



Media Statement

Monday 14 August 2006

MACMAHON acquires specialised underground mining services group

MACMAHON HOLDINGS LIMITED (ASX: MAH) today announced the acquisition of a specialised underground mining services business operating as Australian Raise Drilling (ARD) and Combined Resource Engineering (CRE) for \$ 27 million.

ARD and CRE will become part of MACMAHON on 1 September 2006, with the transaction to be funded from existing bank facilities and cash reserves.

ARD provides vertical and horizontal raise drilling of large diameter shafts for mine ventilation, access and mine development. CRE provides engineering design, manufacture and installation of underground mine infrastructure.

The acquisition will be Earnings Per Share accretive in the 2007 financial year and has a projected FY07 EBITA multiple of 4 times.

MACMAHON, which is purchasing the assets and contracts of ARD and CRE, expects that the annual revenue for the 2007 financial year will be approximately \$55 million.

Chief Executive Officer, Nick Bowen, considers that the acquisition of ARD and CRE fits perfectly with the strategy to expand the core capability of MACMAHON, within its key businesses.

"ARD and CRE are market leaders, delivering a specialised service that owner miners do not generally undertake," he said.

"This strategic acquisition will allow MACMAHON to step up to another level by increasing the range of specialist services available to its mining customers.

"Other benefits are that these operations have low ongoing capital requirements and generate margins above our Mining Business average.

"We will now work to ensure we take full advantage of the excellent opportunity to grow the business and increase returns," Mr Bowen said.

The ARD and CRE management team and employees will remain with the business and are committed to realising the benefits that will flow from access to the MACMAHON Group's balance sheet, systems and diverse customer base.

Employing an experienced workforce of 180 people ARD and CRE have offices in Adelaide, Perth and Mt Isa, as well as a large fabrication workshop in Adelaide.

MACMAHON is an Australian owned contracting and related services group, operating in the Civil Construction and Mining sectors. Based in Perth, with regional offices in Brisbane, Darwin, Sydney and Kuala Lumpur, the MACMAHON Group employs more than 2,600 people throughout Australia, New Zealand and Malaysia.

MACMAHON will announce its Full Year Results on Monday 21 August.

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