

Leighton Holdings 43rd Annual General Meeting

11 November 2004

Speaker: Geoff Ashton

Good morning ladies and gentlemen, my name is Geoff Ashton and I am your Chairman. On behalf of the Board of Directors I am pleased to welcome you to the 43rd Annual General Meeting of Leighton Holdings Limited and to report to you on the company's results for the year ended 30 June 2004. As it is 10am and we have a quorum I declare the meeting open.

Before we commence the business of the meeting I would like to introduce to you to the company's directors and the company secretary, I will ask each of them to stand as I introduce them, but before I do that I would like to say that whilst I have been one of your Directors for the last 8 years, it's a great pleasure to be attending my first AGM as Chairman. The past 8 months has been a very interesting introduction to the Chairmanship to say the least but I will talk to you later in detail about the past year. First let me introduce the Board, commencing from my left we have David Mortimer, Achim Drescher, Bob Humphris, Peter Noé, Dieter Adamsas - Deputy Chief Executive Officer and Chief Financial Officer, and Wal King - Managing Director and Chief Executive Officer. Next to my vacant chair is Dr Hans Peter Keitel, Deputy Chairman, Ashley Moir, our Company Secretary, David Robinson, Tom Leppert, Geoff Dixon and Martin Albrecht. Thank you gentlemen.

Details of each of the directors qualifications, experience and special responsibilities are included in the resumes which appear on pages 57 and 58 of the 2004 Leighton Concise Annual Report. Whilst the resumes also include listings of each Directors membership of other prominent local and international boards I would like to point out that these listings of other directorships are not intended to be exhausted. The resumes do however include directorships on all listed public companies. Comprehensive listings of each of the Directors Australian board positions are available from the Australian Securities and Investments Commission. I advise that notice of this meeting has been given to shareholders in accordance with the requirements of the Corporations Act. Copies of the notice have been posted to shareholders. The minutes of the 42nd Annual General Meeting held in November 2003 have been signed as a correct record of the proceedings at that meeting and are available for inspection by shareholders. As today is Remembrance Day I will be requesting all in attendance at today's meeting to observe the traditional 1 minute silence at 11.00am. Having dealt with the formalities I will now proceed with the business of the meeting. The first item on the agenda is to receive and consider the financial report and the reports of the directors and auditors for the year ended 30 June

2004. Before moving their adoption I would like to make some comments on the state of your company and its progress commencing with the results for the 2003/2004 year.

On behalf of the Board it is disappointing to report that the company recorded a profit for the year well below expectations. The result was impacted by significant project provisions within Leighton Contractors. These overshadowed a very strong underlying operating performance by the rest of the Group. The Board regrets that the impact of these provisions have had on shareholders particularly in terms of the fluctuations in the companies share price following the profit downgrade. However we have much to be proud of, all Operating Companies within the Group with the exception of Leighton Contractors performed strongly and the Group was awarded a significant amount of new work. Total operating revenue including joint ventures increased by 7% to a record level of \$6bn. New contracts, extensions and variations secured by the Group during the year totalled \$9.6bn up by 41% on last year. The Group's success in securing some large scale projects such as the \$1.1bn Lane Cove Tunnel joint venture in Sydney, the \$1.7bn worth of extensions to mining contracts in Indonesia, some large construction projects in Hong Kong and Macau and the Perth to Mandurah Railway in Western Australia.

Work in hand at 30 June was boosted to an all time record of \$13bn up 35% on the previous period. Operating profit after tax of \$110m decreased by 21%. As I've mentioned the result was adversely impacted by the Spencer Street Station and the Sydney Hilton projects, in addition our investment in the Southland Colliery was written off following a fire and subsequent closure of the mine. The Group's balance sheet remains strong with shareholders funds at \$844m holding steady and the net cash position increasing to \$511m.

During the year the Group further strengthened its financial capacity through the successful issue of \$200m of Leighton Notes. The issues was closed, oversubscribed with excess demand from institutional and retail investors.

I would now like to review our operations during the year. Total revenue generated from our Australia-Pacific operations was up by 10% on the prior year to \$5bn, while the pre tax profit result of \$59m was severely impacted by the provisions taken in Leighton Contractors. The disappointing performance on the 2 building projects in Leighton Contractors has marred the otherwise strong performance of the Group's Australia-Pacific operations and overshadowed the great achievements made by the Group's other operating subsidiaries in the region during 2003/2004.

Thiess recorded another very strong contribution for the 3rd year in succession it increased its forward workload, Thiess' contract mining and resources related infrastructure projects in Australia performed strongly with work being undertaken in coal mines across NSW, Qld and Victoria and I believe WA. A highlight of the year

was the award of the contract to design, build, fund and operate Sydney's \$1.1bn Lane Cove Tunnel to a consortium which included both Thiess and John Holland. Thiess performed well on the Epping to Chatswood rail link in Sydney and regional fast rail projects in Victoria. It was also awarded a number of new mining contracts in New South Wales and Queensland.

John Holland recorded another strong year as well providing a substantial increased contribution to the Group's results. With operating revenue up 32% and work in hand up 76% John Holland has grown 4-fold over the past 4 years, a significant achievement. After successfully bedding down the acquisition of Transfield construction activities last year, John Holland has strengthened its presence in the market and is now one of Australia's largest and most diversified contractors. Rail work provided a substantial contribution with the successful completion of the Alice Springs to Darwin rail line, some 5 months ahead of schedule and with good progress on the regional fast rail projects in Victoria.

While Leighton Contractors overall result was far from satisfactory the companies contract mining and infrastructure construction activities did perform well. Leighton Contractors made good progress on the \$1.5bn joint venture contract to design, construct, operate and maintain the 40km Westlink M7 Motorway in Sydney. The company was also awarded two of the major packages to design and construct the Perth to Mandurah Rail line in Western Australia.

Leighton Properties achieved all of its performance targets last year and delivered a record result. While the property market in Australia remains leveraged to the economy and global events Leighton Properties has continued to build its development portfolio by securing a number of new opportunities. It is currently progressing property developments totalling \$1.75bn.

The Group's Asian operations reported an increased pre-tax profit contribution of \$87m which was generated from revenue of \$987m a similar level to last year. Contract mining in Indonesia and construction activities in Malaysia and Hong Kong were the major contributors. Work levels in Asia almost doubled to \$3.1bn at year end boosted by the award of \$1.7bn of new contract mining work to Thiess in Indonesia. Leighton Asia Northern also performed strongly winning over \$500m of new work. This included joint venture contracts for the construction of the Eagles Nest Road Tunnel project in Hong Kong and a new hotel and casino complex in nearby Macau. In Malaysia Leighton Asia Southern was awarded a joint venture contract for the double tracking of the existing rail line between Rawang and Epoh north of Kuala Lumpur. Work on the design and construction of the 26km highway from Kuala Lumpur to Putrajaya was suspended during the year while the concessioner finalised a financing package for the project. The finalisation of the financial package should be completed during the first half of the current financial year and work should then re-commence.

The restructure of Leighton Asia into 2 business entities which commenced 2 years ago with the formation of Leighton Asia Northern based in Hong Kong and Leighton Asia Southern based in Kuala Lumpur has progressed satisfactorily to date and will facilitate expansion of the Group's activities throughout the region.

Moving on to dividends. Directors maintain the final dividend in line with the prior period at 27 cents per share. This dividend was 100% franked and was paid to shareholders on the 30 September 2004. When added to the interim dividend of 18 cents per share paid in March 2004 which was also 100% franked the total dividend for the year rose by 2% to 45 cents per share. Whilst the dividend payout ratio was high at 112% it reflects the Board's confidence in the Group's underlying performance in 2003 and 2004 and the outlook for the next few years.

Leighton's objective is to provide superior total shareholder returns. While the total shareholder returns graph shown on the screen indicates that the Group has exceeded the returns provided by the all ordinary accumulation index by almost 300% over the past 10 years, the Board recognises that the Group's performance in this regard has flattened out over the past 2 years.

The Board is firmly focused on working with management to return to a growth trend in total shareholder returns over the next few years.

Key amongst the Group's core values is a belief in robust corporate governance, ethical behaviour, effective communications to stakeholders, respect for the environment and work practices that keep people safe as well as enthusiastic about their work. The Leighton Board has a strong track record for leadership in corporate governance and this year for the 2nd time we have published the statement of Corporate Governance Practices in booklet form. A copy of the booklet was forwarded to shareholders with the Concise Annual Report. It outlines Leighton's current practice in relation to the 10 core principles identified by the ASX Corporate Governance Council as underlying good corporate governance. The Board recognises that the development of corporate governance is an evolving process, it requires the Board to continually evaluate its performance to ensure that its practices are adapted to meet the ever changing circumstances that confront the Group.

This year the Board has placed particular emphasis on risk management controls. Since the issues in Leighton Contractors emerged the Board has been working to ensure that the Group's risk management and control framework represents best practice and is adequate to safeguard shareholders interests. In May the Board initiated and has continued to monitor an extensive review of risk management policies and procedures within the Group. The review which was undertaken by management and an external consultant has confirmed that the Group's existing policies and

procedures are of a high standard. Nevertheless the Board and management are committed to a process of continuous improvement in this regard we have adopted recommendations from the review to further strengthen the existing risk management framework. The Board undertakes a number of processes to monitor risk management including site visits and presentations from operating company senior management. During the year a number of Directors have visited projects across the Group for briefings with management on sites including both Spencer Street Station and Sydney Hilton projects. To further emphasise the Boards commitment to health and safety the ethics committee was reconstituted during the year to form a new ethics and compliance committee. The new committees responsibilities have been expanded to include occupational health and safety, the environment and general compliance. Shareholders will have noticed that this year's annual report contains a great deal more disclosure on the Group's policies, procedures and performance of safety, the environment and the community. The report also contains a greater level of disclosures on Directors and executives remuneration in advance of the new remuneration disclosure provisions included in CLERP 9 which do not become effective until the 2004/2005 financial year.

I would now like to address the topic of remuneration of the CEO. Within this year's increased disclosure it is difficult to make direct comparisons with remuneration figures published in last year's annual report. The 2004 report indicates total remuneration of \$8.3m. In fact Mr King's come to work pay plus bonuses reduced from \$6.1m in 2003 to \$4.3m in 2004. Proportionately more than the increase in the company's profit result. The enhanced disclosure now includes retirement benefits which have been accrued but not paid to Mr King during the period and the purely academic accounting value of his options. It also includes accrued interest paid at a commercial rate on unpaid deferred bonuses which Mr King has earned over his tenure but not yet received. This interest accrual in my view is in reality a related party transaction and not a true item of remuneration. Mr King has overseen a tremendous period of growth both in terms of the company's performance on any number of measures and in terms of returns to shareholders.

Mr King was appointed Chief Executive of the Group in 1987 having joined the company in 1968 as a project engineer. He is now one of Australia's longest serving and most successful CEO's. In 1987 the Leighton Group reported a profit of \$6.6m from revenue of \$1.3bn. The company's share price was 90 cents and it was capitalised at around \$100m. During his tenure Mr King has not been provided with any significant equity in the company. The Australian newspaper recently published the results of its Shareholder Scorecard Survey which analysed the performance of 764 Australian listed companies and it's pleasing to note that over a 10 year period to the 30 June 2004 Leighton achieved a shareholder rate of return of 23.6% per annum ranking the company in the top 20% of all companies surveyed. Despite the reduction in profit this year the Group still earned an average return on shareholders' funds of

14% placing the Group 40th out of the top 100 Australian companies. The Board considers that Mr King's remuneration level is appropriate and reflects the Leighton Group's performance.

While the Group has navigated a very difficult year it remains in a very strong position with a strong balance sheet and excellent market outlook and a record order book the Group is well placed to return to more satisfactory level of profitability in the coming year. Leighton Group companies provide an extensive range of project development and contract services spread across their diverse business units in Australia and Asia. The Group is renowned for its industry leading approach to business, its unique and diverse capabilities and the strength of its experienced senior management team. We are proud of the more than 17,900 skilled, experienced and committed employees that make up the Leighton Group. One of the great strengths of this company is not just the figures in the balance sheet, it's the great depth of skilled business, technical and project management talent across the Group's Operating Companies. The careful development of this talent pool has allowed us over recent years to promote from within the organisation to our senior management ranks. It is from this source that we are developing our future leaders for the ongoing performance of the Group.

Operating revenue recorded during the first 3 months of the current financial year was \$1.7bn which generated an operating profit after tax unaudited of \$38.2m. This first quarter result for the 2004/2005 fiscal period are in line with expectations. Work in hand at 30 September stood at \$12.5bn, a decrease of 4% for the quarter.

Ladies and gentlemen the outlook for Leighton is very positive. Since the 30 September Thiess has been awarded a \$300m coal mining contract for Westfarmers at Curragh North. Thiess and John Holland as members of the ConnectEast Consortium were also successful in achieving preferred tenderer status to design and construct the \$2.5bn Mitcham to Frankston Freeway in Melbourne in a 50/50 joint venture. We expect to increase revenue in the coming year and the Board is confident that the Group will achieve an after tax profit of around \$180m for the 2004/2005 year.

On behalf of the Board I would like to thank you, our shareholders for your continued support. I also express the Board's appreciation to members of the Leighton Group's management team and all employees for their hard work during the year. I'd also like to thank my fellow Non-executive Directors for their invaluable counsel and contribution during the year.

I will now hand you over to the Group's Chief Executive Mr Wal King who will give you an update on our outlook for the future in his presentation delivering our potential. Mr King.

Speaker: Wal King

Good morning ladies and gentlemen, as the Chairman commented it is Remembrance Day and I think partway through my presentation here you will hear a bell ring at approximately 11.00 and we'll observe 1 minutes silence as is custom and practice.

Over the last decade the Leighton Group has enjoyed a great run, we've grown enormously, delivering strong returns to shareholders for well over a decade. We've also added value to our clients, created rewarding careers for our employees and satisfied I hope most of our stakeholders. Unfortunately though this year's results were far from satisfactory marred by 2 building projects in Leighton Contractors. And for that we are deeply disappointed and regret the impact on shareholders. However, I believe that these issues are largely behind us and we are now poised to spring back to more normal levels of profitability. Today I would like to talk about how we're going to deliver on the Group's inherent potential. But before I do that I would like to show you an extract from some of this year's DVD which accompanies this year's Annual Report. It features our Operating Company Managing Directors, all of whom are here today and will be available to talk with you following the formal part of the meeting. So I'd just like to run this video now.

Roger Trundle, Thiess

I'm very pleased with the performance of the company for the year, all parts of the organisation contributed. Thiess is producing very strongly in our mining operations. The outlook for the coal market in the short term is very positive. We've secured some major transport infrastructure work, we have steady growth in that business, there are more and more opportunities becoming available and there are some quite major opportunities across the country, services area, utilities maintenance and also asset management, waste and remediation area and certainly if I was to look out 3 to 5 years it looks very positive. In the construction and resources area, and resources development and services very positive to ensure that the forward momentum is maintained.

Bill Wild, John Holland

We're 4 times the size now we were 4 years ago and the spread of our business now is far wider than it was. Our Group know what makes the industry tick, they have the background of many years of understanding the business from the inside. We have some very big building projects in the hundreds of millions. We have a lot of projects across the resources sector. Road projects as usual with these big projects it enables us to really get a team of people together and to charge in and show your skills. Water is one of our great success stories and we think that area is going to continue to grow. We have a terrific workload on our books, we have a terrific team of people and we have really good skills within the company, add to that the balance sheet support from Leighton Holdings which is unmatched in the industry one would have to be pretty bullish about where we're going.

Peter McMorrow, Leighton Contractors

This year has been extremely challenging it turned over in excess of \$1.3bn worth of work and made a significant loss. Spencer Street access has caused us enormous grief and at the Hilton Hotel, the design work that was undertaken by the client and novated to us fell very short of the mark. The issues associated with these 2 jobs are not endemic through our organisation, we have a very strong organisation we've got so many jobs that are performing well, it's really fine tuning the edges to improve going into the future. In Queensland there's a raft of projects coming up in the next 3 or 4 years. There are quite a number of significant projects in New South Wales. And we've been awarded substantial projects in the west and also in Victoria. By the end of financial year 2007 we will be back on track with the ongoing objectives that are set by Leighton Holdings. We're just tightening up and making sure that we make every post a winner going forward.

Will Hamilton, Leighton Asia Northern

We've had a very good year and we've completed a number of contracts and we have secured some very good results out of existing contracts. We've got our highest level of work in hand ever in Hong Kong. There's quite a good bit of building work in Macau over the next few years and we're working on a few things around the Philippines at the moment. Vietnam's improving economy and there aren't a lot of contractors so we could get more work out of Vietnam. There is no question in our mind that we may not be the biggest but we're certainly the most successful broad based contractor in Asia. We're pretty happy with the future we're in a much better position now than we hoped to be a year ago, I think we're superbly placed for the next year and a half because we have a lot of work in hand so we're pretty happy with the whole year.

David Savage, Leighton Asia Southern

Performance this year was acceptable in Malaysia and Indonesia were our major contributors. We achieved our corporate hurdle targets for the business but not quite our original budgets. Certainly our opportunities in the short term in Malaysia have slowed down, we think going forward it will be just a matter of time as things settle and it's back to business as usual, but we still have good ongoing workload in building and more railway work. We don't find Indonesia anymore difficult to operate in than any of the other countries we operate in. Each country has its own areas you must give due consideration to but we've been very comfortable operating in Indonesia. Certainly at the moment the coal prices are at record levels, there are a lot of new opportunities in the coal mining sector. Our challenge for the next year is to secure new work, we're always optimistic but we do have to secure a healthy workload to meet our targets.

Vyril Vella, Leighton Properties

It's been a great year, it's probably been our best operating result. If you look at the commercial market we see Sydney showing promise over the next few years,

Melbourne probably quietening down although there's the odd pre-commitment opportunity there. Queensland with their commercial markets is quite good at the moment. In terms of industrial our market in Melbourne is quite strong and also in Sydney here we've got some good industrial opportunities with the airport land. We've got a lot of mixed use development opportunities which we're pursuing. We've got something like about \$2.7bn of development happening in joint ventures attributed to us is about \$1.6 or \$1.7bn thereabouts. So overall we'd have to say it's a reasonable basis and provided the economy stays up which everyone seems to be saying it is I think it will be staying pretty strong.

Speaker: Wal King

I hope you found the video of interest and as I said earlier on these are the profit earners in the company and all of these gentlemen are here present at the meeting and you can feel free to talk to them after the formal part of the meeting.

Turning now to our theme 'Delivering on our Potential' the Group's inherent potential relies on 3 things, a sound strategy, a favourable set of market conditions and the ability to execute or deliver. Let me first talk about our strategy. At the heart of our strategy and our success are 3 fundamental elements, diversity, financial strength and people. Since the problems of Spencer Street Station and Sydney Hilton, a number of people have queried our strategy and asked whether we will be making changes. Well the answer to that is an emphatic 'no'. We don't change strategy because of some execution and procurement issues, we are committed to our strategy we believe it represents the right way to achieve our performance objectives and which we have been able to achieve over many years. So let me describe the first fundamental part of our strategy.

Diversity – which is built around teams of people committed to winning. Firstly diversity by brands, Thiess, John Holland, Leighton Contractors, Leighton Asia Northern and Southern and Leighton Properties. The academics and the MBA specialists say to me that we should make Thiess a specialist miner or John Holland a specialist builder. I respond by saying that we would lose market share and we're not prepared to give that up. 1 + 1 + 1 doesn't always equal 3 despite what the academics and text books say. Secondly, diversity by markets be they engineering and infrastructure, mining and resources, building and property or operations and maintenance. We look to apply our contracting skills wherever we can and have an established very broad footprint across these markets. Thirdly, diversity by geography across Australia, Asia and the near Pacific. We have a long established presence in these markets, we know them and we look to extend them in Asia and the near Pacific like New Zealand. Finally diversity by delivery system. We provide services to our clients through delivery of services ranging from hard dollar tenders to negotiated contracts to working in alliances such as PPP schemes. Each has different risks and returns and of a mix is important to our financial success. This diversity allows us to balance the ups and downs that happen

across markets or companies from time to time. It provides balance across the Group and provides and gives us a critical strategic mass.

The second element of our strategy is financial strength the strength to invest in the best mining or tunnelling equipment, the strength to take equity stakes in projects like the Westlink M7 or the Lane Cove Tunnel, thereby securing a better contracting margin and development profit. The strength to provide bonds and guarantees and the strength to provide working capital to projects. All of this requires significant financial capacity one that is a source of our competitive advantage. But to make this work requires discipline, focus and entrepreneurial spirit. Writing a strategy is easy, making a strategy work is another matter and that is where our people come in, the third element of our strategy.

We employ some 18,000 people at any time and the equivalent of about 20,000 subcontract employees across Australia and Asia, they make the strategy work. Competitors sometimes try and replicate our strategy or they buy the same equipment that we have, but ultimately they don't achieve what we do because they don't have the people we have. People with the same commitment and motivation. We are very proud of our people, we believe that given the opportunity people will rise to the occasion and deliver. We empower and encourage them to perform and yes we reward them. And despite some disappointments this year we will continue to invest in and believe in our people.

So ultimately what makes the Leighton Group special is the strategic combination of diversity, financial strength and people. These are the 3 elements that are intricately linked and they are the corner stones on which our success is built.

Now turning to market outlook in Australia, we see this as very positive. In my 36 years with the Leighton Group I have never seen as many opportunities for our business as there are currently in Australia. The Australian construction market is in the midst of a very strong upswing on that upswing should be really stronger for longer. The engineering and infrastructure market is being boosted by a number of large transport related infrastructure projects. In Sydney we are seeing an unprecedented transport infrastructure boom with 4 major road and rail projects underway at the same time. The 3 largest which Leighton Group companies are constructing are worth more than \$3.4bn in total. In Melbourne the ConnectEast Consortium which includes Thiess and John Holland was recently announced as the preferred tenderer for the \$2.5bn Mitcham to Frankston Freeway, Australia's largest ever transport infrastructure project. This 40km road through Melbourne's eastern suburbs will take 4 years to build and will be the largest single project ever undertaken by the Group. Congratulations to everyone involved in the bid team.

A whole range of other road and rail projects will commence over the next few years boosted by the Federal Government's AUSLink Transport Plan. We expect to see major infrastructure projects in Sydney commenced like the M4 East Motorway which runs from Olympic Stadium up to Leichardt and the F3 Connector running from Hornsby down to the M2. In Queensland we should see the duplication of the Gateway Bridge and the Brisbane North South Bypass Tunnel to proceed. At the same time the infrastructure market is booming we are experiencing extraordinary growth in demand for Australian resources particularly from China. Strong global demand is expected to support Australia's exports of coal. Thiess' strong position in the contract mining market and a large number of long term mining contracts should provide a solid base for contributions for the foreseeable future. To do this we utilise one of the largest fleets of earthmoving equipment in the world. Caterpillar tells us we are the largest contract miner in the world and one of the largest customers that they have. A number of major minerals and energy projects are currently under construction or consideration around the country. The Group is well placed to participate in the development of these projects. The outlook for the non-residential property market remains positive given the strength of the domestic economy. The Group has over \$2bn worth of work in hand in building and property with a mix of office, defence, industrial, retail and hospital work. Just down the road Leighton Contractors are building the KENS development for Leighton Properties which will be the new global headquarters for Westpac, this will be the second biggest office tower in Sydney when complete and if you haven't already seen it you should walk down to Kent Street and see the progress that has been made.

Leighton Properties \$1.7bn pipeline should continue to provide construction opportunities for the Group over the years ahead and I would very much like to acknowledge the fine performance of the Leighton Properties team this year.

Some \$3bn worth of PPP are being progressed by Federal and State Governments in the areas of defence, health, education and correctional facilities at this point in time. This figure includes around \$2bn worth of construction and another \$1bn worth of long term maintenance work. The Group will continue to pursue these opportunities albeit cautiously following our recent experience in Melbourne. We must ensure that the risk is appropriate allocated between the private and public sectors. A real focus on the Group is the growing operations and maintenance market. We have in excess of \$1.5bn worth of work in this market maintaining roads and railways, collecting tolls, operating landfills and waste transfer stations and rehabilitating telecommunication cables etc. This work is usually of the long term nature and provides a steady contribution to the Group.

Now turning to Asia the region economies are experiencing solid growth and just seems to continue for a few years ahead certainly to at least 2005/2006 based on the strengths of China and the USA. Indonesia is a major supplier of resources, is well

placed to benefit from the continued growth in the region. Thiess Indonesia has a very substantial presence in that country through its large long term life of mine contracts. We expect that these mines will continue to provide a good contribution for a number of years. We however will continue to monitor the operating environment in Indonesia given our exposure to that country. Hong Kong appears to be recovering and the Government continues to roll out substantial levels of road and rail infrastructure spending. Leighton Asia Northern has a record level of work in hand in Hong Kong which substantially underwrites the business for the next few years. In nearby Macau there are likely to be further casino related building opportunities following on from the award of the construction of the new Wynn's Casino and I believe the predictions in Macau are the gambling revenue within a few years in Macau will exceed the gambling revenues that currently take place in Las Vegas and I guess that's an unbelievable figure.

Leighton Asia Northern is focussing on selected construction projects in Thailand, and some mining projects in Laos. Vietnam is experiencing strong economic growth and offers some good prospects in power generation and gas related projects as well as rail work. The Philippines continues to be a patchy market for us but the new contract at Rapu Rapu will provide ongoing work opportunities there.

In Malaysia Asia Southern is pursuing a number of power station, telecommunication, and transport infrastructure projects as well as building prospects. Malaysia has been somewhat subdued as the new government settles in however we expect more opportunities to emerge in the near future. We are also more confident that the KL to Putrajaya Highway will proceed which will significantly boost activity levels in that market. Leighton Asia Southern has a smaller presence in Indonesia than Thiess but has developed a good business around resources and civil engineering prospects. Prospects for them appear quite bright in these markets. In other emerging markets Leighton Asia Southern has some profitable work civil and marine projects in Sri Lanka. It is also developing a strategy for penetrating the large growing but extremely complex Indian market. On the back of their Indonesian mining operations Thiess are also evaluating mining prospects in India.

If I could turn then to our ability to deliver. At the start of this presentation I said that our inherent potential relied on 3 things, a sound strategy, a favourable set of market conditions and the ability to execute or deliver. We have a sound strategy which has delivered for us over many years. We have also an abundance of opportunities across our core markets. What we have to do now is deliver on the Group's Leighton potential. What we received from Spencer Street earlier this year was certainly a wakeup call. The events of Spencer Street Station, Sydney Hilton and Southland Colliery's have reinforced the fact that our business is a risk business. Effectively identifying and managing that risk is fundamental to the success of our business. Managing by pricing the risk correctly by laying off the risk to other people or by

contracting out of the risk or walking away from those risks is fundamental to an ongoing success of our business. I can assure you that across the Group we have and will continue to have and maintain a disciplined approach to bidding for work, we have also strengthened as the Chairman said in the presentation our risk controls across the Group. The strengthening including both changes to management at both Leighton Holdings and Leighton Contractors level and the allocation of additional resources to the risk management process. Spencer Street Station in particular has been an extremely sobering experience for the management of this company and whilst there is no absolute guarantees on that project or any other project we will learn from it and we will improve as the results go on.

So to bring this all to conclusion, as you can see I am very positive about the future of our Group. Winning work is not an issue for us and there are more than enough opportunities. It's about remaining disciplined in project selection and focussed on execution. We have the strategy in place, we have the diversity, we have the financial strength and I very strongly believe we have the committed people to achieve success. We have a tremendous level of momentum across the Group. Work in hand will peak at around \$15bn with the award of Mitcham – Frankston and this should ease back to June 2005. This momentum and the opportunities still to emerge give us a great deal of potential going forward. I expect the Group to spring back this year to more normal levels of profitability and I look forward to reporting to you next year on the Group's delivering on the potential we have. Thank you very much.

I believe it is now 11.00 and I will ask everyone to stand and observe 1 minutes silence.

Thank you very much.

Speaker: Geoff Ashton

Thank you Mr King. I now move that the Financial Report and the Report of the Directors and Auditor for the year ended 30th June 2004 as submitted to this meeting be and they are hereby received and adopted and may I have a shareholder to second this motion. Thank you.

The Corporations Act specifies that a reasonable opportunity must be given to members at an Annual General Meeting to ask questions and make comments on the management of the company. Also a reasonable opportunity must be given to members at an Annual General Meeting to ask the Auditor questions relevant to the conduct of the audit and the preparation and content of the Auditors Report. Mr Doug Jukes and Mr Stuart Marshall representing our Auditors KPMG are present at the meeting today and will be available to answer any such questions. Questions should however be initially addressed to the Chair and I will determine whether the question is appropriate for the Auditor or whether the Directors are better positioned to address the

issue. I would remind members that the responsibility for the preparation and content of the financial report is that of directors and not the auditor. The auditors responsibility is to conduct an audit for the purpose of providing an independent opinion to the members on the financial reports. I would also remind members that as reported in the Concise Annual Report an audit committee is in operation and has met with the auditors on 5 occasions during the year.

In keeping with the spirit of the Corporations Act and in view of the fact that the company's required to advise details of proxies to the Australian Stock Exchange and record those details in the minutes of this meeting, I will advise the meeting prior to the vote on each resolution details of valid proxies received for that resolution.

Prior to inviting shareholders to speak to the motion for the purposes of the Privacy Act and to broaden access to the meeting for shareholders and other interested parties, please be advised that this meeting is being webcast live over the internet, a video recording is also being made and will be available to be viewed on the companies website for a period of at least 6 months following the meeting.

If you wish to ask a question or comment please raise your hand showing your voting card, when you have been acknowledged would you please wait until a microphone is brought to you, I would also ask that only 1 question be asked at a time to allow as many questions as possible. Please be brief and identify yourself before asking a question.

Are there any questions?

Mr Tilburn.

Question: David Magnusan

Thank you Chairman, David Magnusan. I'm a personal shareholder and the representative of the Australian Shareholders Association and proxy holder representing 480,000 shares. I have actually 3 comments and questions but I'll do only 1 at a time. One of our major concerns is with the ongoing status of the problem projects Spencer Street Station and the Sydney Hilton. Specifically estimated completion dates and whether any further provisions will be required on those projects. I understand from previous announcement that the Hilton is the 2nd quarter of 2005 estimated completion and Spencer Street at the end of 2005 and that no further provisions will be required. I wonder if you can confirm.

Speaker: Geoff Ashton

Thank you very much. It is true, we anticipate that the Hilton project will be completed by the 2nd quarter of next year, so we're now moving towards the end of that project. At this stage we don't anticipate we will need to make any further

provisions on that project. Spencer Street Station, now that we have improved access to the site we are still projecting that project will be completed by calendar year 2005 and at this stage again we don't expect that we will need to make any further provision on that project. Next question.

Question: Jack Tilburn

Good morning Mr Geoff Ashton, our new Chairman following on from John Morschel who had to depart, conflict of interest and all that, as many Directors have these days say Mr Mortimer or Mr Dixon and others.

Firstly sir I think I would like to make a comment and then I have my first question of 5 or 6 for you. I'd like to pay homage to Dr Keitel he is the Chairman of Hochtief and for every 100 shares that we may own in Australia Dr Keitel and Hochtief own 53 so he's a great majority shareholder and I wish to pay homage to him today. Later on I might ask a question about Hochtief in Germany.

Now Mr Ashton our company has gone through a lot of hurdles and hoops and hiccups this year as you jolly well know, you're in the hot seat. Through you please I would like to say the company has been keeping its head above water, it's been floating alright, but I'd like to say that through you that Mr Wal King has hit the campers and for the 2005 financial year and took almost account of 10 but we all still love you Wal we know that you'll do well for us in the future – 2005 and up to 2008 I believe your contract of employment and like Anthony Mundine sir through you Mr Chairman and Kosta Tszzyu you will keep your guard up and keep boxing on for us shareholders retail investors. My comment is not too long but we did come here to have a meeting of us shareholders and not just the Board.

The key statistics on page 05 are not too bad the profit went down well that's not acceptable, sorry. The total assets went up 27%, the cash net of borrowings went up 38% and dividends for ordinary share for us retail investors went up 1 cent. Last year a total of 44 whacko Christmas is coming so they made it 45. Very nice. On page 73 the borrowings or the gearing ratio where we owe a lot of money to banks that has gone up quite dramatically from 4% last year to 26% this year but I'm sure the banks are looking after us.

Now it's all very well these days and it's quite good that Mr Ashton on page 8 studiously refers to the word 'regret' for the mini disasters of the Hilton Hotel in Sydney and the Spencer Street Railway Station down in Melbourne. And a lot of risk management controls and procedures ladies and gentlemen have been brought in and Mr Wal King is going to oversee all those things and his management.

Now my first question ladies and gentlemen Next Generation Network Pty Ltd on page 18 we have 8,400km of fibre optic network. I'd like to know approximately how much it cost to buy the Next Generation network Pty Ltd entity and company and what revenue is it going to produce for us.

Speaker: Geoff Ashton

The company acquired Nextgen for approximately \$7m it's currently covering its cash costs, its revenues are improving and we anticipate that it will reach break even by the end of this financial year. The Board regards it as a strategic stake in a growth industry, Nextgen owns one of the only 3 optic cables in Australia, Telstra owns 1, Optus owns the other and we own the third.

Next question. The person up the back there.

Question: John Clancy

Hello my name is John Clancy, I've been here before and I've asked a few questions and this trouble we had this presentation about strategy and people and whatever, that's all garbage I know that for a fact, I've been involved, I've worked with you. You're misleading the shareholders, Wal King you're a corrupt incompetent fool when you get up and say that. I've asked questions of you here before and you refuse to answer them. I've sent letters to the company secretary and whatever. You've made some pretty harsh comments about Unions over this year and while people like you are involved in this industry it's essential that we have strong unions to counter you. I say again that you're a corrupt and incompetent fool. Thank you.

Speaker: Geoff Ashton

Next shareholder.

Question: David Magnusan

Thank you Chairman. The other concerns we have are with the Group's risk management procedures and controls, and we are pleased to hear today that the review has been completed, improvements have been adopted. Would you please confirm that not potential problems in other projects have been identified or expected. And finally Chairman I congratulate the company on its share price recovery in the last 6 months to be now higher than the price immediately prior to the profit downgrade announcement in May, I hope you can keep this rate going for quite a while yet. Thank you.

Speaker: Geoff Ashton

The risk management review that was undertaken during the year included in it a review of all the major projects in the organisation and I'm pleased to report that no significant difficulty was discovered. I should point out that there are regular

detailed reviews of projects on a continuing basis and at any one stage with the wide range of activities that the Group has you will always have some projects that aren't performing quite as well as planned and you'll have other projects performing ahead of plan, so it is a balance and on balance we are quite satisfied that there is no serious issues around. The difficulties of Spencer Street and Hilton do not represent a systemic problem within the Group. Next question.

Question: Brian Johnson

My name is Brian Johnson and I was earlier ASA representative I am no longer these days but represent the family superfund which has been investing in Leighton for a number of years. And in fact we've just reached the 3% of the total funds which is limit at which point we don't invest any more money, quite happy to leave it there. Risk management is an issue that I've been involved in for many years and nothing like having a few numbers. The 3 lost time injuries per million man hours is something which virtually every company can achieve if they point their mind to it, any improvement below that indicates you really got on top of cultural attitude to injury prevention and presumably also incident prevention so excellent work on that score. But the Board structure worries me a bit in that we don't have a majority of independent non-executive Directors we have in fact a whole bundle of industry people and the thought I had last year was that Group think may well be established here and I haven't seen any change from Group think here. So the non-executive director should be an opportunity for the whistle blower who sees a problem to feedback and hopefully non-executive directors can also look at whether this is something to tackle the management on so I think it's not yet good enough to have such an in-bred group of people on the Board and I would hope that can be done, because I think there are financial risks and there are market risks. Financial risks are in Mr Adams area but the market risk is people understanding what's going on in the market places and also operating in the field, are you happy with the feedback from the field people telling you there are difficulties that look like throwing schedules out.

Speaker: Geoff Ashton

I'll try and tackle parts of this as we go. The first requirement that the Board has to ensure that we have a set of complementary skills and experience around the Board table. That's a very important consideration in the election and identification of new Directors. Each of those people are business people in their own right with extensive knowledge of business and industry. The Board's role is to monitor the performance of the company and management and to sign off on strategy. I see it clearly as management's job to manage the business and as I said in my address I believe that we have an excellent experienced management team doing that. But as Wal pointed out we are in a risk business and we will have issues to deal with from time to time. The Board is well satisfied with the management team that we have, we believe that we have the ability to identify problems as they emerge and

to deal with them and to do that with a level of independence from management. I hope that answers your question Mr Johnson.

Question: Brian Johnson

The critical path plans which the company is using should be something that people in the field looking at can say things are either over spending or running late and for the size of the provisions made on those 2 projects indicate to me that the feedback is not coming from the appropriate areas to say these are running over cost and late, that was the thing that was worrying me.

Speaker: Geoff Ashton

OK. Let me deal with Spencer Street Station. The difficulties that emerged with Spencer Street Station primarily in the initial period related to lack of access to the site to get the job done. That lack of access was a continuing problem and when the Board became aware of it and requested management to have a close look at the details of what was going on, the size and dimension of the problem was starting to emerge. But I want you to bear in mind that at that stage we were at the early part of the job. And the job we had to do then was to try and establish there is the problem, when are we likely to solve it and what will be the impact on the total outcome of the job which was at least 12 months away if not longer. So that means that when we make those assessments we're making it not only for what had occurred up to that point but what we expected to happen until the job was completed. So that will give you some idea of why the size of the provisions were so large. There were difficulties continuing about site access, about costs relating to increases and cost of steel and fabrication of the roof members, so it's a complex task that you undertake at the time but you are forecasting ahead to the job completion. So that is one of the reasons why the amount appeared to be so large at the time. Next question.

Question: John Clancy

I was wondering have you pulled out of any contracts or haven't gone through a contract since all these problems arose.

Speaker: Geoff Ashton

I can't answer that specifically I might ask Wal to give us a more detailed comment but just in general terms we are always in management assessing what contracts we will bid for, what ones we won't, and it's an ongoing part of the management process of the company. Wal.

Speaker: Wal King

I think I understand the question as, did we after the Spencer Street thing pull out of any contracts. I suppose we have in place a very detailed what we call tender qualification procedure where we try to understand the projects that we're in fact

tendering for, and I suppose there's always in the broad a number of risks in fact client risk, who you're working for, technical risk, performance risk, financial risks. Since Spencer Street we're certainly taking in many cases a more conservative approach to the bidding process. We're in a period in Australia where there is very strong upswing in opportunities and the issue I think as I said in my presentation, the issue is not opportunities the issue is resources in Australia. The availability of skilled people, the availability of subcontractors. So there is no specific project that comes to mind that we took a decision to drop out of as a consequence to the Spencer Street but we are applying a greater discipline and there is always projects that we are rejecting for various reasons. We have a near endless supply of projects coming to us both in Australia and overseas and the question is how you qualify those particular projects in terms of all the risks. So there is always a number of projects right here, this week, next week that we would be rejecting, so that we endeavour to keep the resources of the company in equilibrium with the opportunities so that we don't over stretch the company in terms of our A-grade players, so I think we just need to main our discipline and focus over the period ahead in this very strong market that we're in.

Question:

Mr Chairman you mentioned, back to Spencer Street again, you mentioned that the main trouble was steel and access, I can understand the cost of steel could cause you some problems if you hadn't allowed for it, but surely regards to access wouldn't that be in the contract before it was signed, I find that hard to accept that you didn't investigate access to the site before you signed the contract.

Speaker: Wal King

On Spencer Street the contracting bodies in the terms of the conditional reasonable access and we believe in Spencer Street that we have not had reasonable access and if you follow the newspapers you would see that from time to time that I have made comments and there will be some negotiations, we hope on a friendly basis with the Victorian Government but if we cannot do it on a friendly basis we will do it on an unfriendly basis. All the problems with Spencer Street are not our problem, we do have and have had problems. So we rely very heavily on the Victorian model which is a private partnership model where there are many things stated in that model that we would be given reasonable access, the government would assist in all respects, we have had a multitude of vested interests to deal with down there including train operators, various owners etc etc. So at the end of the day there's got to be a settling up here. Should we have known, if you relied 100% on the wording of the contract, we should have had greater access, so we've just got to work these things through. There's always circumstances and hindsight is a fantastic thing, there is always circumstances where our people don't fully understand the situation, and that applies to life. But in the main over many years we've been able to manage our construction projects and we're very confident

going forward that we will also manage the projects, but that's not to say from time to time that we do slip up.

Question: Jack Tilburn

Mr Chairman, I have a question. I would like to make 1 comment while I'm on my feet, it's pleasing to see that our auditors expenses have dropped by \$373,000 from last year, that's quite good I hope you can keep that up. The question is on the list of property trust, James Fielding Group now to be taken over by Mirvac Limited. Leighton holds 72% of James Fielding Group and a 50% stake in a funds management joint venture. You might tell us why you went into James Fielding Group, I know Mirvac so I'm quite interested. Are we to hold onto Mirvac with our investment or are we going to sell out at a later date, is this a core activity enterprise or a non-core activity enterprise. What are we getting out of being in James Fielding Group please.

Speaker: Geoff Ashton

Our investment in the James Fielding Group particularly in the infrastructure fund related to a relationship for the property development activities and infrastructure activities in which we're involved. Now that James Fielding and Mirvac are merging and if that merge is complete it is most likely that we'll quit our investment in the group. But we'll continue to look forward to a solid working relationship for property development and infrastructure development with the group because it has significant mutual benefits for both parties. Anymore questions?

Question: Margaret Williams

Further to Jack Tilburn's question I see that just before that on page 16 that you've acquired the telecommunications company Nextgen Networks Pty Limited. Could you please tell us how that fits into this company.

Speaker: Geoff Ashton

Well the company has had quite a long involvement in telecommunications and today several of the group companies have ongoing businesses of various types in telecommunications. Some years ago the company was involved in the development of a major optic cable network around Australia which Leighton Contractors constructed. That cable runs from Perth across the continent and up to Brisbane. Nextgen was its name and we provided some seed capital but were the constructors of that project. The project as a financial entity failed, it went into liquidation and was put on the market and Leighton purchased that entity for \$7m well, well below its construction cost. Does that answer your question. More questions

Question: Brian Johnson

Thank you. This particular item isn't directly on the agenda and that's the question of Options. Our 2 Chief Executives are holding options, nothing more this year but I ask you to think about over the next 12 months that a number of companies are moving to fully paid ordinaries in place of options for executives and from the reports that I've been reading from other companies that are doing this, one fully paid ordinary share allocated to a Director on a restricted basis has the same value to the receiver as 14 options, but to the shareholders we have a 14th of the amount of dilution if you give fully paid ordinaries to the equivalent value to the executives. So I say please between here and next Annual Meeting, can you change that policy.

Speaker: Geoff Ashton

Thank you Mr Johnson. The Option Plan is out of date, the Board doesn't anticipate issuing any further options under it. I note your comments about performance shares but the Board has yet to consider that as an issue. Any more questions?

Question: Graeme Whitehall

Mr Chairman your comments on the problems at Spencer Street have been very interesting, could you give us a bit more information on what the problems were at the Hilton please.

Speaker: Geoff Ashton

The Hilton Hotel is a refurbishment project of a 44 storey building in the middle of town here and the job was to strip out the building, rebuild it and modernise it, our job was to carry out the complete works and during the demolition stage we discovered that there were some major issues about the structure and the mechanics of it all. Part of our contract related to the design where we were required to take responsibility for the design. So we were faced with that issue, the problems of major changes in the scope of work, but our job was to get on and do it which we've done. We're in negotiations with the client in an attempt to find a sensible commercial settlement for both parties. Those negotiations are progressing and are in confidence but I think it's fair to say that we would have some anticipation of a satisfactory result. Any further questions?

Question: Jack Tilburn

Thank you, just to keep the motorcycle ticking over for you Mr Ashton.

Speaker: Geoff Ashton

Very kind of you Mr Tilburn.

Question: Jack Tilburn

We all know that you get a large slab of money as the Chairman. You've got to earn that today.

Speaker: Geoff Ashton

Thank you. I recognise that Mr Tilburn.

Question: Jack Tilburn

Very nice words that you mentioned about the Hilton, my friend Graeme asked a very good question there and you ended up by saying that you're going to do some sensible commercial settlement. Sir, my question is on the fire in the underground Southland Colliery I believe in the Hunter Valley and writing off of our investment there I don't know whether it was around about \$10m. But you'll fill in. Please conduct us through this problem and let us owners know a bit more about this underground coal mine disaster which I hope wasn't the fault of Leighton Contractors.

Speaker: Geoff Ashton

Thank you Mr Tilburn. The total amount that the company wrote off was \$28m and it was a consequence of a fire in the mine. I'm going to ask either Wal or Dieter to provide some more detail. But the mine was closed and the owner in which we had seed equity went into liquidation, so we were confronted with not too many options at the end of it. Wal would you like to give more detail.

Speaker: Wal King

The contractual arrangement for the Southland mine was an alliance contract, we believed that when we set this alliance up we would be protected from contractual risk and that was the case. The fire that broke out underground we were very fortunate that there was no issues with safety, all our evacuation procedures and the like worked as they should have worked and people were evacuated out of the mine, the mine was closed, there was after that some investigations about possibly re-opening the mine. As a consequence of the closure of the mine, the owner of the mine was placed in receivership, the mine is now sealed but there has been a process of negotiation to sell that particular mine to some new owners through the receiver and I think that has either happened or happening in the period ahead and we should have some recovery of our money but those negotiations are not complete at this point in time I don't believe. So the write off of our investment in that mine was as a consequence of the owner going into receivership.

Speaker: Geoff Ashton

Any further questions.

Question:

I'd just like to say that in light of the commentary that's been made here, congratulations to the bulk of the business heads and the Board on a year where so much went right and only a couple of things went wrong and especially given those things that did go wrong were quite large. The fact that 14% return on shareholders' funds was achieved, I think is exceptional. We've heard some optimistic commentary here this morning which is good, I'd just like to hear briefly especially from Mr King about concerns or threats that might be weighing on his mind and as shareholders maybe should be weighing on ours.

Speaker: Geoff Ashton

Thank you very much we're just thinking about what threats.

Speaker: Wal King

Well there's always threats in life I suppose. At this point in time in this very strong upswing market in Australia there is the issue of the ability to control our costs. You're always in a better position in a stable market to control your costs than an upswinging market. And we've seen for example cost increasing in places like Brisbane at 1% per month in the building arena. The price of steel has gone up across the world by 15-20%. There was an interesting article in Shanghai where I think there was 10 people fell down man holes where people had been stealing man hole covers to get steel. So it's the issue of input costs, can we keep control of our input costs, there's a number of factors out there like we are a very big user of diesel in our mining operations, we probably burn something like \$2-300m worth of diesel fuel a year and there is obviously the price of oil is concerned, we do have in our contracts protection in terms of rise and fall or we buy forward on fuel. So I suppose 1 issue would be the control of all the input costs how we keep control of all of those, the 2nd issue is one of resources that I mentioned earlier on, that we are a very large company in Australia undertaking many complex projects that we in fact keep the business in equilibrium with the resources that we have that we in fact don't overstretch the company. I said in my presentation, our work at this point in time is some \$15bn worth of work which is very large, so we have a lot of execution issues in front of us, but all in all our belief is that in the next few years should be very good for the company from the things that we understand and see. Thank you any further questions.

How are we going Jack, are we getting towards the end.

Question: Jack Tilburn

Yes. This is the 2nd last one retail investors and this one is a small matter but I'm sure that I'm calling on my friend through you of course Mr Dieter Adamsas will be able to help us out as Chief Financial Officer, I was very concerned it doesn't happen to me I'll have to get him to be my financial advisor at the ATO. I glimpsed on page 63 of the annual report Mr Chairman that we only paid a small sum of

\$15m in income taxes but last year we paid a whopping big amount of \$83m, the difference is \$73m I'd like to know how the company can organise that, the ATO is always after me for taxes. How can we reduce them by so much I'd like to know and then there's one more question sir.

Speaker: Geoff Ashton

Thank you. Before I ask Dieter to comment in detail he thought he was going to get off today you know but Jack I'm sure that you won't want to do what we had to do to get lower tax and that's to have losses. So I'll ask Dieter to expand.

Speaker: Dieter Adamsas

Too low to hear. But the overall thrust at any particular point in time is ultimately to optimise that and that context down there we paid the adequate amount of tax that we're required to do under the law in each of the jurisdictions and I suppose in the previous year we found ourselves in a situation where we had a relatively hefty bill and this year we find ourselves in a more satisfactory position but going forward next year we'll end up paying more money.

Question: Jack Tilburn

Thank you Mr Chairman, my analytical brain has been looking at the matter of Directors and there's quite a big bundle of them today almost half a football or soccer team. I'm interested in one man that is on page 58 and that is a Mr David Mortimer and I only bring up this very serious principle that I've stood for 26 years on carpeted floors of meeting halls in Sydney, Melbourne, Brisbane, Adelaide and Perth and that is that Mr Mortimer has got a lot of directorships. He has one in Leighton Holdings Limited, 3 as Chairman of Citect Corporation, 3 as Chairman of MIA Group whatever that is, Deputy Chairman of Australia Post so we can blame him if letters never get received in time, 1 directorship in Adsteam, 1 directorship in Virgin Blue which is nosediving very badly compared to Qantas and of course I'm in Qantas of course, 1 directorship in Petsec Energy whatever that is and one directorship in Macquarie Infrastructure and the rule of thumb sir which I'm sure you've heard of ladies and gentlemen and the Chairman is that if you're a Director these days trying to do ASIC work, ASX work, APRA work and every other work ethics and morals you can't put a huge enormous load on your plate because you're not a superman or superwoman you're only just one ordinary person. So I've added up sir that that's 12 directorships and what I was going to say was through you Mr Chairman there is an old saying that you can tap any Director on the shoulder and ask him to move on. Sir I think something can be done about the huge and enormous load of Directorships which no other Director on this Board has got, not Dr Keitel, or Dr Noé, or Mr Robinson, so sir what could be done there. I know how you're going to answer but anyway I've brought the principle up. Thank you.

Speaker: Geoff Ashton

Thank you Mr Tilburn. For the benefit of others Mr Mortimer isn't up for election anyway and he is a very effective Director of this company and I think that's what counts for this group of shareholders. But thank you for pointing that out Jack. Ladies and gentlemen if there are no further questions I will now put the motion to the meeting.

The motion is that the financial reports and the reports of the directors and of the auditor for the year ended 30 June 2004 be received and adopted. The total of valid proxies received for resolution is 191,490,041 being 181,771,031 for the resolution 17,813 against the resolution 8,681,377 be voted at the proxies discretion and 1,019,820 have abstained. For all of those in favour please raise your hand showing your voting cards. Against. The motion carried.

I wish to move to item no. 2 on the agenda in respect of the election of directors. There are 5 motions in this regard and I will deal with each of these separately. The first two of these motions are for the re-election of existing Directors Dr Hans Peter Keitel and Mr David Robinson who retire by rotation and who I am sure are well known to shareholders here today. The last three motions are for the election of Directors who were newly appointed by the Board during the year. I will ask each of these newly appointed Directors Dr Noé, Messrs Leppert and Humphris to address the meeting and provide shareholders with a brief outline of their background and experience before I open each motion for discussion.

So ladies and gentlemen the first motion is that Dr Hans Peter Keitel who retires by rotation in accordance with Clause 18 of the company's constitution be re-elected a Director of the company. May I have a shareholder to move this motion, thank you. May I have a seconder, thank you. Are there any questions regarding this resolution?

Question: Jack Tilburn

I appreciate your emphasis on the re-election of the first two men and the election of the last three men who are filling casual vacancies, thank you sir for being so gentlemanly and honourable about it all, my question would be to Dr Keitel who I have already paid homage to because he owns 53% of this company, that's a great majority shareholding indeed. I can't ask through you Mr Chairman a commercially sensitive question like is he going to take over the 47% that he doesn't own but I would like to ask a question which would be appreciated I think by other retail investors, he has a lot to do with the Turner Corporation in the USA and his Chief Executive Officer is here with him today Mr Leppert of the Turner Corporation, I know the name but I'd like just to know what operations does the Turner Corporation undertake Sir in America and perhaps around the world.

Speaker: Geoff Ashton

Mr Tilburn that might be a more appropriate question when Mr Leppert is up for election. Are you happy with that. Any other questions?

Ladies and gentlemen if there are no further questions I will now put the Resolution to the meeting. The total of valid proxies received for Resolution 2.1 is 191,490,041, being 174,627,065 for the Resolution, 8,053,884 against the Resolution, 8,694,980 to be voted at the proxies discretion, 114,112 have abstained. All those in favour please raise your hand showing your voting cards, against, motion carried.

The second motion is that Mr David Paul Robinson who retires by rotation in accordance with Clause 18 of the company's constitution be re-elected a Director of the company. May I have a shareholder to move this motion. Thank you. May I have a seconder, thank you. Are there any questions regarding this Resolution?

Ladies and gentlemen if there are no further questions I will now put the Resolution to the meeting. The total of valid proxies received for Resolution 2.2 is 191,490,041 being 174,704,646 for the Resolution, 8,039,402 against the resolution, 8,681,480 to be voted at the proxies discretion, 64,513 have abstained. All those in favour please raise your hands showing your voting cards, against, motion carried.

The third motion under this item of business is for the election of Dr Peter Michael Noé who having being appointed a Non-executive Director of the Board on the 6th November 2003 retires at this meeting in accordance with Clause 17.2 of the company's constitution. Before I put the motion however I would first like to call on Dr Noé to provide the meeting with some details on his background and experience.

Speaker: Peter Noé

I am 47 years old, I have a commercial background. After my studies of business administration in Cologne, I joined the American consulting firm McKinsey firstly in the Dusseldorf office and later on the Sao Paulo office. My main focus during my time at McKinsey was on the assembly industry and on the optimisation of operations. In 1990 I moved towhich is a large service and trading organisation and part of theconglomerate in Germany. I held several management positions, finally I was as a member of the executive board responsible for all construction related businesses. In February 2002 I joined the executive board of Hochtief, I am now responsible for two business divisions Asia Pacific which includes our participation in Leighton and the Airport Services business. Thank you.

Speaker: Geoff Ashton

Thank you Dr Noé. Ladies and gentlemen the Resolution is that Peter Michael Noé who retires in accordance with Clause 17.2 of the Constitution be elected as a Director

of the company. May I have a shareholder to move the motion, thank you, may I have a seconder, thank you. Are there any questions regarding this Resolution. Ladies and gentlemen if there are no further questions I will now put the Resolution to the meeting. The total of valid proxies received for Resolution 2.3 is 191,490,041 being 174,513,241 for the Resolution 8,211,810 against the Resolution, 8,695,750 to be voted at the proxies discretion, 69,240 have abstained. All those in favour please raise your hands showing your voting cards, against, motion carried.

The fourth motion under this item of business is for the election of Mr Thomas Chris Leppert who having been appointed a Non-executive Director by the Board on the 10th May 2004 retires at this meeting in accordance with Clause 17.2 of the company's Constitution. Again before I put the motion I would first call on Mr Leppert to provide the meeting with some details of his background and experience. Mr Leppert.

Speaker: Mr Thomas Leppert

Thank you, it's a privilege to be here. I currently serve as the Chairman and Chief Executive Officer of the Turner Corporation. Turner through its subsidiaries is the leading general builder in the United States active in approximately 50 markets across the nation with approximately 5200 people. We're involved also in some international operations too. Prior to being with Turner I began my career with McKinsey & Company an international general management consulting firm where I was elected a principal of that firm. Subsequent to that I served as the President and Chief Executive Officer of Castle & Cooke Properties in Castle & Cooke Hawaii leading commercial and resort developer and a large home builder on the islands. Following that I was Vice Chairman of Pacific Century Financial Corporation which is the parent of Bank of Hawaii and in that role I had responsibilities for all the financial, the treasury, the strategic and the technology operations as well as the mainland banking operations. I also served as the Chief Executive Officer at Pacific Century Bank and Pacific Century Leasing. I was also trustee of a real estate trust of approximately \$2bn. Earlier in my career I was also appointed by the President of the United States as a White House Fellow where I served in positions at both the White House and US Treasury Department primarily on international trade operations. My undergraduate work was at Claremont in California and my graduate work was at Harvard Business School, both of those institutions I serve on the Board of today. Again it's a pleasure to be with you and I look forward to contributing Leighton in the years to come.

Speaker: Geoff Ashton

Ladies and gentlemen the Resolution is that Mr Thomas Chris Leppert who retires in accordance with Clause 17.2 of the company's constitution be elected as a Director of the company. May I have a shareholder to move this motion, thank you. May I have a seconder, thank you. Are there any questions regarding this Resolution.

Question: Jack Tilburn

Thank you again Mr Ashton and formally through you sir, whilst he did explain about the Turner Corporation, very interesting very big builder 5200 employees. Sir he is serving on the Board of Directors of AECON I'd like to know about that and the 2nd question is it seems he has a very huge bias towards the United States of America, is he resident of the USA or resident of Australia.

Speaker: Geoff Ashton

AECON is the largest construction company in Canada and Mr Leppert is a resident and citizen of the USA.

Question: Jack Tilburn

Thank you. Good luck to you there with Mr Bush sir.

Question: David Magneson

Would it be correct to suggest that with Mr Leppert's presence on the Board that Leighton is going to be more active in looking for construction projects and other projects in North America?

Speaker: Geoff Ashton

Simple answer – no. We'll concentrate our efforts in Australia, The Pacific and Asia. Ladies and gentlemen are there any further questions. If not I will now put the Resolution to the meeting. The total of valid proxies received for Resolution 2.4 is 191,490,041 being 180,132,375 for the Resolution 2,597,103 against the Resolution, 8,691,903 to be voted at the proxies discretion and 68,660 have abstained. All those in favour please raise your hands showing your voting cards, against. Motion carried.

Now the fifth and final motion under this item of business is for the election of Mr Robert Douglas Humphris who having been appointed a Non-executive Director by the Board on the 6th September 2004 retires at this meeting in accordance with Clause 17.2 of the company's constitution. Again before I put the motion I would like first to call on Mr Humphris to provide the meeting with some details of his background and his experience. Mr Humphris

Speaker: Robert Humphris

Ladies and gentlemen my whole career has been spent in the mining industry, much of it associated with a major contractor. In 1963 I graduated from the Royal School of Mines London University with an honours degree in mining engineering. I literally started my career at the coal face working in the underground industry in the UK on a coal seam 32 inches thick, shovelling 14 tonnes of coal a day on my hands and knees. After 15 months of practical experience, I joined Alcan and

worked in the South American jungle for the next 5 and a half years on major bauxite mining projects. In 1970 I returned to the UK and joined and I joined Costain Group Plc a major British contractor in Scotland as Deputy Mine Manager on a major open pit contract mine. A couple of years later Costain asked if I'd migrate to Australia to manage their first major strip contract mine in the Hunter Valley which I gladly accepted. In 1981 I was appointed to the Board of Costain Australia which was a publicly listed company at that time, although it was de-listed in 1987. In 1990 I was appointed Managing Director of Costain Australia and in 1993 Costain sold their Australian operations to the Peabody Coal Company, part of the Hanson Group. Peabody as you may know is an American company and it's the world's largest coal miner. I retained somewhat surprisingly my position as Managing Director through that ownership change and I retired at the end of the year 2000. In the last decade of my career I gained significant exposure at board level with Costain Group who were wrestling with major contractual problems like the Channel Tunnel and for the 7 years I was with Peabody I gained a great insight into the American coal industry. I was also very active in Australian industry issues, I was Chairman of the Australian Coal Association, I was twice Chairman of the NSW Minerals Council, I was Chairman of Newcastle Coal Shippers and on the Board of Port Waratah Coal Services in Australian coal research. For 6 years I was also an Australian Government nomination to the Coal Industry Advisory Board part of the International Energy Agency and I served on numerous ministerial committees in this state, many of which were aimed at trying to improve health and safety in the NSW coal industry. In retirement I have 2 other directorships both non-listed companies, I'm Chairman of a company called Eroc Holdings Pty Limited which is a niche specialist underground contractor and I'm Chairman of a private company Ampcontrol Pty Limited which makes electrics, electronics and testing equipment for the mining industry, defence industry and other industries. Ladies and gentlemen I feel my experience equips me to make a contribution to this great company. Thank you.

Speaker: Geoff Ashton

Thank you Mr Humphris. Ladies and gentlemen the Resolution is that Mr Robert Douglas Humphris who retires in accordance with Clause 17.2 of the company's constitution be elected as a Director of the company. May I have a shareholder to move this motion, thank you, may I have a seconder, thank you. Are there any questions regarding this Resolution. Ladies and gentlemen as there are no questions I will now put the Resolution to the meeting. The total of valid proxies received for Resolution 2.5 is 191,490,041 being 182,637,843 for the Resolution, 73,859 against the Resolution, 8,712,267 to be voted at the proxies discretion, 66,072 have abstained. All those in favour please raise your hand showing your voting cards, against. Motion carried.

As the business of the meeting has concluded ladies and gentlemen I would like to thank you for your attendance here today. I now declare the meeting closed. Ladies and gentlemen the Board and senior executives would now like to invite you to join them for light refreshments in the lobby. Thank you.

End of Transcript

This document has been transcribed from the 2004 Annual General Meeting Webcast. Whilst all care has been taken, the content should not be relied upon for any investor decisions. Refer to the Chairman Address and Chief Executive's Presentation to receive a true and accurate statement of the AGM.