

Corporate Update 1999

Third Quarter Report for
Leighton Holdings Limited
issued May 1999.





Chief Executive's Review

The Leighton Group has produced a solid third quarter performance for the 1998/99 financial year. At 31 March 1999, the level of work in hand stood at \$4.3 billion with incomplete management contracts valued at \$374 million. This compares with \$4.4 billion of work in hand and management contracts of \$213 million at the half year.

The Group continues to address the challenge of maintaining its momentum. Our diversity by market, brand, product and geography gives us the ability to take maximum advantage of the cyclic industries in which we operate.

Australian construction markets remained strong, although there are signs that some sectors are slowing. Commencements for CBD office towers has declined, suggesting the peak of the cycle will be reached in 1999/2000. Government spending on infrastructure in the post-Olympic period will be critical to the economy, particularly in New South Wales.

Thiess Contractors continued to perform strongly. The company secured another major building project during the quarter, the management contract for the \$140 million redevelopment of Lavarack Barracks in Queensland.

The company also commenced work on the \$170 million redevelopment of Royal Prince Alfred hospital in Sydney.

Work on Sydney's \$554 million Eastern Distributor motorway project proceeded ahead of schedule. Leighton Contractors has remained focused on delivering this major piece of infrastructure ahead of time and on budget.

A feature of Leighton Contractors' business strategy is the development of large infrastructure projects. The company has been appointed preferred proponent for a number of significant opportunities including the Viacom entertainment complex in Melbourne, and the \$3.7 billion Sydney to Canberra Very High Speed Train. Speedrail, a 50:50 venture between Leighton Contractors and ALSTOM, is progressing towards the signing of a Heads of Agreement with governments at the end of the year.

The combination of the early completion of the Eastern Distributor and the length of time needed to secure these large projects, may result in a short term reduction of Leighton Contractors' work in hand at year end.

Australia's mining industry has come under some pressure due to declining commodity prices.

However, the recent movement of funds into the resources sector suggests that we have reached the bottom of the current cycle. The Group operates a number of major mining projects which all performed to expectations.

The telecommunications market continues to generate good prospects for Visionstream. The company has evolved beyond the rollout of Pay TV cable and now offers a wide range of design, construction and maintenance services to the industry.

A good range of new work was secured in Asia during the period. The Group remains focused on the major markets of Hong Kong, Indonesia and the Philippines. We are cautiously optimistic about the outlook for the region following a 33% rise in the order book to \$967 million.

Leighton Asia has been successful in the very competitive civil and building construction markets of Hong Kong. The company won a rail infrastructure contract in February, a \$235 million joint venture at Tseung Kwan O, and is well placed to secure further work. Also in February, the company was awarded a \$188 million contract to construct a 41-storey housing development at Tin Shui Wai for the Hong Kong Housing Authority.

In Indonesia, Thiess has reported rising activity levels in the contract mining market. Mining will be one of the keys to the country's recovery and good opportunities are once again emerging in mining and mine infrastructure.

In April, Tabcorp Limited announced a proposal to merge with Star City Holdings. Leighton has 25 million ordinary shares and 37.45 million options in Star City, as well as a 15% interest in the casino management company. We have previously stated that we are not a long term holder of these investments and will make a decision in due course.

The Group is reviewing a number of initiatives that will further improve our ability to deliver long term growth. We remain confident of achieving improved profit and revenue for the 1998/99 financial year.



Wal King AM
Chief Executive Officer

Significant Current Contracts

Total contract values are shown for all projects including joint ventures.

Leighton Contractors

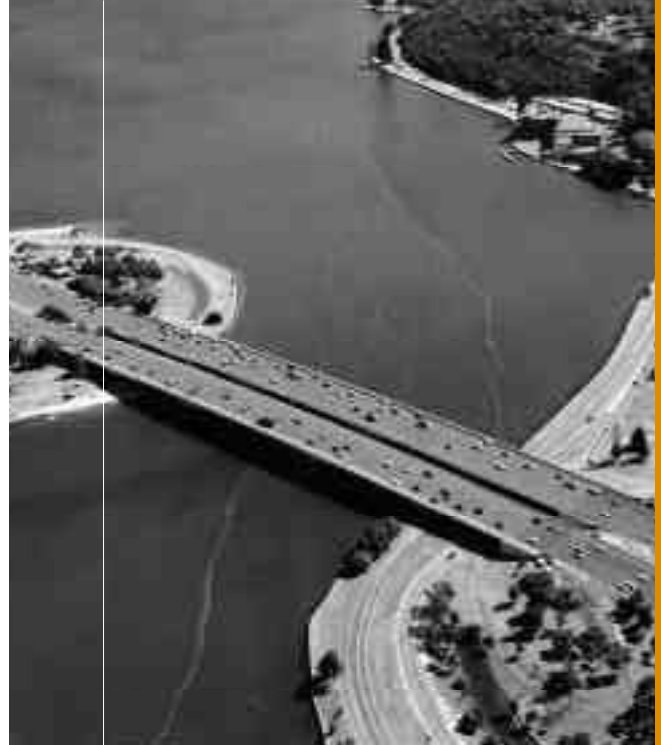
- \$42m contract to design and construct the Narrows Bridge in Perth for Main Roads WA.
- \$17m in telecommunications contracts to project manage several exchanges and building works at various locations throughout Sydney for Cable & Wireless Optus.
- \$554m contract to design and construct the Eastern Distributor motorway, linking Sydney Airport to the city, for Airport Motorway.
- \$199m contract for mining of iron ore at Yarrie Nimingarra mine, 150 kms east of Port Hedland in WA, for BHP Iron Ore.
- \$193m contract for construction of a 35-storey office tower and recital hall at Angel Place, Sydney, for AMP Life.
- \$118m contract for construction of 12 kms of roadworks between Brisbane and the Gold Coast on the Pacific Motorway for Queensland Department of Main Roads.
- \$66m design and construct contract for the rollout of the mobile digital network throughout Victoria, NSW, Tasmania and Queensland for Cable & Wireless Optus.
- \$64m contract for construction of a new hospital, dental clinic and carpark at Blacktown Hospital for the NSW Department of Public Works and Services.
- \$39m contract for road reconstruction on the Pacific Highway at Coffs Harbour for NSW Roads and Traffic Authority.
- \$26m construction contract for roadworks on the Western Ring Road near Thomastown, Victoria, for Vic Roads.
- \$22m contract for design, construction and commissioning of the stage 2 redevelopment of Royal Hobart Hospital for the Tasmanian Department of Community and Health Services.

Visionstream

- \$34m contract for multi-dwelling unit connections throughout Australia for Telstra.
- \$91m contract to upgrade Telstra's Customer Access Network throughout Australia.

Thiess Contractors

- Management contract for \$140m redevelopment of Lavarack Barracks in Townsville, Queensland, for the Department of Defence.
- \$15m contract for widening of Loftus street in Perth, including construction of two bridges, a footbridge and several pedestrian underpasses for Main Roads WA.
- \$668m contract for mining operations at Burton coal mine, Queensland, for Portman Mining Limited.
- \$593m contract for mining operations at Mt Owen coal mine, NSW, for Hunter Valley Coal Corporation.
- \$551m joint venture mining contract at Lihir gold mine, PNG, for Lihir Management Co. Thiess' share is \$358m.
- \$425m contract for infrastructure maintenance, mining, washing and loading of coal at Collinsville coal mine, Queensland, for Mt Isa Mines and Itochu Coal Resources Australia.
- \$219m contract for development, mining and haulage at Kideco coal mine, Kalimantan, Indonesia, for PT Kideco Jaya Agung.
- Management contract for \$170m redevelopment of Royal Prince Alfred Hospital in Sydney, NSW, for the Department of Public Works and Services.
- \$148m joint venture contract for longwall punch mining operations at Oaky Creek coal mine, Queensland, for Oaky Creek Coal. Thiess' share is \$74m.
- \$146m joint venture contract to design and construct all civil works, earthworks and building works associated with the Musi Pulp Mill in South Sumatra, Indonesia. Thiess' share is \$40m.
- \$137m in building works for Australia Post in NSW and Victoria.
- \$131m contract for alterations and additions to Ansett Domestic Air Terminal at Sydney Airport for Ansett Australia.



Top to bottom:
Narrows Bridge,
 (Photo Montage)
 Leighton Contractors,
 Western Australia
Balambano Dam,
 Thiess Contractors,
 Indonesia
80 Pacific Highway,
 Leighton Properties,
 New South Wales

• Indicates new projects won between 1 January 1999 and 31 March 1999.
 ◦ Indicates significant on-going projects.

Significant Current Contracts

Total contract values are shown for all projects including joint ventures.

- \$128m contract for coal mining operations at Newlands coal mine for Mt Isa Mines and Itochu Coal Resources Australia.
 - \$120m contract for the construction of mine infrastructure and mining, washing and loading of coal at South Walker Creek mine, Queensland, for BHP Coal.
 - \$118m contract for open cut copper/gold mining and related infrastructure works at Ernest Henry mine, Queensland, for Ernest Henry Mining.
 - \$117m contract for design, construction and maintenance of the Bulahdelah-Cooloolook Deviation, on the Pacific Highway for NSW Roads and Traffic Authority.
 - \$110m contract to upgrade the Pacific Highway between Brisbane and the Gold Coast, for the Queensland Department of Main Roads.
 - \$87m joint venture contract for construction of a dam and associated works at Balambano, Indonesia, for PT Inco. Thiess' share is \$45m.
 - \$72m joint venture contract for design and construction of the City Northern Bypass in Perth for WA Main Roads Department. Thiess' share is \$36m.
 - \$65m contract for mine work at Redoubtable/Intrepid open pit gold mine in WA, for WMC.
 - \$59m contract to design and construct a two lane busway for the South East Transit Project in Brisbane for the Queensland Department of Public Transport.
 - \$57m contract for the construction of a multi-purpose venue stadium at Flinders Park in Melbourne for the Victorian Department of Infrastructure.
 - \$56m in contracts for resources related infrastructure at Batu Hijau gold and copper mine, Sumbawa Island, Indonesia, for P.T. Newmont Nusa Tenggara.
 - \$40m contract to design and construct a 14-storey office tower at 80 Pacific Highway, North Sydney, for Leighton Properties.
 - \$39m contract for construction of 14.5 kms of roadway, including earthworks, drainage, bridgeworks and pavement at Bookham for the NSW Roads and Traffic Authority.
 - \$37m design and construct contract for a private hospital at Robina, Queensland, for the Sisters of Charity Health Services.
 - \$35m contract to design, construct and fitout the new Thiess corporate office at Southbank, Queensland, for Thiess Property Services.
 - \$33m contract for the construction of an ammonia plant at Phosphate Hill, Queensland, for Linde Australia.
 - \$33m contract for design, supply and installation - including civil, structural, mechanical and electrical works - at Phosphate Hill Beneficiation Plant, Queensland, for WMC Fertilizers.
 - \$31m construction contract for a 332 cell expansion to Arthur Gorrie Correctional Centre in Brisbane, Queensland, for Australian Correctional Management.
- Thiess Environmental Services**
- \$35m contract for domestic waste collection at various locations throughout Victoria.
 - \$335m in waste contracts in NSW and the ACT, including a \$97m long-term contract to operate the wastewater treatment plant for BHP Steel at Port Kembla.
 - \$126m in waste contracts in Victoria, including a \$74m contract for water and sewage maintenance services for South-East Water in Melbourne, Victoria.
 - \$90m in waste contracts in Queensland and the NT, including a \$22m contract for waste collection for Redcliffe Council and a \$22m operation contract for Swanbank Landfill.
 - \$27m contract for site rehabilitation for AGL gasworks at Mortlake, NSW.
- Leighton Asia (80% owned)**
- \$235m joint venture rail contract for construction of an underground station, two cut and cover tunnels, a transport interchange and associated substructures at Tseung Kwan O, Hong Kong, for the Mass Transit Rail Corporation. Leighton Asia's share is \$130m.
 - \$188m contract for construction of four 41-storey residential towers as part of the Tin Shui Wai housing development in Hong Kong for the Hong Kong Housing Authority.
 - \$26m contract for installation of two submarine pipelines from Sham Tseng to Ma Wan Island, Hong Kong, for Sun Hun Kai.
 - \$228m contract for construction of two aqueducts between Tai Po and Butterfly Valley for treated water in Hong Kong for the Hong Kong Water Supplies Department. Leighton Asia's share is \$114m.
 - \$216m contract for the construction of six 41-storey residential towers for the Tsz Oi Estate at Tsz Wan Shan for the Hong Kong Housing Authority.
 - \$131m construction contract for four multi-storey residential towers at Fanling Area 49A housing development in the New Territories for the Hong Kong Housing Authority.
 - \$96m contract to design and construct a shopping centre, carpark and advance works for a hotel in Makati City, Philippines, for Rockwell Land Corporation.
 - \$68m contract for construction of the United Christian Hospital Block P in Hong Kong for the United Christian Hospital.
 - \$51m contract for construction of Lei Yue Mun Museum for the Hong Kong Architectural Services Department.
 - \$21m contract for landfill earthworks in the South East New Territories, Hong Kong, for Green Valley Landfill.



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Front cover left to right:
Burton Coal Mine,
Thiess Contractors,
Queensland
Lei Yue Mun Museum,
Leighton Asia,
Hong Kong



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