

14 January 2013

Macmahon Board rejects Sembawang proposal

Recent Developments:

- Sembawang submits a further proposal today, despite yesterday's announcement confirming it will not be making any further offers for the construction businesses of Macmahon
- Sembawang re-tables its Part B proposal to acquire certain construction assets to match the terms of the asset purchase agreement with Leighton Holdings, plus A\$5 million, which is conditional on termination of the Leighton transaction
- Board rejects the proposal given:
 - Failure by Sembawang to provide further detail requested by Macmahon's Board
 - Significant uncertainty and risk to completion of Sembawang's proposal
 - There is uncertain financial incentive for Macmahon's shareholders
 - Sembawang's inconsistent conduct, including its breach of normal commercial confidentiality

Macmahon Holdings Limited (ASX:MAH) has rejected Sembawang Australia Pty Ltd's (**Sembawang**) proposal released today on the basis that it is not in the interests of shareholders.

This decision follows a further proposal made by Sembawang despite its press release dated Sunday, 13 January 2013 confirming that Sembawang's offer for the purchase of Macmahon's construction businesses had lapsed and that Sembawang would not be making any further offers.

On Friday, 11 January 2013, the Company requested clarification from Sembawang about its previous proposals as they remained non-binding and highly conditional. Sembawang was informed that any future engagement was premised on Sembawang providing the clarification sought and maintaining Macmahon's confidence.

The purpose of the clarification sought was to obtain sufficient information from Sembawang about its proposals in order to enable the independent directors to make a proper assessment of the merits of the proposals in the interests of both Macmahon and its shareholders.

Of significant importance, the conditionality of Sembawang's correspondence required the early termination of the asset purchase agreement with Leighton ahead of any shareholder vote. This was a condition the Company was incapable of meeting without breaching its contractual obligations to Leighton, which would not be in the interests of shareholders.

Following Macmahon's request for clarification, Sembawang issued a press release on 13 January 2013, advising that its offer had lapsed. Despite this, Macmahon today received a further letter from Sembawang in relation to the purchase of only those construction assets that are to be acquired by Leighton under the asset purchase agreement (see attached press release) (**Revised Proposal**).

That Revised Proposal offers no certainty of financial upside to warrant potentially jeopardising the existing Leighton transaction. Macmahon considers that there is significant risk to completion of the Sembawang Revised Proposal, particularly given the requirement for joint venture and client consent for the novation of contracts.

Macmahon notes that Sembawang does not propose to provide the clarification previously sought by the independent directors of Macmahon and the conditions in the Revised Proposal are consistent with those described in Sembawang's previous proposal (as announced to ASX on 11 January 2013). Further, Sembawang has continued a course of conduct which is inconsistent with maintaining commercial confidence.

Accordingly, the independent directors reject the Revised Proposal and consider the matter of the Sembawang proposals closed. Macmahon will advise Sembawang to this effect.

Macmahon is continuing to finalise the notice of meeting for the Extraordinary General Meeting for shareholders to consider the Leighton transaction. That meeting is scheduled to occur at the end of February.

*** ENDS ***

For further information, please contact:

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About Macmahon

Macmahon is a leading Australian contract mining and construction company with major projects throughout Australia, in New Zealand, South East Asia and Africa.

An ASX listed company, Macmahon has played a major role in the delivery of many of Australia's largest multi-disciplinary mining and construction projects throughout its 49 year history.

Macmahon offers the full range of underground and surface mining services and comprehensive construction capabilities spanning transport, marine, water and resource infrastructure services.

With a commitment to providing end to end services, Macmahon's reputation for outstanding teamwork, integrity and commitment to the environment is underpinned by the company's core value - safety.

Visit www.macmahon.com.au for more information.

Press Release
Singapore Monday, 14 January 2013

For Immediate Release

Market Guidance to Macmahon Shareholders in Respect of Sembawang PART B Offer

Sembawang firm up on their PART B offer which is still on foot.

A copy of the letter to Macmahon's board follows.

ENDS.

Press Release Issued by Sembawang Engineers and Constructors Pte. Ltd.

For More Information Please Contact:

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14 January 2013

The Board of Directors
Macmahon Holdings Limited
Level 3
27-31 Troode Street
WEST PERTH WA 6005

By email & Courier

Attention: Ross Carroll, CEO & Managing Director

Dear Sirs

PROPOSED TRANSACTION - SEMBAWANG AUSTRALIA PTY LTD

The purpose of this letter is to reiterate the previous **Part B Offer** made by Sembawang Australia Pty Ltd (**Sembawang**) for the construction assets of Macmahon Holdings Limited (**Macmahon**) that are proposed to be acquired by Leighton Holdings Limited (**Leighton**) (the **Transaction**) and to outline, on a non-binding basis, Sembawang's proposal (the **Proposal**) for completing a Transaction and to establish a process which will allow Sembawang to conduct due diligence in respect of Macmahon to determine if the Transaction can be agreed upon.

As you know, under the Part B Offer, Sembawang intends to enter into the Transaction on the exact same terms as those proposed by Leighton, however, Sembawang is offering a further **AUD\$5 million**.

This letter provides for a due diligence period (the **Due Diligence Period**) commencing on acceptance of this letter and ending on 31 January 2013. During the Due Diligence Period:

- (a) Sembawang will undertake due diligence in respect of Macmahon construction businesses, including their operations, assets, financial condition and affairs;
- (b) Sembawang and Macmahon will proceed with the negotiation and settlement of the terms of a binding sale and purchase agreement (the **Sale and Purchase Agreement**) in respect of the Transaction; and
- (c) upon execution of the Sale and Purchase Agreement, the Transaction will be jointly publicly announced.

Australian Business Number ACN 140 404 100

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1. Transaction Terms

As indicated above, Sembawang wishes to proceed with the Transaction on the exact same terms as those entered into with Leighton, however, Sembawang is offering a further **AUD\$5 million** as purchase consideration.

At this stage, Sembawang is only able to work from the Memorandum of Understanding that was entered into with Leighton (which was released to ASX) and not the Asset Purchase Agreement (which has not been disclosed to ASX).

Could you please provide our lawyers with a copy of the Asset Purchase Agreement.

2. Conditions Precedent

The completion of the Transaction shall be subject to the following conditions precedent for the sole and exclusive benefit of Sembawang being fulfilled or waived, at or prior to the end of the Due Diligence Period or, where applicable, the dates specified below:

- (a) **Sembawang being satisfied with its due diligence review of Macmahon prior to the end of the Due Diligence Period;**
- (b) **Sembawang's board of directors formally approving the undertaking of the Transaction by Sembawang;**
- (c) **the receipt of any necessary third party approvals or consents;**
- (d) **there not having occurred any material adverse change in the business, financial condition or results, operations or affairs of the Macmahon construction businesses;**
- (e) **Macmahon must not be in default, in any material respect, of any of its obligations under Sale and Purchase Agreement or any other material contract relating to the construction businesses;**
- (f) **the parties have entered into the Sale and Purchase Agreement on or prior to 15 February 2013; and**
- (g) **the transaction with Leighton Holdings Limited (Leighton) announced to ASX by Macmahon on 12 December 2012 being terminated (without cost or liability to Macmahon or its subsidiaries) on or prior to 15 February 2013.**

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3. Response to Macmahon Queries

In respect of Macmahon's letter of Friday, 11 January 2013, we address the following items below:

- (a) without completing any due diligence on Macmahon, it is not possible for Sembawang to fully understand all of the consents that will be required from third parties to complete the Transaction. For this reason, Sembawang is seeking access to Macmahon's due diligence data room so that the issue of required consents can be addressed; and
- (b) as an experienced and successful operator in global construction businesses, Sembawang considers it is in a position to complete the Transaction on the same terms as those proposed by Leighton. If Macmahon does not share this view, please provide specifics so that Sembawang can address any perceived concerns or risks.

Otherwise, Sembawang confirms that any other commercial matters raised in Macmahon's letter of Friday, 11 January 2013 can be addressed during the Due Diligence Period.

Sembawang queries whether Leighton was required to answer a similar list of questions before Macmahon commenced negotiations with Leighton? Sembawang is only seeking to be treated equally with Leighton (and any other third parties that may be interested in Macmahon's assets).

4. Sale and Purchase Agreement

Prior to the end of the Due Diligence Period, Sembawang and Macmahon will negotiate, prepare, execute and deliver the Sale and Purchase Agreement relating to the Transaction.

On the basis that the Transaction will be on the same terms as the Leighton transaction, Sembawang expects this process will be relatively easy to conclude.

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**5. Due Diligence**

During the Due Diligence Period, Macmahon will provide Sembawang and its representatives and advisors with reasonable access to, and copies of, all books, records, files and documents in its possession as reasonably requested in order that Sembawang may satisfy itself as to all matters relating to the business, assets and operations and liabilities of Macmahon as they relate to the Transaction. Macmahon will provide Sembawang and its representatives and advisors all reasonable assistance in undertaking due diligence.

6. Confidential Information

Sembawang will agree to keep in strict confidence all confidential information disclosed to it during the Due Diligence Period. For this purpose, Sembawang is willing to execute a confidentiality agreement with Macmahon on standard commercial terms.

7. General

- (c) **This letter agreement shall be governed by the laws of Western Australia.**
- (d) **Each party shall be responsible for its own respective costs and expenses incurred in connection with the Transaction.**
- (e) **It is acknowledged and agreed that the Proposal is not a binding offer to enter into the Transaction, which will only be set forth in the terms of a mutually agreeable Sale and Purchase Agreement and that Sembawang is not obligated to proceed with the Transaction except as may be provided in the Sale and Purchase Agreement and related agreements. Notwithstanding the foregoing, the parties agree that paragraphs 6, 6 and 7 shall be binding obligations of the parties.**
- (f) **This letter agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties. Except as otherwise provided herein, this letter agreement may be amended or modified only in writing as executed by both parties.**

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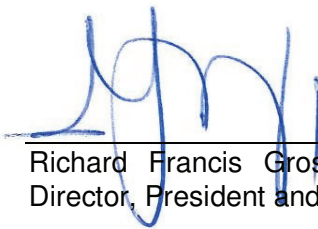
www.sembawangenc.com



This Proposal is open for acceptance by Macmahon in writing until **5:00pm (Perth time) on 5pm Perth time on 15 January 2013**, and may be executed in counterpart. In the event that this letter agreement is not executed by Macmahon on or before the above time, then it shall be null and void.

If the terms of this letter agreement are acceptable please indicate your acceptance below.

SEMBAWANG AUSTRALIA PTY LTD



Richard Francis Grosvenor
Director, President and CEO

Agreed and accepted this day of January 2013

MACMAHON HOLDINGS LIMITED

Ross Carroll, CEO & Managing
Director

Australian Business Number ACN 140 404 100



Press Release Issued by Sembawang Engineers and Constructors Pte. Ltd.

For More Information Please Contact:

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About Sembawang Engineers and Constructors

Sembawang Engineers and Constructors Pte. Ltd. (Sembawang) is one of the leading engineering, procurement and construction groups in South-east Asia. Sembawang has a global presence, with offices in Malaysia, Indonesia, the Hong Kong SAR, the People's Republic of China, India, the United Arab Emirates, Bahrain and Australia.

Sembawang specialises in handling a diverse spectrum of technologically challenging and complex projects in the niche areas of mega infrastructures, high-rise buildings and utility works, such as power and water plants. The group has world-class competency across a full range of engineering disciplines and is an established leading turnkey contractor capable of providing technology-based solutions and quality products and services. It is also able to undertake projects under the build-own-operate and the build-own-operate-transfer bases.

Sembawang is a subsidiary of Punj Lloyd Limited, a leading engineering and construction group based in New Delhi and listed on the National and Bombay stock exchanges of Mumbai. The Punj Lloyd Group, with a global network spanning five continents, provides integrated design, engineering, procurement, construction and project-management services for the energy, infrastructure and petrochemical sectors.

Expertise and Accomplishments

Sembawang has received many accolades for its projects across Asia Pacific and the Middle East. It has been involved in many projects and has played a key role in the national development of Singapore. This includes the construction of

Press Release by Sembawang Engineers and Constructors Pte. Ltd.

Singapore's Changi International Airport, the Mass Rapid Transit Systems, the Light Rail Transit Systems, iconic buildings, leisure and industrial developments.

Landmark projects include:

- Singapore's Marina Bay Sands and Resorts World Sentosa integrated casino resorts, Singapore
- Kallang Paya Lebar Expressway, Singapore
- Changi Water Reclamation Plant, Singapore, one of the world's largest waste-water complexes
- Bayfront MRT station (Downtown Line Stage 1) in Marina Bay, Singapore
- Jumeirah Islands Villas, a high-end residential project, Dubai
- The Exchange, a mixed commercial development in Tianjin, People's Republic of China.

Sembawang has won recognition from various industry authorities and has an established integrated Health, Safety, Environment and Quality system recognised by the Building and Construction Authority of Singapore. Sembawang has been certificated to ISO 9001 (Quality), ISO 14001 (Environmental), OHSAS 18001 (Safety).

For more information please visit www.sembawangenc.com and www.wavebreakisland.com or email bd@sembawangenc.com or telephone (+65) 6305 8788.

About Punj Lloyd Group

Punj Lloyd Group is a globally diversified conglomerate providing engineering, procurement and construction services in the energy and infrastructure sectors along with engineering and manufacturing capabilities in the defence sector.

Known for its capabilities in delivering mega projects on time, thereby ensuring repeat customers, the Group possesses a rich experience of successfully delivered projects, while maintaining the highest standards of health, safety, environment and quality.

Further information about the Group is available at www.punjilloydgroup.com