

Financial highlights

Outstanding profit performance

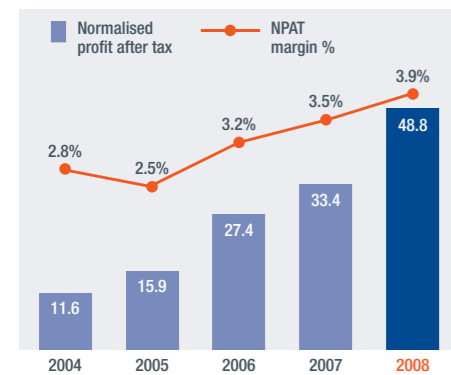
A strong operational performance in both the Construction and Mining Businesses increased the Group's revenue by 28.8 per cent to \$1,244.4 million with both businesses benefiting from continuing demand for contracting services. Profit after tax was a record \$48.8 million, an increase of 46.1 per cent on the 2007 underlying result.

Funding growth

Balance sheet management is an area that the Company has focussed on over the last two years. In November 2007, Macmahon completed a major funding initiative which included the refinancing of its term debt and guarantee facilities, as well as establishing an operating lease facility.

These facilities will fund the Company's projected organic growth without diluting shareholder returns and increase the Company's flexibility through reduced gearing.

NPAT (\$m) and NPAT margin (%)



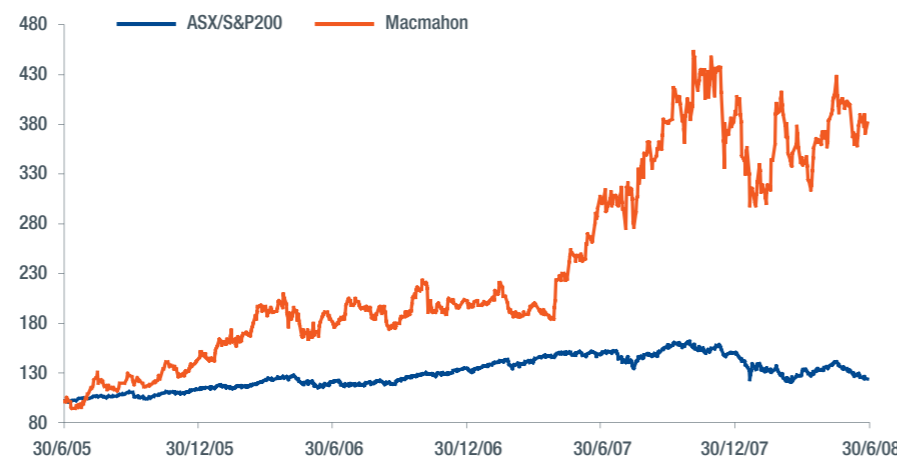
Five year summary

\$ million	2008	2007	2006	2005	2004
Total revenue	1,244.4	▲ 966.0	863.7	637.3	420.8
EBIT	74.7	▲ 59.7	46.9	27.4	18.7
NPAT	48.8	▲ 33.4	27.4	15.9	11.6
EPS (cps)	9.2	▲ 6.4	5.5	4.2	3.5
Dividend (cps)	5.5	▲ 3.0	2.0	1.0	0.5
Gearing (net debt/equity) (%)	11.6	▼ 25.9	43.6	50.7	51.8
Net interest cover (x)	9.9	▲ 5.4	5.8	4.1	3.1
Return on equity (%)	19.4	▲ 15.8	15.9	13.2	11.7
Capital expenditure*	47.0	▼ 90.9	126.2	57.5	57.5
Order book	2,138	▲ 2,005	1,218	925	784
New contracts and extensions	1,377	▼ 1,753	1,100	739	862
Total recordable injury frequency rate	12.9	▲ 12.7	14.1	18.6	22.1
Lost time injury frequency rate	2.0	▲ 1.9	0.7	2.1	2.9

*All numbers are calculated on an underlying basis.

*2008 excludes \$22.2 million in equipment financed via operating lease.

Three year share price comparison



Macmahon and ASX/S&P200 have been rebased to 100 at 30/06/05.

Calendar of events

10 October 2008
Final dividend payment

7 November 2008
Annual General Meeting

February 2009
Release of Half Year Results

August 2009
Release of Full Year Results

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Securities Exchange
The Company is listed on the Australian Securities Exchange with an ASX code of "MAH"

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MACMAHON

Shareholder Brochure

2008

Macmahon is a leading mine contracting and civil construction company with more than 45 years experience. As a member of the ASX/S&P 200 and employing more than 3,600 employees across Australia, New Zealand and Asia, Macmahon aims to maximise long-term returns to shareholders through a strategy that focusses on the value of its people, customers, suppliers and communities in which it operates.

Year in review

Outstanding profit performance

2008 has been another outstanding year for Macmahon, as the Company goes from strength to strength.

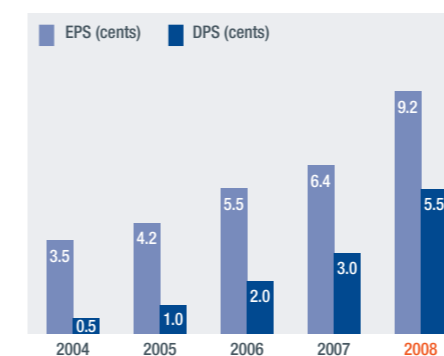
Financially, we have never been in a stronger position, with revenue in excess of \$1.2 billion and net profit after tax of over \$48 million. This represents profit growth of more than 46 per cent over the 2007 underlying profit.

The Company is experiencing a period of sustained growth, with the sectors in which we operate enjoying buoyant market conditions. The ongoing focus by the Australian federal and state governments on infrastructure spending, coupled with strong commodity demand places Macmahon in an ideal position for growth.

Delivering shareholder returns

The Company is committed to returning excess cash to shareholders in the form of increased dividends. Your Directors have declared a final dividend of 3.5 cents per share. Combined with the interim dividend of 2 cents per share, total dividends for the year have increased by 83 per cent to 5.5 cents per share. The final dividend will be paid on 10 October 2008.

Earnings per share and dividends per share (cents)



All numbers are calculated on an underlying basis.

Total shareholder returns for the year were in excess of 30 per cent, an impressive result in the current difficult share market conditions.

Order book

Macmahon has continued to win work and gain contract extensions throughout the year. Importantly, Macmahon now has the ability to win larger and more technically complex work, but remains flexible enough to take on smaller projects.

As at 30 June 2008, the Company's order book stood at a record \$2.138 billion.

Acquisition strategy

Throughout the year, Macmahon examined several acquisition opportunities. As part of our strategy to diversify and pursue opportunities for growth, we will continue to consider acquisitions which provide additional scale and capabilities to our business, as well as deliver an adequate return for our shareholders.

During the year Macmahon launched a takeover offer for Ausdrill Limited. The offer is due to close on 29 September 2008.

People and safety

At Macmahon, we are proud of our employees and are committed to providing them with a workplace which is both safe and rewarding.

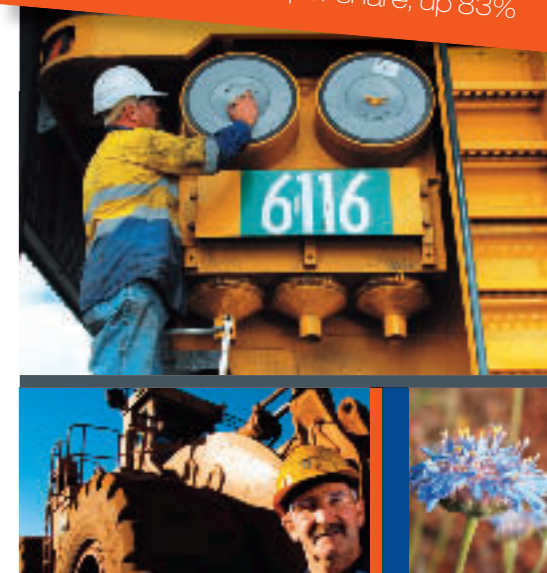
Our success rests with our people, whose talents and skills are imperative to the ongoing development and growth of the Company.

We are committed to the shared goal of an injury free workplace. The achievement of key safety measures is of paramount importance and we will continue to proactively identify initiatives that will assist in our ongoing safety improvement.

During the year, Macmahon bolstered its management capabilities with the appointment of Mr Patrick Doyle as Executive General Manager of Construction and Ms Michelle Narustrang

Highlights

- Net profit of \$48.8 million, up 46%
- Revenue of \$1,244 million, up 29%
- EPS of 9.2 cents per share, up 44%
- Order book of \$2.1 billion
- DPS of 5.5 cents per share, up 83%



as Executive General Manager People and Organisational Development.

The Board was also strengthened by two new appointments. Mr John Massey was appointed to the Board on 1 September 2007 and brings with him extensive and broadly based commercial experience, spanning many different industries. Mr Vyril Vella was appointed to the Board on 19 November 2007 and has over 33 years experience in the property development and construction industries.

Looking ahead

With a strong management team in place and favourable industry conditions, Macmahon is ideally placed for ongoing growth. We are committed to expanding and developing our workforce to meet current and future needs, and will continue to build on our strong reputation and order book to deliver value for shareholders.



MACMAHON

Construction Business

\$ millions	2008	2007	Change
Revenue	628.0	402.6	56.0%
EBIT	38.1	16.0	138.1%
EBIT Margin %	6.1	4.0	52.5%
Capex	5.4	4.1	31.7%
Order Book	974	933	4.4%
Employees	1,137	818	39.0%

"The Construction Business has built on its excellent half year performance, delivering \$628 million of revenue for the full year, up 56 per cent from the \$403 million recorded in 2007."



Key achievements

- The award of the Goonyella to Abbot Point Expansion Project in the Bowen Basin, building on the strong relationship with Queensland Rail.
- The award of the Newman Hub project and satellite orebodies (SOBS) rail and earthworks package, both for BHP Billiton and the MESA A rail extension for Pilbara Iron - Rio Tinto, have added to the business's resource infrastructure portfolio in Western Australia.
- Delivery of the Eyre Highway contract in Western Australia, four months ahead of schedule.
- The completion of the Boddington Gold Mine contract, as well as the substantial completion of the Millstream Link Project.

The year has seen the business deliver another standout result. The growth in our business has been underpinned by ongoing federal and state government investment in infrastructure, including railways, roads, ports and dams. We are particularly focussed on growing our market share in the booming infrastructure states of Western Australia and Queensland, with several new contracts won in these states.

Additionally, we are benefiting from the numerous resource infrastructure contracts on offer in Western Australia's Pilbara region, which is being buoyed by the strong global demand for iron ore.

With over \$450 million of new contracts won, our order book as at 30 June 2008 stood at over \$970 million - a record for the Construction Business.

Outlook

The outlook for our business has never been stronger, with construction activity levels at an all time high. We are committed to winning larger and more technical construction contracts, with a strategic focus on pursuing joint venture opportunities and growing our east coast and resource infrastructure portfolios.

Approximately \$65 billion worth of resource infrastructure projects have been committed, or are currently in progress in Australia.

Key project

Mitchell Freeway

The design and construction of Perth's \$111 million extension to the Mitchell Freeway for Main Roads WA, is nearing completion.

Technically demanding, the new freeway is in the heart of a densely populated residential area in Perth's northern suburbs.

The project team constructed a 600 metre rail tunnel and decline structure which enabled the existing live passenger rail service to be relocated from the western side of the freeway reserve into the freeway median with minimal interruption to regular services.

The freeway is scheduled to be opened before the end of 2008.



Mining Business

\$ millions	2008	2007	Change
Revenue	616.4	555.9	10.9%
EBIT	54.4	50.6	7.5%
EBIT Margin %	8.8	9.1	(3.3%)
Capex	36.9	86.0	(57.1%)
Order Book	1,164	1,073	8.4%
Employees	2,337	2,102	11.2%

Key achievements

- The award of the four year, \$98 million Sinclair Nickel project. The project is initially a surface contract, and will then move to underground, highlighting the business's capability to deliver a life-of-mine solution to its clients.
- The award of Moly Mines Spinifex Ridge Contract. Valued at \$1.1 billion, it is the largest contract ever won by the business, and with an expected mine life of over 20 years, Spinifex Ridge will be one of Australia's largest metalliferous mining operations. This contract is subject to the client completing project financing.
- Further growth in Queensland coal with the award of two new contracts for the BHP Billiton Mitsubishi Alliance.
- ARD and CRE's ongoing contribution to the business, with both continuing to exceed the acquisition parameters.

The Mining Business experienced another year of ongoing growth. Pleasingly, we continued to build on our strong relationships with a number of our blue chip clients, with the award of several contract extensions.

Our Mining Services division, including ARD and CRE, are continuing to grow, delivering increased revenues and adding further depth to the capabilities of our business.

Outlook

The outlook for the resource sector remains robust, with continued demand for mining services being driven by strong commodity prices and the global need for resources.

With ongoing expansions of existing operations and a significant increase in the number of new mining operations coming on line, the Mining Business is well placed to benefit from this additional activity.

Iron ore production is forecast to increase on average by around 15 per cent per annum to 2012, as the major mining houses continue to expand capacity.

Building on the Company's established reputation with its blue chip clients, the Mining Business was successful in extending all contracts due for renewal during the year, as well as winning a number of new contracts.

Key project

Olympic Dam

Located 560 kilometres north of Adelaide, BHP Billiton's Olympic Dam is Australia's largest underground mine. It is the world's fourth largest remaining copper deposit, fifth largest gold deposit, largest uranium deposit and contains significant quantities of silver.

The operation comprises of a fully-integrated underground mine and above-ground metallurgical complex. Macmahon has been working at the site since 2004, with the initial contract involving underground development and associated works.

Having worked at the site since 2004, Macmahon was awarded a contract extension in January 2008, which added a further 18 months to the original contract.

With 250 employees on site, Macmahon's scope of work during the next phase of this contract will involve delivering 18,000 metres of lateral development, installation of 100,000 metres of cable bolts and applying some 72,000 cubic metres of shotcrete.

