

Leighton Q2 2009/10

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Welcome to Q2

The Leighton Group has maintained its momentum into the new year recording a solid first half profit of \$289 million after tax. This is a pleasing result which reflected good contributions from infrastructure construction in Australia, contract mining in Australia and Indonesia, and construction in Hong Kong.

Work in hand reached a record \$38.4 billion, despite the negative impact of the exchange rate, and a number of new contracts have since been awarded in the first few months of 2010. This work in hand provides confidence that the Group can deliver full year revenue of around \$19 billion and net profit after tax in excess of \$600 million.

In the longer term, the Group remains well placed with a strong competitive base in Australia, leveraged – both directly and indirectly – to the growth markets of Asia and a solid balance sheet. *David Mortimer AO Chairman*

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Leighton Holdings Limited is the parent company of one of the world's major project development and contracting organisations. The Group's companies provide construction, mining and operation and maintenance services to the infrastructure, resources and property markets. The Group is the world's largest contract miner and its companies are active in Australia, Asia and the Middle East region.

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Q2 Financial Highlights

	31 Dec 2009 \$'000	31 Dec 2008 \$'000	% Change
Revenue			
– Group	7,029,888	6,551,116	7
– Joint Venture and Associates	1,982,381	2,595,205	(24)
Total Revenue[#]	9,012,269	9,146,321	(1)
New Contracts, Extensions & Variations	11,741,612	14,051,455	(16)
Value of Work in Hand[#]	38,434,469	37,532,775	2
Profit Before Tax	385,731	147,651	161
Income Tax Expense	(97,024)	(37,579)	158
Profit After Tax	288,707	110,072	162
Profit Attributable to Minority Interests	175	1,078	(84)
Profit Attributable to Members	288,882	111,150	160
Earnings per Ordinary Share	96.9¢	38.2¢	154
Dividends per Ordinary Share	65.0¢	60.0¢	8

	31 Dec 2009 \$'000	30 June 2009 \$'000	% Change
Total Capital and Reserves	2,371,952	2,338,567	1
Total Assets	7,803,039	7,692,314	1
Cash and Cash Equivalents	901,313	665,793	35
Interest Bearing Liabilities (Recourse & Limited Recourse)	1,586,352	1,278,825	24
Undrawn Facilities and Guarantees	1,559,205	1,036,615	50

Includes the Group's share of Joint Ventures and Associates

Total Revenue[#] **\$9.0 billion**

05/6	4.7
06/7	5.7
07/8	6.5
08/9	9.1
09/10	9.0

Work in Hand[#] **\$38.4 billion**

05/6	14.8
06/7	20.1
07/8	26.7
08/9	37.5
09/10	38.4

Profit Before tax **\$386 million**

05/6	163
06/7	246
07/8	322
08/9	148
09/10	386

Profit Attributable to Members **\$289 million**

05/6	118
06/7	190
07/8	250
08/9	111
09/10	289

News and Media Releases

13 OCTOBER 2009

Leighton Contractors Selected Preferred Contractor to Upgrade Hills M2 Motorway

Leighton Contractors has been selected by Transurban Group as preferred contractor for the \$550 million upgrade of the Hills M2 motorway in North West Sydney

4 NOVEMBER 2009

Leighton Asia Awarded Mining and Rail Work in Mongolia

Leighton Asia secured a A\$195 million adjustment to its mining contract to increase production at the Ukhaa Khudag (UHG) Coal Mine in southern Mongolia. Leighton Asia has also secured a US\$338 million contract to construct a new freight rail line in southern Mongolia.

Leighton Reports \$38.2bn of Work in Hand and Forecasts Profit of \$600m for the Full Year

At Leighton Holdings' 48th Annual General Meeting held in Sydney, Chairman, Mr David Mortimer, reported that the Company had recorded a solid operating performance in 2008/2009. CEO, Mr Wal King provided an update on the outlook for the Company.

12 NOVEMBER 2009

Leighton Awarded \$900m Gorgon Jerry Contract and New Work in Mongolia

Leighton Contractors and Saipem were awarded a \$900 million contract to develop an LNG Jetty and Marine Structures at the Gorgon Project and MEC selected Leighton Asia as international mining contractor for its Khushuut Mine in Western Mongolia.

17 NOVEMBER 2009

Leighton Contractors Alliance Selected for Kempsey Bypass Project

The Kempsey Bypass Alliance, comprising Leighton Contractors, AECOM and Coffey Geotechnics, was selected as the preferred proponent to deliver the first of two major works packages on the Kempsey Bypass project in partnership with the Roads and Traffic Authority (NSW).

24 NOVEMBER 2009

Leighton Properties Sells Brisbane CBD Tower for \$210m

Leighton Properties entered into an agreement with Commonwealth Property Office Fund to develop and sell the 27 storey, 28,000sqm King George Central A-grade office tower at 145 Ann Street, Brisbane. The development is already more than 65 per cent preleased and will commence construction in November 2009 with completion scheduled for early 2012.

26 NOVEMBER 2009

Leighton Contractors Awarded Managing Contractor Role for Sustainable QUT Precinct

Leighton Contractors was awarded a contract to manage the \$205 million design and construction of the new Science and Technology Precinct and Community Hub Project at the Gardens Point Campus, for the Queensland University of Technology (QUT).

30 NOVEMBER 2009

Thiess to Build Queensland's Healthiest Building

Thiess signed a \$123 million contract with Leighton Properties to build Queensland's healthiest building, King George Central, at 145 Ann Street in Brisbane's CBD.

Thiess John Holland Reaches Conditional Agreement on EastLink Early Completion Bonus

Thiess John Holland (TJH) reached conditional agreement with ConnectEast Group on an amended calculation and payment terms in relation to the performance bonus for the early completion of EastLink in Melbourne. This agreement includes a settlement of Supreme Court proceedings commenced by TJH on 7 September 2009 and resolves a number of other commercial issues in the close out of the construction contract.

4 DECEMBER 2009

Nextgen Awarded \$250 Million NBN Regional Backbone Tender

Leighton owned carrier Nextgen Networks was announced as the successful tenderer to deliver the Federal Government's Regional Backbone Blackspots Program in various parts of Australia.

10 DECEMBER 2009

Leighton Signs Partnership with Message Stick Communications

Leighton Holdings signed its first contract under the Australian Indigenous Minority Supplier Council (AIMSC) with Message Stick Communications to use the company's telecommunications services.

Bill Wild Appointed Deputy CEO of Leighton Holdings

Leighton Holdings Limited advised that in addition to his role as a Chief Operating Officer, Mr William J Wild will, effective from 2 January 2010, take on the role of Deputy Chief Executive Officer of Leighton Holdings Limited.

17 DECEMBER 2009

Nextgen Networks Awarded \$200 Million Government Contract

Leighton owned telecommunications provider Nextgen Networks was awarded a contract to supply the Department of Defence with high capacity transmission services.

18 DECEMBER 2009

Leighton Asia Awarded Contract for Manila “Green” Building

Leighton Asia was awarded a contract to construct the Zuellig Building in Makati City, Philippines. The building has achieved precertification under the Leadership in Energy and Environmental Design (LEED) for its sustainability features.

Leighton Completes \$670 Million Syndicated Performance Bond Facility

Leighton Holdings Limited successfully completed a \$670 million Syndicated Performance Bond Facility (the “facility”) with a consortium of Australian and International lenders. The facility will be used to provide the performance bond obligations of the various Leighton Group operating companies as they take on and deliver construction projects.

Appointment to the Board of Leighton Holdings Limited

The Board of Leighton Holdings Limited is pleased to advise that Mr Stephen Paul Johns was appointed a Director of the Company and Chairman of the Audit Committee of the Board effective from 21 December 2009. Mr Johns was formerly Finance Director and Chief Financial Officer of the Westfield Group for almost 20 years until 2002 where he remains a Non Executive Director. He commenced his working career at Arthur Young & Co (the predecessor to Ernst & Young) and joined the Westfield Group in 1970. Mr Johns has extensive Australian and international business and finance experience having been closely linked with Westfield’s growth and move into the United States and the United Kingdom. In addition to his Westfield Group directorship, Mr Johns is Chairman and an Independent Director of Spark Infrastructure Group and an Independent Director and Chairman of the Audit Committee of Brambles Limited. He is also a Director of Sydney Symphony Limited with whom Leighton Holdings enjoys a long partnership.

Presenting the Half Year Results

The company announces its half year result in February each year, making presentations to media and analysts. The analyst presentation is webcast live on the day allowing shareholders and other interested parties to hear CEO, Wal King and CFO, Peter Gregg discuss the Group's performance and prospects. An archived version of the webcast is also made available for interested shareholders at www.leighton.com.au Copies of the ASX Report and media releases are posted on the corporate website in PDF form along with a copy of the slide presentation.

December Quarter Update

The directors are pleased to report that the Group's profit after tax and minority interests for the half year was up by 160% to \$289 million versus \$111 million last year. The comparable result included a write-down on investment values.

Financial Performance

Total revenue, including joint ventures and associates, was down 1% to \$9.0 billion (\$9.1 billion last year). Revenue from joint ventures and associates decreased by 24% to \$2.0 billion.

The Group's major markets generating revenue were infrastructure \$5.2 billion, resources \$2.6 billion and property \$1.2 billion. The Group's major activities in these markets were construction \$5.7 billion, contract mining \$2.4 billion and services (or operations and maintenance (O&M)) \$893 million.

A fully franked interim dividend of 65 cents per share (60 cents per share fully franked last half year) was announced by directors.

Balance Sheet

The Group's balance sheet remained solid and a source of competitive advantage in tendering for work.

As at 31 December 2009, total assets were \$7.8 billion and net assets were \$2.4 billion. During the period the Group acquired plant and equipment worth \$280 million, \$127 million of which was acquired via operating lease facilities. The total book value of plant and equipment, both on and off balance sheet is approximately \$3 billion.

Gross cash was \$901 million with \$244 million of short term borrowings. Limited recourse borrowings stand at \$652 million and undrawn cash facilities and guarantees increased to a total of \$1.6 billion.

The Group successfully issued \$280 million of Five-Year Fixed Medium Term Notes. The proceeds of the Notes issuance have been used to replace existing bank debt facilities and help to further diversify the Group's funding sources. The Notes program has a maximum limit available of \$1 billion which provides flexibility to re-tap the market if further expansion or investment opportunities arise in the future.

The Group also successfully completed a \$670 million Syndicated Performance Bond Facility with a consortium of Australian and international lenders. The facility will be used to provide the performance bond obligations of the various Leighton Group operating companies as they take on and deliver additional projects.

These capital planning initiatives are an integral element of strategic planning and the Group is diligent in matching its aspirations with its financial resources, seeking to ensure that the appropriate financial resources are in place before they are required.

Work in Hand

At 31 December 2009, the Group's work in hand of \$38.4 billion was 2% higher than the December 2008 value of \$37.5 billion and 4% higher than \$37.0 billion as at 30 June 2009. The work in hand has been reduced by approximately \$1.3 billion due to the strengthening of the currency.

The order book was boosted by the award of some \$11.7 billion worth of new work, extensions and variations during the period. The major construction projects awarded included the \$3.5 billion Melbourne Desalination Project, some \$1.4 billion worth of work at the Gorgon

LNG plant in Western Australia and the Khalifa Port in Abu Dhabi. New mining work in Mongolia and extensions in Queensland supported the Group's contract mining activities. Services work remained strong on the back of telecommunications work won by Nextgen and maintenance of water and sewerage infrastructure in Melbourne.

Investments, Acquisitions and Sales

Leighton Asia's 16.5% stake in the Manila North Tollway Corporation, the owner of the North Luzon Expressway, was sold during the period at a profit.

There were no material impairments to the Group's investments in the current reporting period. The share prices of the listed investments have all improved since 30 June 2009.

Operational Performance

“The Group reported a strong result for the period of \$386 million before tax, up 161% on the previous year. The operating result reflected good contributions from infrastructure construction in Australia, the contract mining of iron ore and coal in Australia and coal in Indonesia, and construction in Hong Kong.”

Thiess

Thiess made a strong contribution to the Group’s result and reported revenue of \$3.2 billion, up 16% (versus \$2.7 billion in the comparable half). Thiess’ work in hand rose by 24% to \$16.1 billion as at 31 December 2009 versus \$13 billion at 31 December 2008. In addition, Thiess Services has work in hand past five years of \$1.4 billion. Thiess also has considerable mining work past five years.

Thiess’ performance was built on positive results from its major infrastructure projects and a solid contract mining performance in Australia and Indonesia.

In Queensland, activity on the Airport Link project for the Thiess John Holland JV continues across all sectors with overall progress substantially to plan. Other major projects including the Hinze Dam Stage 3 and Trackstar Alliance continued and made good progress.

The Eastern Busway section was completed by the Thiess led Boggo Road Busway Alliance.

In New South Wales, a consortium including Thiess has been chosen to enter into an alliance to develop the eastern section (F3 Freeway to Kurri Kurri) of the Hunter Expressway. The \$1.7 billion new four-lane Expressway will be constructed under two contracts, the eastern alliance and the western section (Kurri Kurri to Branxton), to be developed under a design and construct contract. Thiess and Leighton Contractors are two of the three companies shortlisted for the western section.

In Victoria, a highlight was the award to the AquaSure consortium – made up of Thiess, Suez Environnement (Degremont) and Macquarie Capital – of a \$3.5 billion contract to build Australia’s biggest desalination plant, which will secure Victoria’s water supplies. The project includes the construction of the plant, inlet and outlet tunnels, a new 84 kilometre underground transfer pipeline linking the plant into the network, an underground power supply and an ecological restoration program to create a 225 hectare marine coastal park, Victoria’s largest, featuring more than 150,000 trees and 3.5 million plants. Site establishment and earthworks are progressing well.

Thiess has been awarded a significant alliance contract for the Tullamarine Fwy to Sydney Rd section of the \$2.25 billion M80 Ring Road Upgrade in Melbourne and is currently developing the Total Outturn Cost (TOC) for the project. Construction on the West Gate Freeway Alliance remains on track for completion of the civil works early next year.

In Tasmania, a joint venture of Thiess and VEC was awarded an \$84 million contract for the northern section of the Brighton Bypass, the largest infrastructure project in the state’s history.

Thiess’ Australian mining operations performed to expectations with stronger production volumes in the December quarter offsetting some lower production in the first quarter. Some mines, including Prominent Hill and Curragh North, were impacted by rain delays. A \$140 million contract extension was awarded on the Tarong energy project in Queensland.

The oil and gas market continues to provide opportunities and Thiess was contracted to construct the site preparation and temporary facilities for the Gorgon Project on Barrow Island for Chevron Australia. The contract value is approximately \$505 million. This follows on the back of earlier works awarded last financial year to a joint venture including Thiess to design

and construct a \$520 million construction village on Barrow Island. Both projects have commenced and are working through the start up phase.

In Indonesia, production was on target in aggregate and work commenced at a new pit at the Satui mine.

Thiess Services made a solid contribution with a strong performance from the Hunter River Remediation Project – Stage 2.

In Melbourne, Thiess Services, in conjunction with its 'us' Utility Services Alliance partners, secured a capital works program for South East Water worth \$380 million over the next four years.

Thiess has signed a \$123 million contract with Leighton Properties to build a 27 storey office tower, King George Central, at 145 Ann Street in Brisbane's CBD. In New South Wales, Thiess is nearing completion of The Ark, a 21 storey office tower in North Sydney. In Brisbane, the \$198 million, 32 storey building at 400 George Street was successfully completed.

Construction of the \$722 million Royal North Shore Hospital redevelopment continued to make good progress. Thiess was also awarded a \$66 million contract to upgrade the Townsville hospital.

Thiess has been commissioned as the managing contractor for the planning phase of the RAAF Base East Sale Redevelopment to create Australia's newest Super Training Air Base.

Leighton Contractors

Leighton Contractors recorded another solid result from revenue of \$2.7 billion, down 7% (versus \$2.9 billion in the comparable half).

Leighton Contractors' work in hand rose by 6% to \$8.8 billion as at 31 December 2009 versus \$8.3 billion at 31 December 2008.

Infrastructure remained a major market with a number of large projects making a substantial contribution to Leighton Contractors' result.

In Queensland, progress on the \$2.1 billion North-South Bypass Tunnel remains well ahead of schedule and the tollway is set for an early opening. Leighton Contractors will invest on completion in the RiverCity Motorway, the concessionaire for the CLEM7 tollroad, taking an expected 8.5% stake. Similarly, the \$1.5 billion Gateway Upgrade remains ahead of schedule.

The Ipswich/Logan interchange of the Ipswich Motorway Upgrade was completed and work continues on the other major component of the project, the Wacol to Darra road section.

Leighton Contractors, in an alliance, was awarded a combined \$242 million contract to deliver the Eastern Busway – Buranda to Main Avenue – to expand Brisbane's unique busway network.

In New South Wales, the \$434 million Northern Hume Alliance road was successfully completed and the \$491 million Ballina Bypass, also an alliance contract, is progressing well.

In new road work, Leighton Contractors was selected as preferred contractor for the \$550 million upgrade of the Hills M2 motorway in North West Sydney. In northern New South Wales, the Kempsey Bypass Alliance, including Leighton Contractors, has been selected as the preferred proponent to deliver the first of two major works packages on the Kempsey Bypass project.

Rail continues to support a reasonable level of work and the Kingsgrove to Revesby Quadruplication project in NSW is progressing well.

The Australian Rail Track Corporation signed an agreement with Leighton Contractors to create the Upper Hunter Valley Alliance which will deliver a \$150 million program of works on

the Hunter Valley Rail corridor. Construction works are now underway on the \$236 million Richmond Line Duplication – Stage 1, which is being delivered by the Richmond Line Alliance.

In Victoria, Leighton Contractors was appointed managing contractor for the Westall Rail Upgrade, a \$151 million project in outer Melbourne to construct 3km of new third track and to significantly upgrade an existing rail station and platform.

In New Zealand, work progressed well on the Manukau Motorway Link and the Newmarket Viaduct project remains on track after year one of its four year construction program.

Leighton Contractors' Telecommunications Division performed well with a number of new contracts awarded to network services provider Nextgen Networks and leading telco infrastructure provider and maintainer Visionstream.

Visionstream successfully entered the New Zealand market by securing a NZ\$1 billion, 10-year contract to provide telecommunications field services to Chorus, the network operating arm of Telecom New Zealand.

The Federal Government advised that Nextgen was the successful tenderer for the \$256 million Regional Backbone Blackspots Program which will deploy nearly 6,000km of new backbone broadband infrastructure for regional Australia. Nextgen will build fibre optic cable networks from Toowoomba to Darwin, Perth to Geraldton, Shepparton through Mildura to Adelaide, Mildura to Broken Hill, Sale to Wonthaggi, and Adelaide to Victor Harbour and on to Mount Barker. The program is designed to reduce the cost of broadband services into regional areas by bringing competing wholesale backhaul services to some of Australia's highest priced locations for wholesale telecommunications transmission, reducing the cost of broadband services, and increasing consumer choice of providers for both fixed line (DSL) and mobile services.

In the resources market, coal volumes have remained strong and additional equipment has been put into place at the Poitrel and Peaks Downs mines in Central Queensland to meet demand.

Leighton Contractors was awarded a three-year contract extension worth \$300 million at Peak Downs to undertake the project management, surface mining, and engineering and maintenance work required to deliver the overburden removal services.

At the Broadmeadow coal mine in Central Queensland, contract works have been completed and the site demobilised. At the Rotowara coal mine in New Zealand, industrial action hampered production.

Iron ore volumes remain strong with both the Yandi and Area C mines working at capacity to meet the client's demands.

The oil and gas market continues to provide opportunities. Leighton Contractors and Saipem were awarded a \$900 million contract to develop a jetty and marine structures for the Gorgon LNG project. The scope of work consists of the design, material supply, fabrication, construction and commissioning of the 2.1km jetty. The scope also includes supply, fabrication and construction of marine structures including a heavy lift facility, tug pens and navigation aids.

Work on the Pluto LNG Project saw the Gap Ridge Village completed and the LNG processing area civil works close to completion.

In property related work, Leighton Contractors was awarded a contract to manage the \$205 million design and construction of the new Science and Technology Precinct and Community Hub Project at the Gardens Point Campus, for the Queensland University of Technology.

Leighton Contractors was also appointed project manager for the design and construction of the new Australian Broadcasting Corporation headquarters in Brisbane, including television and radio studios.

John Holland

John Holland performed well during the half year reporting revenue of \$1.8 billion, up 5% (versus \$1.7 billion in the comparable half). John Holland's work in hand fell by 12% to \$5.5 billion as at 31 December 2009 versus \$6.2 billion at 31 December 2008.

In Queensland, good progress was made on the Airport Link project by the Thiess John Holland joint venture. Road header excavation continues and the delivery of tunnel boring machine equipment commenced as scheduled in November.

The first stage of the \$469 million Darra to Springfield Transport Corridor project to construct road and rail links was completed by the Horizon Alliance on time in December contributing solidly.

The Gold Coast Desalination project was completed in December. The \$1 billion plant is supplying high quality water to the South East Queensland Water Grid in accordance with specifications.

In New South Wales, the \$1 billion Sydney Desalination Plant was commissioned and pumped water into the Sydney system in January 2010. Final testing was completed through January and February.

At the Cronulla Rail Alliance in Sydney, works continue to progress well with track laying continuing and wire installation occurring in greenfield areas.

In Victoria, an alliance including John Holland was selected to construct the \$200 million new Western Freeway route between Melton and Bacchus Marsh, west of Melbourne. Meanwhile, activity on the \$226 million West Gate Bridge Strengthening project has stepped up since the Christmas break.

John Holland was appointed to deliver the \$173 million first stage of Barwon Water's Capital Works Program Alliance. The alliance will be responsible for more than 100 projects over the initial four year contract, with the potential for an additional two-year contract extension. The total value of the six-year program is \$355 million.

The 70km, \$409 million Sugarloaf Water Pipeline project in Victoria is on track for completion in the second half of this financial year and has performed well.

John Holland, as part of the Metro Trains Melbourne (MTM) Consortium with the Mass Transit Railway Corporation, Hong Kong, and United Group, was contracted by Victoria's Department of Transport to operate and maintain Melbourne's metropolitan passenger train franchise. MTM assumed operation and maintenance of the Melbourne metropolitan passenger train network on 30 November 2009 for an initial period of eight years, with options for up to an additional seven years. John Holland expects revenue from its share in MTM of approximately \$160 million per year. Additional revenue is expected to be generated from capital works projects associated with the Melbourne rail franchise.

During the period, Thiess John Holland entered into an agreement with ConnectEast Group on an amended calculation and payment terms in relation to the early completion bonus of EastLink in Melbourne. This agreement resolves a number of commercial issues in the close out of the construction contract.

Power transmission lines remain a niche market for John Holland. Work progressed well on the Ross to Strathmore line in Queensland, the Waddamana to Lindisfarne line in Tasmania, and in New South Wales the Wollar to Wellington line was completed.

In November, John Holland was appointed to deliver and install NBN Tasmania's backhaul cable as part of Stage 1 of the National Broadband Network rollout in Tasmania. The contract represents a significant strategic win for John Holland.

In the resources market, John Holland is targeting oil and gas opportunities and secured a \$160 million contract to deliver Apache Energy's Devil Creek Development Project. The contract is for construction of a new onshore gas plant in Western Australia's Pilbara region.

In January 2010, John Holland secured a 30 month mine operations contract to deliver works at the Isaac Plains coal mine in Central Queensland valued at approximately \$260 million. John Holland will provide full service mining operations at Isaac Plains, including clearing, topsoil stripping, drill and blast, truck excavator waste removal, coal mining, rejects haulage, dump profiling and rehabilitation works. This new contract consolidates John Holland's existing mining capabilities and will provide further opportunities for growth in this area of their business

In property related work, John Holland was awarded another phase of the Federal Government's Building the Education Revolution program worth \$85 million for the construction of 67 buildings across 39 schools in South East Queensland. This follows work already awarded and underway in Western Australia which is generally on or ahead of schedule.

John Holland also secured a \$270 million contract for the redevelopment of the Joondalup Health Campus in Perth, Western Australia.

In South Australia, John Holland's construction of a new purpose built student accommodation facility for Urbanest at 140 North Terrace in Adelaide is progressing well. South Australia continues to present a growing number of opportunities for John Holland and remains a key focus looking ahead.

Leighton International / Middle East

Leighton International / Middle East reported revenue of \$835 million, down 43% (versus \$1.5 billion in the comparable half). Work in hand fell by 56% to \$3.7 billion as at 31 December 2009 versus \$8.5 billion at 31 December 2008 however some \$1.8 billion of the decline came from the transfer of control of the Leighton International business in Indonesia to Leighton Asia earlier last year.

In India, Leighton International signed a Project Alliance Agreement for the delivery of the new Ramanujan IT Park in Chennai for Tata, India. The alliance will be responsible for the design, construction and commissioning of the project, worth approximately US\$230 million, which involves the construction of over 750,000 m² of built up area comprising a mixture of IT offices, a convention centre, retail, residential, hospitality, entertainment and car park facilities.

In other works, India completed both its toll road projects, 75km of road from Indore to Khalghat and 45km from Agra to Bharatpur. Both roads are operating and the traffic ramp-up phase is going well.

Oil and gas is a core market for Leighton International and projects were progressed in India and Saudi Arabia. The \$685 million 200km Pipeline Replacement Project off the west coast of India is progressing in line with expectation despite some delays due to poor weather. Other oil and gas projects are proceeding within expectations.

In Malaysia, Leighton International was awarded a \$356 million contract to double track the existing rail line between Ipoh and Padang Besar, a distance of 329km. This project follows the successful duplication of 320km of rail line between Rawang and Ipoh, completed in 2007.

While Al Habtoor Leighton Group has seen a great focus on the debt and related property issues facing Dubai, the rest of the Middle East region continues to flourish supported by a recovery in oil prices to around US\$75/barrel after a fall to around US\$31/barrel in February 2009.

A slowdown has been underway in Dubai for some time and existing projects are gradually drawing to completion with the exception of the \$2.4 billion Dubai Pearl which is continuing, albeit at a relatively slow pace. Whilst some entities related to the Dubai Government are

facing difficulties in meeting their financial obligations, we remain confident of our ability to recover outstanding payments from clients however the timing of these payments remains uncertain.

In Abu Dhabi, Al Habtoor Leighton Group was awarded a \$431 million project at the Khalifa Port and Industrial Zone. The scope of work includes the construction of the on-shore port facilities and construction of 47 buildings, the largest being the central facilities building which is over 300 metres long and five stories high

A joint venture between Al Habtoor Leighton Group and Murray & Roberts was awarded a \$604 million project to construct the St Regis Hotel and Residences on Saadiyat Island in Abu Dhabi.

Other projects in Abu Dhabi are progressing satisfactorily with a number including the Al Jazira Towers, the Sorbonne University and the ADNEC Capital Gate project nearing completion.

In Qatar, Al Habtoor Leighton Group was awarded a \$206 million water infrastructure project to connect two Qatari communities. The scope of works includes construction of six concrete reservoirs, a pump house and associated buildings, road works and landscaping, and the installation of a 15.9km water distribution pipeline.

At the \$317 million Al Shaqab Equestrian Centre, client design changes have impacted progress however certain sections of the project should be handed over from February 2010. Elsewhere in Qatar, construction work is proceeding as scheduled on a number of building projects.

Leighton Asia

Leighton Asia performed solidly reporting revenue of \$513 million, up 78% (versus \$289 million in the comparable half). Leighton Asia's work in hand rose by 210% to \$3.7 billion as at 31 December 2009 versus \$1.2 billion at 31 December 2008. As previously noted, Leighton Asia gained some \$1.8 billion worth of work from the transfer of Leighton International's Indonesian business.

Leighton Asia's major markets performed well with a good level of construction activity in Hong Kong, a solid performance from mining operations in Indonesia and new work awarded in Mongolia.

The \$306 million Kowloon Southern Rail Link was completed during the period. Other projects including the Central Reclamation, Lai Chi Kok Transfer Scheme and the Ocean Park redevelopment progressed well. Leighton Asia, in joint venture, was awarded a \$365 million contract for the construction of a 7.5km sewage conveyance system from Aberdeen to Sai Ying Pun on Hong Kong Island.

In Indonesia, the performances on most coal mines remained solid and were a good contributor to Leighton Asia's profit result. Demand for volume remains strong and stabilising coal prices are expected to sustain output.

Mongolia is emerging as a significant potential market based on that country's vast reserves of natural resources. Since being awarded an initial contract in September 2008 to develop the Ukhaa Khudag metallurgical coal mine, Leighton Asia has been awarded a \$195 million extension. The expansion will ramp up production rates from a current level of 2.5 million tonnes per year to 5 million tonnes per year by December 2010.

In addition, Leighton Asia has secured a US\$338 million contract to design and build the Ukhaa Khudag to Gashuun Sukhait freight railway in the South Gobi region of Mongolia to transport coal from the southern Mongolian coal fields to China. The railway travels 225 kilometres to the international border, crossing between Mongolia and China, and will be designed for an annual capacity of 28 million tones of coal per annum which will be carried in 1.8km long trains. The contract also includes the maintenance of the infrastructure for a period of four years.

Leighton Asia has also been chosen as the preferred mining contractor for the development of the Khushuut coal mine project in western Mongolia. Leighton Asia will prepare the mine for production, including associated mobilisation of pre-mining equipment and personnel, and prepare a detailed mine plan for 3 million tonnes per annum of production. Leighton Asia is finalising a definitive 6-year contract to provide resources to carry out the mining operations.

In the Philippines, Leighton Asia was awarded a contract to construct the Zuellig Building, a 33 level, 66,000 square metre office tower in Makati City, Philippines.

Leighton Properties

Leighton Properties experienced a challenging half year to 31 December 2009 however their development in hand total over the next 10-year period remains solid and is valued at \$3.7 billion.

Leighton Properties remains impacted by general property market weakness which is negatively influencing the sales price of properties. Constraints on the availability of construction finance and low business confidence have hampered development plans in the current period.

A highlight for the period was the pre-sale of the 27 storey, 28,000sqm King George Central A-grade office tower at 145 Ann Street, Brisbane to Commonwealth Property Office Fund for \$210 million. The development is already more than 65 per cent pre-leased and Thiess has commenced construction with completion scheduled for early 2012.

The 400 George Street development, also in Brisbane, reached practical completion and leasing commitments stand at 93%. At the HQ Development on Wickham Street in Brisbane's Fortitude Valley practical completion is on track for March 2010. Leasing is at 75% and the marketing program for the development has now commenced.

Construction of the 198 unit Viridian Village in Noosa is on track to complete in June. Outrigger Resorts will operate the 5-star resort which includes a major conference facility capable of accommodating 350 people.

In January, the industrial section of the former Hoxton Park Airport in Sydney was sold to Mirvac while a number of sales were recorded on the Matraville industrial strata complex.

In Melbourne, Leighton Properties' Toorak development site was sold and a number of sales were made on industrial lots in Cheltenham and Hallam.

**Further detail on Financial Results for each Operating Company is set out in Note 5 of the Appendix 4D & Interim Financial Report which can be accessed at http://www.leighton.com.au/verve/resources/ASX_Report_HYR2010.pdf*

HIGHLIGHT STORY WITHIN "OPERATIONAL PERFORMANCE":

Sydney Desalination Project nears completion

John Holland's work is almost complete at the \$1 billion Sydney Desalination Plant with the final stages of commissioning taking place. The plant features a range of structures including the Reverse Osmosis building, pre and post-treatment plants, drinking water storage tank, stormwater retention basins, waste water treatment facility, intake pump station and screening drums, a 132 kV switchyard and an administration building.

As part of the civil works, 62,000 cubic metres of concrete and 13,500 tonnes of reinforcing steel has been placed and 3,000 tonnes of structural steel has been fabricated and erected.

The mechanical and electrical teams have overseen the supply and installation of more than 3,000 mechanical items; the construction of more than 32km of pipework; supply and installation of 200 pumps; and the installation of more than 386km of electrical cables and 520km of data cables.

The plant, capable of producing 250 million litres of water per day, will use reverse osmosis to extract fresh water from the seawater to produce drinking water. The seawater will be forced through a series of membranes under high pressure, with the membrane acting like a strainer to separate the salty water (seawater concentrate) from the fresh water. The desalinated water is then treated to standards that meet the Australian Drinking Water Guidelines and NSW Health requirements. Seawater concentrate is safely discharged to the ocean and dispersed through outlet diffusers about 300 metres offshore.

Construction work in the Tasman Sea was supported by the 'Seafox 6' jack-up barge. The barge, 47 metres long and 35 metres wide, could be raised by four jack-up legs to about 60 metres above the seabed. The Seafox 6 was fitted with a variety of plant and equipment including a 280 tonne crane, hammer drill, and air compressors. The Seafox 6 was being used to drill the riser shafts connecting the intake and outlet structures on the seabed to tunnels 23m below the sea floor. Access to and from the Seafox 6 was via helicopter.

Two 2.5km tunnels connect the desalination plant to the intake and outlet structures in the Tasman Sea. Two tunnel boring machines were used to excavate and line the tunnels. Side galleries were excavated to connect the tunnels to the riser shafts.

Longer Term Outlook

“For the 2010 financial year the Group expects to report full year revenue of around \$19 billion and net profit after tax in excess of \$600 million. The final result and full year dividend are however subject to market conditions for the remainder of this financial year.”

The Group's longer term outlook remains solid based on a record level of work in hand, a strong competitive position and a forecast rebound in the Group's core markets from the recent uncertainty of the global financial crisis. While the timing of recovery in the various markets will vary, the outlook is positive and the Group is well positioned to take advantage of the opportunities that are being presented.

Infrastructure

The comparatively strong performance of the Australian economy has driven growth in infrastructure work, which is expected to increase by 20% in 2010 and stabilise above 2009 levels, supported largely by public projects in the education, transport and water utilities sectors. Public projects are a key contributor, accounting for 56% of total spend in 2010, and the major initiatives include:

- National Building Stimulus: \$16.2 billion of education building has been approved and projects are being tendered for delivery over the next two years, as well as \$5.5 billion of social and defence housing with around \$4.5 billion yet to be initiated;
- Water for the Future: \$12.9 billion in Federal and State programs, addressing projects over the next 2 years;
- State stimulus: such as NSW's \$23.6 billion commitment to transport over the next 4 years and hospital infrastructure plans.

The recovery of privately funded construction work should support opportunities as government funding inevitably rolls back, with the contribution from the private sector expected to grow to around 57% of total construction funding by 2014, up from 45% in 2010.

Public infrastructure works have supported construction growth in most States in 2010, and medium term growth will be driven predominantly by some large-scale transport initiatives including; the \$9.6 billion M4 East motorway in New South Wales; the delivery of the \$38 billion Victorian Transport Plan, most of which is planned for investment by 2016; and upgrades to the Bruce Highway worth \$2.4 billion and the \$6 billion Brisbane inner-city rail expansion, both in Queensland.

Whilst water projects have driven recent growth in the utility sector, electricity and telecommunications are forecast to continue providing opportunities, growing at 7% and 8% per annum respectively until 2014. Opportunities include: the \$1.6 billion Lytton Desalination Plant in Brisbane, Queensland; the \$1.9 billion Macquarie Bayswater power station in New South Wales; the \$1.2 billion Yallourn replacement power station in Victoria; and AGL's \$700 million Cooper's gap wind farm in Queensland.

The Federal Government's \$43 billion National Broadband Network, scheduled to be commenced in 2010, should provide construction opportunities and scope for the Group's national design, construction and maintenance businesses.

The Federal Government's education agenda will drive the social infrastructure market through to 2012, whilst growth in health building is forecast to grow at 4% per annum from 2009 to 2014, supported by State infrastructure budgets. Health opportunities include: the \$1 billion Parkville Cancer Centre in Victoria; the \$1.8 billion Gold Coast University Hospital and the \$1.6 billion Sunshine Coast University Hospital, both in Queensland; the \$1.7 billion Royal Adelaide Hospital in South Australia; and the \$800 million relocation of the Princess Margaret Children's Hospital in Western Australia.

A sustained level of infrastructure spending over the next few years should provide a good level of construction opportunities for the Group's Australian based operating companies.

Resources

Commodity prices have rallied since mid-2009, driven by an improving global outlook and increased import demand from China, production cuts undertaken during the downturn which reduced supply, and the weakening US dollar which is the denomination for most commodity prices and creates cheaper prices in other currencies. In addition to increased consumption, the rebuilding of stocks drawn on during the downturn in many advanced economies is also providing additional support for commodity markets.

Iron ore production is forecast to continue to increase in Australia (see chart on page 12), driven by a stabilizing Chinese steel industry and a recovery in non-China demand. Australian iron ore production has maintained growth through the downturn and is forecast to grow by 9% in 2010. The Australian outlook also received a positive boost this year with the Indian government recently announcing a 5% taxation on iron ore exports to protect its own steel industry, reducing the competitiveness of Indian exports.

Australia will continue to be a dominant iron ore producer in the future, increasing its share of global exports due to its lower costs of production compared to most global counterparts which augurs well for sustained levels of contract mining work.

Currently \$20 billion worth of iron ore projects are either committed or under construction, with an additional \$26 billion of projects at various stages of development. Major initiatives that may present construction opportunities include Rio Tinto's \$1.8 billion Pilbara 320 railway project, the \$3 billion Cape Lambert port expansion and BHP Billiton's \$2 billion Rapid Growth Project 6 port project, which was committed to in late January 2010.

Australia's thermal coal production has bucked the downturn and is forecast to rise 5% in 2010. Strong growth in demand will be predominantly driven by Asia, with Indian demand forecast to expand at an average 8% per annum until 2012.

China has undergone a significant shift from net exporter to net importer of coal over recent years, driven by the inability of local production to meet rapid consumption growth and its high costs of production. The outlook for Australian coking coal production therefore remains strong, aided by continued Chinese growth and a recovery of demand in other markets. Port and rail infrastructure improvements in Australia over the last year are expected to alleviate capacity constraints through 2010 to help meet growing export demand for coal.

The improved outlook for commodity markets has lifted the forecast for the related construction work, with real output remaining above 2008 levels; oil & gas and other minerals will provide the lion's share of growth. Over \$9 billion of coal projects are currently committed or at construction stage, with \$40 billion of coal-related projects in the development pipeline proving construction opportunities for the Group.

The greatest growth in infrastructure expenditure in 2010 is forecast for the oil and gas sector at 13%, driven largely by a rebound of oil prices, the growth of the LNG market, and the recent announcements of a number of large development projects. Demand for LNG in the Asia-Pacific is forecast to surge from 2010 onwards, driven by the competitive costs of production, continued economic growth and a trend toward cleaner-burning fuels.

A large number of LNG projects in and near Australia have been committed or planned based on the proximity to China, the quality of the resource and the stable political situation. The Leighton Group's companies are currently working on or have completed work at the Pluto LNG Project, the \$43 billion Gorgon project and the \$900 million Devil Creek project, and see this market as offering significant opportunities over the next few years.

Property

Commercial and industrial property construction will continue to be slow in 2010 and 2011. The market's outlook will be driven by a sustained recovery in the broader economy and, in particular, a return of employment growth, business confidence and credit markets.

Residential property has weathered the downturn resiliently largely due to low interest rates, the first home buyers housing stimulus and significant population growth, which has created a distinct housing shortage. These factors should sustain growth in residential construction of 6% per annum through to 2014.

Asia and the Gulf

Developing Asia has weathered the recession significantly better than most other regions, with an estimated GDP growth of 6% in 2009, driven by growth of 8.7% in China and 5.4% in India. Despite credit tightening, the Chinese economy is forecast to continue to grow at around 10% per annum over the next few years, underpinned by a high level of fixed asset investment and growth in household consumption. China's growth obviously has a significant impact on demand for resources as described in the earlier outlook section but also has a flow-on effect to other economies throughout Asia.

Infrastructure spending in Hong Kong is expected to increase significantly as the Government leverages its large financial reserves to stimulate growth and catch up on delayed infrastructure projects. After some years of declining infrastructure spending the Hong Kong construction sector is expected to grow at 5% per annum over the next five years, driven by major public transport projects to encourage economic growth and the enhancement of transport linkages with mainland China. Leighton Asia is well placed to construct some of this major infrastructure.

The Indian economy performed well during the downturn, remaining one of the world's fastest growing economies and is forecast to continue to grow at over 7% per annum from 2010. The progressive coalition government was re-elected in the second half of 2009, leading to continued infrastructure spending and pro-business reforms.

India's construction sector enjoys a positive outlook since improving the country's ailing infrastructure remains at the top of the government's priorities, and construction is forecast to account for over 8% of GDP by 2012. Leighton International will continue to selectively pursue infrastructure, building, and oil and gas opportunities in India.

The Group's presence and opportunities in Indonesia remain driven primarily by the contract mining of coal. Indonesia's coal exports are forecast to grow at an average of 12% per annum until 2012 based on relatively low production costs, high quality assets and a proximity to Asia which ensures the competitiveness of Indonesian coal on the seaborne market.

Mongolia's mining industry is forecast to grow significantly over the next five years, driven by rising commodity prices, proximity to China, a wealth of natural resources and increasing interest from foreign players. With the resurgence of commodity prices and renewed interest in Mongolia's reserves, the International Monetary Fund forecast that the economy will grow by 3% in 2010 and then average 10% per annum from 2011 to 2013. According to the former PM Sanjaa Bayar, the country is seeking US\$25 billion of overseas investments in mining in the next five years to develop some of its assets. Whilst gold and copper mining are traditionally its largest export industries, coal mining has undergone significant growth in recent years with increased interest from foreign miners such as Ivanhoe, who is targeting 1% of China's imports within 10 years, and others such as BHP Billiton, Vale and Xstrata. In the longer term, Mongolia is expected to grow its exports to China with foreign and local miners expanding local operations given there are estimated to be approximately 100 billion tonnes of coal reserves in the country.

Economic growth in the Middle East is expected to rebound to close to 5% per annum from 2010, supported by a resurgence in oil prices, strong public spending, declining inflation and

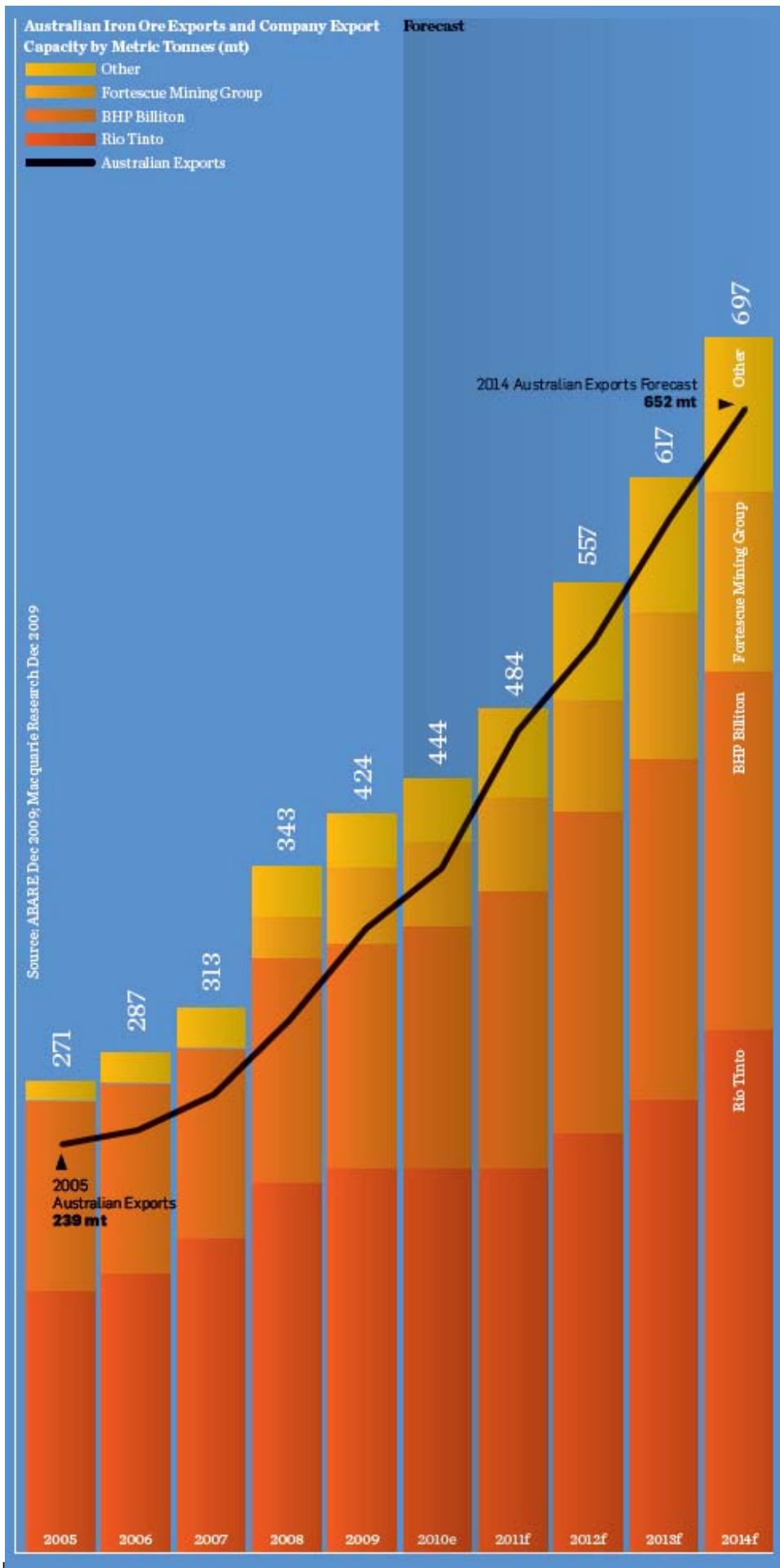
improved financing conditions. Higher oil prices underpinned by the global economic recovery helped rebuild the fiscal reserves of most Middle East countries in 2009 and this should sustain public spending on infrastructure and social development as key features of economic policy in the region.

Construction in the Middle East remains at high levels with US\$2.8 trillion of projects in the pipeline including US\$2.3 trillion in the Gulf Cooperative Council (GCC) countries. While total construction expenditure was down 11% from January 2009 to January 2010, it remained 40% up on January 2008. The decline in total spend in 2009 was driven by some large scale projects, predominantly in Dubai, being put on hold due to the financial crisis.

Over US\$136 billion worth of new projects were awarded in the GCC in the last six months of 2009, the highest level in the past two years, driven by new projects in Saudi Arabia and Abu Dhabi. Oil and gas, commercial and economic infrastructure projects continue to support the market, whilst investment in education and other social infrastructure is expected to grow. A rapidly evolving market for energy and alternative energy development is also emerging. These opportunities in the Middle East should provide a solid base of construction work for Al Habtoor Leighton Group for the foreseeable future.

Summary

The Group is well placed with a strong competitive base in Australia and leverage – both directly and indirectly – to the growth markets of Asia. The Group's strategy of diversification; by brands, markets, geography and delivery systems continues to provide opportunities for growth in the longer term which should continue to support good returns for shareholders.



Oil & Gas

“Australia is on the cusp of a third great expansion in the Australian resources industry, following the iron ore and coal expansions in the 1960s and 1970s, with a massive injection in investment in oil and gas.

Leighton Group companies are well positioned to grow as a new wave of investment is made in LNG, having already secured more than \$2 billion worth of work on oil and gas projects around Australia.

Global demand for Liquid Natural Gas (LNG) is forecast to surge in coming years, despite the impact of the global financial crisis and the failure of the Copenhagen Climate Change summit to agree on globally mandated greenhouse gas reductions targets. Continued economic growth, particularly in China and India, and a trend toward cleaner-burning fuels will drive demand.

Australia remains in a strong position to benefit from long-term economic growth in Asia. The region accounts for 60% of the world's population and is growing, urbanising and industrialising at an unprecedented rate. China's economy has grown by an average 8.2% per annum for the last 60 years and has experienced consistent high rates of economic growth since 1990. Its demand for resources is almost insatiable.

India is also quickly emerging as a destination for Australia's resources and has not been as adversely impacted by the global economic downturn as many other economies.

Australia has significant gas reserves – the country's third largest energy resource after coal and uranium – and is the sixth largest LNG exporter, accounting for 9% of the world's LNG trade in 2008. Most reserves are located off the north-west coast of Western Australia and are being developed for LNG export, primarily for electricity generation, and domestic use. The coal basins of Queensland and New South Wales are also host to large coal seam gas resources which are planned to be exported as LNG in the next decade.

The Australian Bureau of Agricultural and Resource Economics (ABARE) has forecast LNG exports to nearly double by 2014–15. Santos has predicted that demand for LNG in China and India may surge more than sevenfold by 2025 as these nations boost their use of cleaner-burning fuels.

Australia has about \$215 billion worth of LNG projects in the development pipeline, including \$65 billion already approved, and ABARE's predictions run counter to concerns from some analysts that some of these projects may never get built because of a global oversupply and aggressive marketing of Qatari gas to customers in the Pacific Basin.

One of the primary challenges for the growth of Australia's oil and gas sector will be the ability to source labour to construct projects on time and to budget. Deutsche Bank estimates the likely labour demand requirement for LNG construction will peak in 2013 at over 50,000 – equivalent to a workforce 32% the size of Australia's current natural resources workforce and 82% of the total heavy construction and civil engineering workforce.

The Federal Government has established the National Resources Sector Employment Taskforce to examine ways to address the workforce needs of major resources projects in Australia over the next five years and beyond. It is specifically looking at the skills required for the construction and operational phases of resources operations and will deliver its recommendations in mid-2010.

The Australian Constructors Association, whose president is Leighton Holdings' CEO Wal King, has told the taskforce that its members are experiencing difficulty in recruiting key people for the sector. These include project managers, engineers, quantity estimators and

surveyors, crane drivers and riggers, and a number of construction trades, especially welders and boilermakers. They also report a tighter market for accountants and risk managers. Companies are attempting to keep their workers for longer by not relocating them too often, introducing family friendly rosters and increasing support for their families. They are also training workers to meet their skills needs, including apprenticeships for mature aged workers.

HIGHLIGHT STORY WITHIN "OIL & GAS":

Three decades ago, Leighton Contractors won a \$70 million contract for site preparation for Woodside's LNG plant on the North West shelf. This project was the forerunner of another massive round of investment in LNG projects that is occurring today.

At the time, this landmark project was one of the largest earth moving tasks in Australia and laid the foundations for future development of the Burrup Peninsula. Leighton bought \$5 million worth of new plant specifically for the project and almost overnight had \$100 million worth of resource development jobs in Western Australia. That initial plant order had to be rapidly increased to \$25 million!

How things have changed. Today, the Leighton Group is one of Caterpillar's biggest customers and has a fleet of plant and equipment worth over \$3 billion.

Over the last year, Thiess has won \$1 billion worth of work at the \$43 billion Gorgon project in Western Australia, securing contracts to build the site preparation and temporary facilities on Barrow Island, 70km off the Pilbara coast, and a construction village facility project as part of a joint venture.

Leighton Contractors and Saipem were awarded a \$900 million contract to develop a jetty and marine structures for the Gorgon LNG project.

Leighton Contractors has also been awarded or completed over \$400 million of work for the Pluto LNG Project at the Pluto LNG Park site for Woodside.

The Pluto project is set to become the fastest developed LNG project from discovery of the gas field in 2005 to first gas from the field in late 2010 and first LNG in early 2011. Approved for development in July 2007, it will process gas from the Pluto and Xena gas fields, located in the Carnarvon Basin about 190 km north-west of Karratha. The project is 85% complete and the peak onshore construction phase continues. Leighton Contractors is involved in drill and blast, load and haul, placement and compaction, and crushing and screening works to complete the first stage of earthworks for a future LNG plant.

John Holland has also secured a \$160 million contract to deliver Apache Energy Limited's Devil Creek Development Project for construction of a new onshore gas plant in the Pilbara region.

Offshore, the Leighton Group has a fleet of modern, purpose-built pipe-lay barges and construction support vessels which have been specifically designed for the offshore oil and gas markets of the Middle East but are potentially available for the Australian market.

Today, Australia is on the cusp of a third great expansion of its resources industry and the Leighton Group continues to be a major contributor to the development of the LNG industry.

Corporate Community Investment Updates

“Leighton Holdings, and each of its Australian operating companies, are committed to improving employment outcomes for Indigenous people, both directly with our companies and indirectly through our sub-contractors and suppliers.”

Supporting Indigenous Enterprises

Leighton Holdings is a proud foundation member of the Australian Indigenous Minority Supplier Council (AIMSC). AIMSC was set up to assist Indigenous businesses to understand and meet the procurement requirements of major organisations. Through our Indigenous Participation Policy, we are committed to increasing opportunities for indirect economic participation for Indigenous people through supply contracts.

Supplier diversity creates opportunities for minority owned small to medium sized enterprises to compete in the supply chain of large companies. The concept was born in Chicago USA in the 1970s and has since grown internationally.

In Australia, the three year AIMSC supplier diversity pilot is funded by the Australian Government as well as Industry & Investment NSW. AIMSC provides a direct business-2-business purchasing link between corporate Australia, government agencies and Indigenous-owned businesses.

In December 2009, Leighton Holdings signed its first contract with Message Stick Communications under the AIMSC membership. Message Stick, one of Australia's leading niche conferencing services providers, will provide Leighton Holdings with advanced audio and web conferencing services.

Message Stick Communications' Chief Executive Officer, Michael McLeod was a driving force behind the AIMSC pilot. “This project is designed to change the way corporate Australia engages with Indigenous Australia and was inspired by similar successful models from the US, Canada and the UK.” Michael said.

Michael has drawn on his own experience of hardship, addiction and welfare dependence to advertise to the Australian Government and corporate Australia the benefit of engaging Indigenous people in the economy. At age two, Michael and his siblings were removed from their family. Michael grew up on his own in State wards and foster homes. By his mid twenties he was a chronic drug addict and alcoholic. By his early thirties he was homeless, living on the streets of Sydney. A successful rehabilitation program has seen him clean and sober now for 10 years and he was reunited with his mother again at his father's funeral.

Michael chose to start his own niche telecommunications business with the help and guidance of his business partner and mentor, Dug Russell. Today, Message Stick is a growing multimillion dollar business. The business is debt-free, having paid back its initial start up capital in its third year.

“This all started when the Prime Minister made the apology and committed his Government to closing the gap between Indigenous and non-Indigenous Australians over 10 years,” Mr McLeod said at the contract signing with Leighton Holdings.

“We are very grateful to Leighton for the opportunity to show that Indigenous entrepreneurs can responsibly manage corporate relationships.

“My great hope for the future is that many more Indigenous entrepreneurs can have these opportunities. For me, this is a modest but critical part of this country's efforts to see Indigenous Australians break free from welfare dependency.

“With growth in Indigenous business ownership you will see a growth in Indigenous employment across the country. It won’t be all perfume and roses – there will be problems and business failures. But my money is on my people making a real go of this.”

AIMSC now has 20 corporate members and 18 Indigenous business suppliers.

Supporting Indigenous Students

Leighton Holdings has been a long-term supporter of Engineering Aid Australia through the Indigenous Australian Engineering Summer School (IAESS).

This year is the first time the school has been held in two locations, with programs hosted in both Sydney and Perth, and 43 Indigenous high school students from around Australia participating. This year, every state and territory in Australia was represented including remote locations such as Nhulunbuy in the Northern Territory and Broome in Western Australia.

Engineers are still in high demand across Australia and Indigenous Australians are under-represented in the engineering profession. The IAESS aims to introduce more students to the engineering profession and boost the numbers of Indigenous engineering graduates nationwide.

All costs for the student participants are covered by sponsors of the program, thereby giving these young Indigenous Australians an opportunity to travel interstate and participate in a program that may have otherwise been out of reach.

Students spent a week living at the University of NSW campus or Curtin University, experiencing all aspects of life as an engineering student and gaining a taste of the breadth of opportunities for employment and career development around them, once they graduate with an engineering degree.

In NSW, students visited the Sydney Desalination Plant at Kurnell – a project recently completed by John Holland as part of the Bluewater Consortium. Students also visited and toured HMAS Parramatta at Garden Island Naval Base, Energy Australia’s electrical infrastructure and saw Taronga Zoo’s wastewater recycling facilities. The week culminated with a graduation dinner and reception at Government House hosted by the NSW Governor, Her Excellency Marie Bashir AC, CVO.

In Western Australia, the summer school students visited the Royal Australian Naval base at Pearce, the Reid Highway Extension project for the Department of Main Roads and the Water Corporation’s desalination plant at Kwinana.

Students also participate in sessions in each of the engineering schools within the faculty to provide them with a sound and thorough overview of the variety of engineering disciplines available.

At the graduation dinner in Sydney, Vice Patron Major General Michael Jeffrey asked each student about their plans for their future in engineering study. Students responded favourably about the impact of the school on their thinking for a future in the profession. More importantly, many students talked about taking these skills back into their own communities to make a difference for the generations to come after them.

The Leighton Group is committed to increasing Indigenous participation in our business and is a signatory to the Australian Employment Covenant (AEC), a joint initiative of business, the Federal Government and Indigenous communities to break the cycle of welfare dependence and provide real and lasting jobs.

Our AEC commitment to employ 1,000 Indigenous Australians across our operating companies complements our long term investment in the future of young Aboriginal and Torres Strait Islander students through the IAESS.

Leighton Holdings' financial support for the IAESS contributes to the running costs of the program and also partly funds educational scholarships for each of the school's graduates to assist them with the purchase of books, tutoring and other educational tools during their final years of high school.