

16 February 2005

## **Leighton reports \$15bn of work in hand and strong first half profit of \$90.9m**

The directors of Leighton Holdings Limited today announced a 20% increase in operating profit after tax and minorities to \$90.9 million (\$75.6 million last year) from a pre-tax profit of \$133.8 million. An interim dividend of 20 cents, franked to 50%, was also announced by the directors representing an 11% increase (18 cents fully franked last year).

Chief Executive, Mr Wal King, said that work in hand at 31 December had grown to a new record of \$15.0 billion. Work levels had been boosted during the period by the award of the \$2.5 billion Mitcham-Frankston Project in Melbourne and contract mining at the Curragh North coal mine in Queensland.

“Mitcham-Frankston is the biggest project that the Group has ever undertaken and will see Thiess and John Holland, in joint venture, construct a 39 kilometre motorway through Melbourne’s eastern and southern suburbs,” said Mr King.

The Group’s operating result reflected a solid performance from both Australian and Asian contracting operations with a substantial contribution from large construction projects.

Operating revenue for the six months was \$3.51 billion (\$2.58 billion last year) with principal sources including engineering and infrastructure \$1.30 billion, mining and resources \$881 million, building and property \$852 million, and operations and maintenance \$476 million.

“The outlook in the longer-term for the Group is very strong, driven by a record level of work, an extended construction market rally and a powerful balance sheet,” said Mr King.

“The Australian construction market remains in the midst of a transport infrastructure led upswing. A number of large projects now commencing should provide a substantial base of activity over the next few years. In addition, the Federal Government’s AusLink land transport plan is likely to provide a boost to road and rail spending across the country.

“The outlook for the building and property market remains positive, underpinned by the strength of the Australian economy. The commercial and industrial sectors are expected to remain strong through until at least 2007 with the hotel, retail, factories and other business sectors providing opportunities,” he said.

“Demand for coal is likely to remain buoyant, supporting Australian exports and benefiting Thiess, which has a strong position in this market. A number of large minerals and energy projects are currently under development or in planning, which augers well for construction and mining opportunities.

“The O&M market is forecast to maintain a moderate level of growth, boosted by a trend towards greater levels of outsourcing to the private sector,” he said.

“The Asian region is forecast to maintain solid levels of growth over the next few years, driven mainly by the China, which is increasingly the growth engine of the region.

(continued...)

“Demand for Indonesia’s resources, particularly coal, should stay strong, underpinning activity levels for the Group in that country. The government is actively pursuing an ambitious infrastructure development plan however funding remains the critical issue. The Group will continue to monitor those infrastructure opportunities closely, as well as other resources related projects,” he said.

“Activity levels in Hong Kong should continue to be driven by the government’s significant investment in transport related infrastructure. Use of PPP’s by the government to fund economic and social infrastructure, as well as selected building projects, offers further opportunities.

“The design and construction contract for the \$310 million Kuala Lumpur to Putrajaya highway has been renegotiated and work should resume shortly. This will underwrite activity in Malaysia for the next few years,” said Mr King.

“Work in hand is expected to be maintained in a range from \$13 to \$15 billion over the next few years, which provides the Group with substantial momentum. Revenue for the full year is forecast to be over \$7 billion with higher levels of activity in Australia,” he said.

“The Group’s financial capability remains strong with net cash of \$219 million as at 31 December 2004. Total assets were up by 13% over the 12 month period to \$2.57 billion.

“The Group expects a strong operating profit in the second half and to report an improved underlying profit for the full year of at least \$180 million. 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.

**ENDS**

**Issued by Leighton Holdings Limited** ABN 57 004 482 982 [www.leighton.com.au](http://www.leighton.com.au)

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LEIGHTON HOLDINGS LIMITED is the parent company of Australia’s largest project development and contracting group. Founded in 1949, the organisation has grown into a diversified group that includes Thiess, John Holland, Leighton Contractors, Leighton Asia (Northern), Leighton Asia (Southern) and Leighton Properties. Leighton Group companies undertake activity for public and private sector clients in the engineering and infrastructure, building and property, mining and resources, telecommunications and environmental services markets. A range of services are offered including project development, construction, operation and maintenance. With around 18,000 employees, the Group’s operations are spread all around the Asia-Pacific region on projects in Australia, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand, Vietnam, China and New Zealand. Leighton Holdings is listed on the Australian Stock Exchange and has its head office in Sydney.