing considerable effort on the start up in Mongolia.

In Construction there are further opportunities for growth in the resource sectors, principally iron ore, coal and LNG. We are also starting to see State and Federal Governments making commitments for road, rail and water infrastructure across Australia.

Our business units are working on several opportunities for new work as we speak and I look forward to reporting on the outcome of their efforts as the year progresses.

There is a great deal of tendering activity and ongoing business development that have the potential to realise new opportunities for the future.

Given the current, favourable market conditions, business development will remain a strong focus as we look to capitalise on the high levels of activity in both the mining and construction sectors.

What all this demonstrates is the strong pipeline of work that exists, the huge potential for growth and the many different parts of the world in which we are starting to realise these opportunities.

Our geographic diversity, broadened service offering to our clients and a refined risk management process, means we are very well placed to build on the success of the recent months.

As we look forward to these new opportunities, it is important we recognise the momentum that has been gained over the last four months.

At June 30, 2011, our order book was \$2 billion and in just the last four months we have secured an additional \$1.4 billion of new work.

Today, our order book sits at \$3.1 billion – a record level for Macmahon.

A lot of the new work has yet to commence and there are always many challenges in getting new contracts underway.

However, based on the current order book and work already completed, Macmahon already has some \$1.4 billion of work secured for 2012.

Adding the anticipated work from the preferred contracts, including Solomon, it is now expected that full year revenue for 2012 will be in excess of \$1.6 billion, which will be a record level for Macmahon.

In terms of profitability, the expectation is that Macmahon will deliver a 2012 profit in excess of \$45 million.

Costs of securing new work and our deferred profit take up policy in Construction will result in the profit being skewed to the second half. The split is likely to be on a one third, two thirds basis.

Overall, we are extremely positive about 2012 and are committed to delivering improved returns to our shareholders.

The hard work of 2011 is showing results and our people are ready to seize the opportunities that exist in the market.

The task now is to deliver on our promises to turn the order book into profits for our shareholders.

I am confident our people and our internal processes are now striking the right balance to make this happen and I look forward to sharing our success with you in the future

Thank you.
