Leighton Holdings

Media Release

15 February 2006

Leighton first half profit up 25% to $118 million

The directors of Leighton Holdings Limited today announced a 25% increase in operating profit after tax and minorities to $118.1 million (versus $94.6 million last year 'IFRS' adjusted or $90.9 million pre-'IFRS') from a pre-tax profit of $163.6 million. An interim dividend of 25 cents, franked to 50%, was also announced by the directors representing a 25% increase (20 cents franked to 50% last year).

Chief Executive, Mr Wal King, said that work in hand at 31 December had been maintained at around $15 billion and would be further boosted by the acquisition of Henry Walker Eltin (HWE), which brings an additional $1.6 billion worth of work.

"The acquisition by Leighton Contractors of HWE's Australian and New Zealand contract mining operations was a major highlight of the period and will significantly broaden the Group's presence in the mining and resources market. HWE is the leading contract miner of iron ore, producing around 75 million tones per annum and mining almost 1/3 of all the iron ore produced in Australia," said Mr King

"Work levels were maintained during the period by the award of 26 significant new projects and extensions valued at in excess of $4 billion, comprised largely of infrastructure and mining contracts in Australia and Asia. The Group has also made significant progress on landmark projects including the $2.5 billion EastLink project in Melbourne and completed the $1.5 billion Westlink M7 project some 8 months ahead of schedule," he said.

Total revenue for the six months was $4.7 billion ($3.5 billion last year) with principal sources including engineering and infrastructure $2.1 billion (up 63%), mining and resources $1.2 billion (up 39%), building and property revenues $806 million (down 5%), and operations and maintenance $530 million (up 11%).

"The result reflects the continuing strength of the engineering and infrastructure market in Australia combined with growth in demand for commodities such as iron ore and coal," Mr King said.

"The longer-term outlook remains very strong with sustained growth in our core infrastructure and resources markets expected to maintain work in hand at approximately $15 billion.

"Construction activity in Australia is being fuelled by increased public and private spending on transport infrastructure with a number of major rail, road, port and airport projects currently underway or in planning. The upswing in construction activity is being further enhanced by a positive outlook for new investment in power and water infrastructure," said Mr King.

"Continued growth in global demand for resources over the next few years should provide further opportunities in contract mining and processing engineering. With the completion of the HWE acquisition the Group has a pre-eminent position as the world's largest contract miner and is looking to extend these capabilities to new international markets.

(continued…)

“The building and property market outlook is forecast to remain strong through until 2007, supported by business investment and public spending on social infrastructure such as health, educational and defence facilities,” said Mr King.

“The services market should maintain a moderate level of growth with the major opportunities likely to be in rail maintenance and telecommunications,” he said.

“Asia is forecast to continue growing strongly, fuelled by the industrialisation and urbanisation of China and India. This growth should continue to provide a range of mining and resources related opportunities across the region and select construction opportunities in other markets.

“The Group’s balance sheet has been further strengthened during the period with total shareholders’ equity now standing at $1.0 billion. Total assets increased to $3.15 billion and the Group has in excess of $540 million of cash available to support the business and to invest for further growth,” said Mr King.

“Our work in hand provides great momentum and revenue for the full year is forecast to be approximately $10 billion. The Group expects to report a strong operating profit in the second half and an increase in net profit after tax for the full year of approximately 15% on top of last year’s ‘IFRS’ adjusted profit of $215 million ($205 million pre-‘IFRS’).

The directors remain confident that the Group’s momentum will drive profit growth and returns to shareholders for the next few years,” said Mr King.

The directors also advise that Mr Joe Dujmovic, Managing Director of Leighton Asia (Northern), Mr David Savage, Managing Director of Leighton Asia (Southern) and Mr David Stewart, Group Managing Director of John Holland, have been appointed as Associate Directors of the Board of Leighton Holdings Limited.

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