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26 October 2011

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Remuneration Report Discussion at 2011 Watpac Limited Annual General Meeting

In response to several media articles published today reporting the discussion at yesterday's AGM on the 2011 Remuneration Report, please find attached a transcript of the comments made by Watpac Limited Chairman Kevin Seymour, AM.

Yours sincerely,
WATPAC LIMITED



Mark Baker
Company Secretary

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Remuneration Report

Executives

I know there is some resentment by shareholders of not only our Company, but most public companies in relation to remuneration resolutions.

I have taken the opportunity to outline to you the remuneration of our Executives who are Key Management Personnel over the past two years.

EXECUTIVE	FY11	FY10
G Kempton	1,171,759	1,507,838
M Monro	678,461	904,106
H Davis	732,143	783,632
D McAlpine	414,377	527,192
R McDonald	434,091	395,778
G Sneyd	343,109	482,701

Shareholders will see that there has been a reduction in Key Management Personnel remuneration in 2011 compared to 2010. This result is reflective of there having been no bonuses paid to Key Management Personnel in 2011, as performance targets set by the Board were not met.

It could be argued that floods and cyclones and their effects on our business should result in adjustments to KPIs for bonus calculations. However to the credit of our staff, no one has ever suggested this as they all realise the Company has had to bear the consequences of these disastrous events.

We are currently going through a period of highly competitive employment pricing for our work force. Mining and Construction staff are extremely hard to find in this market and we are experiencing difficulty in finding and retaining staff at a time when Mining Companies are poaching staff at higher salaries.

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Directors

You may well think that Directors are overpaid. Their fees over the past four years have been:

DIRECTOR	FY11	FY10	FY09	FY08
K Seymour	200,845	198,224	149,380	199,300
R McGruther	98,897	97,149	87,587	97,900
R Lette	98,897	97,149	87,587	97,900
D Little	98,897	97,149	87,587	97,900

The FY09 fees reflect the fact the Directors took a voluntary reduction during the Global Financial Crisis, to set an example for others to follow. Total remuneration received by Directors in FY10 was actually lower than that received in FY08.

Their workload has grown considerably with the significant growth into a national vertical construction Company and entry into the Mining Industry as a major player.

It's interesting to note that our staff numbers have increased:

STAFF - GROUP	30 JUNE 2011	30 JUNE 2010	30 JUNE 2009
Number	1,111	906	779

This is the best indication that I can give you as to how the Directors responsibilities have increased whilst at the same time increasing our turnover:

TURNOVER	FY11	FY10	FY09
Turnover	1,300,636,000	1,162,350,000	997,284,000

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Summary

From this you can clearly see that the Company is facing challenges with securing staff and then retaining them in this competitive environment. This Company is now a very large employer of staff and a major player in the Construction and Mining Industries.

By way of comparison to show what is necessary to maintain our workforce we have a Human Relations department which has grown substantially to enable us to maintain our staff levels.

HR STAFF	30 JUNE 2011	30 JUNE 2010	30 JUNE 2009
Number	11	6	3

I make no apology for our modest payments to our Executives and Staff. If it means that the Directors have to face our Shareholders to explain the details of the remuneration paid, then I defend their employment and conditions without fear or recrimination.

The law as it presently stands discriminates against companies such as ours that remunerates our Staff and Directors at very fair levels and in the case of Directors, I do not know one organisation whose Board is more conservative than ours.

As it stands, the rules must be amended otherwise you run the risk that good business people will be reluctant to take on these roles going forward and the quality of stewardship will decline to the detriment of our shareholders.

Votes cast by only 8.37% of our Shareholders will cause a first strike on Remuneration Report voting. This concerns me as well, as I hold nearly 15% of the Company shares.

I feel very strongly about this subject, but I thought it was important to set the facts out before you, to provide a good understanding of how responsible your Board is in managing your Company.