Leighton Holdings

Media Release

14 August 2006 **Leighton net profit up 28% to $276 million**

The directors of Leighton Holdings Limited today announced an increase in operating profit after tax and minorities to $276.1 million ($215.2 million last year 'AIFRS' adjusted) from a pre-tax profit of $371.2 million. The return on shareholders' funds averaged 27.7% for the year (24.8% last year).

A final dividend of 41 cents per share, franked to 50%, was also announced by the directors bringing the full year ordinary dividend to a total of 66 cents per share (up 32% from 50 cents per share last year).

Chief Executive Officer, Mr Wal King, said he was delighted with the Leighton Group's strong profit result for the year.

"The major contributors to the Group's results have been construction activity for a number of large Australian infrastructure projects, contract mining in Australia and Asia, and another strong property development performance," said Mr King.

"Total operating revenue, including joint ventures, was up 32% to $10.0 billion versus $7.7 billion last year, while revenue from joint ventures increased by 13% to $1.5 billion. Principal revenue sources were engineering and infrastructure $4.2 billion, mining and resources $2.6 billion, building and property development $1.8 billion and operations & maintenance $1.4 billion," he said

"Work in hand has increased to a record $16 billion, boosted by the HWE acquisition, and the award of a number of large infrastructure and contract mining projects. The Group also has strong prospects for an additional $3 billion worth of major projects, which we expect to be awarded by the end of December 2006," said Mr King.

"The outlook for the Group remains very positive, driven by a record level of work, an extended construction and resources upswing in Australia, greater geographic diversity in Asia, and our very strong balance sheet," he said.

"Transport infrastructure will continue to be a key driver of revenue over the next year with the EastLink project in Melbourne and Lane Cove Tunnel in Sydney to be supplemented by the $2 billion North-South Bypass Tunnel in Brisbane, which will commence construction in September. Major rail projects such as the Sydney-Melbourne track upgrade and the SEQIP Rail Alliances in South-East Queensland, where Thiess and John Holland are preferred proponents for separate packages, should also be solid contributors.

"Road infrastructure opportunities being pursued include: the Gateway Bridge duplication in Brisbane, where Group companies are represented in two of the three bidding consortiums; the AirportLink in Brisbane, expected to go to bid in September 2006; and further duplication of the Pacific Highway," said Mr King.

(continued…)

“Contract mining of coal and iron ore will substantially drive activity in the resources sector, with the newly acquired HWE business expected to make a solid contribution. Process engineering for a number of resources projects should also provide a good level of work.

“Building and property activity levels should remain similar to last year, driven in part by Leighton Properties’ property portfolio, which is now its best ever in terms of quality and size. The portfolio underwrites property development activities for the next few years and should continue to generate good levels of construction work for the Group,” said Mr King.

“An increased contribution is expected from the Asian operations, based primarily on a number of large infrastructure and building projects in Hong Kong, construction of casinos in Macau, coal mining in Indonesia, and new work in the emerging markets of India and the Gulf Region.

“We are pleased to advise that we have made the final round of negotiations to manage the construction of PBL/Melco’s City of Dreams project in Macau, expected to be worth more than US$1bn. PBL/Melco’s decision should be finalised in the next week,” he said.

“India’s economy is growing extremely strongly and the Group is targeting tollroad, industrial building, contract mining and resources related infrastructure opportunities. The oil induced boom in the Gulf States is fuelling substantial investment in property and infrastructure, which should also provide a number of selected opportunities.

“The balance sheet remains very strong with total assets of $3.8 billion, net assets of $1.1 billion and cash net of borrowings of $618 million,” said Mr King.

“The Group has a record level of work in hand and the prospect of maintaining work at similar levels given the construction and resources opportunities still emerging in Australia, and the broad range of prospects in Asia. This workload is expected to translate into revenue of more than $11 billion in 2006/07 and the directors are confident of reporting a strong profit increase for the year,” said Mr King.

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