



Leighton Holdings Limited

A.C.N. 004 482 982

PRELIMINARY FINAL STATEMENT
FOR YEAR ENDED 30 JUNE 1998

Issued 13 August 1998

LEIGHTON HOLDINGS LIMITED

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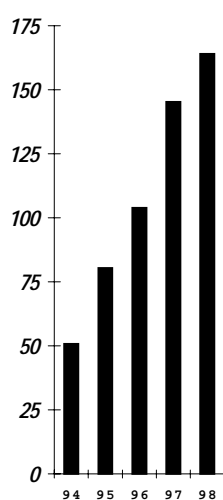
Chief Executive Officer

Dieter Adamsas

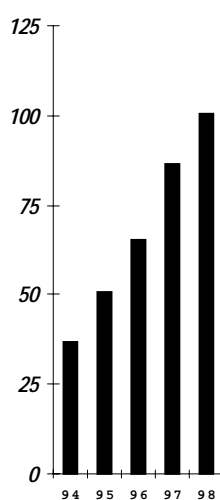
Director Finance & Administration

FINANCIAL HIGHLIGHTS

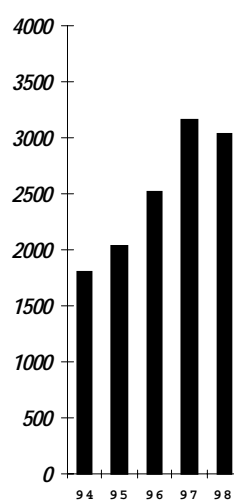
	30 June 1998 \$'000	30 June 1997 \$'000	%
			Change
Total Revenue	3,034,546	3,161,180	-4.0
Operating Revenue	2,906,952	2,926,942	-0.7
Value of Contracts Awarded	2,631,411	3,136,854	-16.1
Value of Uncompleted Work in Hand	4,767,008	4,234,699	+12.6
Value of Uncompleted Management Contracts	31,180	171,512	-81.8
Operating Profit Before Tax and Abnormals	164,171	145,149	+13.1
Income Tax Applicable to Operations	(56,208)	(52,418)	+7.2
Operating Profit After Tax (and minorities)	100,648	86,240	+16.7
Abnormal Items After Tax	2,204	45,872	-95.2
Total Profit After Tax and Abnormals	102,852	132,112	-22.1
Total Special Dividends	-	25,943	N/A
Total Ordinary Dividends	67,893	57,074	+19.0
Total Capital and Reserves (including minorities)	590,594	542,897	+8.8
Total Assets	1,648,808	1,622,812	+1.6
Net Cash	248,979	248,663	+0.1
Undrawn Facilities	176,000	186,000	-5.4
Operating Earnings per Ordinary Share	38.7¢	33.3¢	+16.2
Special Dividend per Ordinary Share (fully franked)	-	10.0¢	N/A
Dividends per Ordinary Share (fully franked)	26.0¢	22.0¢	+18.2

KEY PERFORMANCE INDICATORS FOR 12 MONTH PERIOD TO 30 JUNE 1998

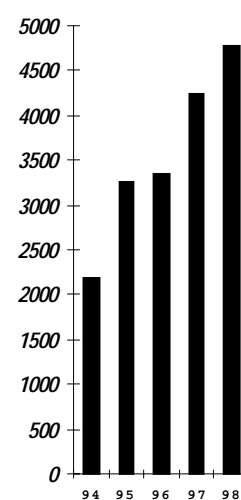
**OPERATING PROFIT
BEFORE TAX AND
ABNORMAL ITEMS
(\$M)**



**OPERATING PROFIT
AFTER TAX AND
MINORITIES
(\$M)**



**TOTAL REVENUE
(\$M)**



**WORK IN HAND
(\$M)**

FINANCIAL PERFORMANCE

The Directors are pleased to report a 17% increase in Group operating profit after tax and before abnormals of \$100.6 million from a pre tax profit of \$164 million. This result was achieved on an operating revenue similar to last year of \$2.9 billion.

The interaction of a series of abnormal items produced a net abnormal profit of \$2.2 million bringing the total profit after tax and abnormals to \$102.8 million. Last year there was a significant abnormal profit after tax of \$46 million resulting in a total profit after tax of \$132 million.

A fully franked final dividend of 15 cents is recommended by the Directors which will bring the full year ordinary dividend to a total of 26 cents per share, fully franked. This compares with 22 cents last year. (A special dividend of 10 cents per ordinary share was also paid last year due to the significant abnormal profit).

The Group's balance sheet remains very strong with total assets of \$1.6 billion. Net cash remained steady at \$249 million with undrawn facilities of \$176 million. The return on average shareholders' funds (before abnormals) has again improved, up to 18.3% per annum.

The impact of the economic climate in Asia and foreign exchange volatility has been reduced by the selective nature of the Group's business strategy and gains from profits in US and HK dollars. Write downs due to bad debts and project related currency losses of \$10 million have been offset by a similar benefit from profits in US and HK dollars.

OPERATING PERFORMANCE

Improved profitability was achieved by both the Australian and Asian operations. Leighton Contractors, Thiess Contractors and Leighton Asia all performed very well with Leighton Properties returning a modest profit.

Principal revenue sources were civil engineering \$857 million, contract mining \$823 million and building \$659 million. Other major revenue sources were telecommunications \$267 million, process engineering \$149 million and environmental services \$116 million. Management contract work worth \$116 million also was completed.

A solid level of long-term mining contracts and the award of over \$3.3 billion of new contracts and contract variations brought total work in hand to another record of \$4.77 billion. Work levels in Australia climbed to \$3.95 billion (up 19%) whilst Asia reduced to \$816 million (down 11%).

AUSTRALIA

The Australian operations contributed \$109 million profit before tax from revenue of \$2.2 billion.

Activity stayed at a high level reflecting the strength of the non-residential construction market and the Group's successful penetration of the mining industry. Contract mining has become the largest contributor to Group revenue in Australia and is likely to continue to do so, given that mining work in hand is now over \$2 billion.

An already strong level of mining work at the beginning of the year was boosted by some new contracts and major extensions to existing projects. Highlights included a \$349 million extension to Thiess' contract at Burton coal mine and a new \$69 million contract at Newlands coal mine in Queensland. Leighton Contractors were awarded \$213 million in contracts at Yarrie Nimingarra iron ore mine in Western Australia and \$74 million in contracts at Esperanza copper mine in Queensland.

Work progressed well at Thiess' major ongoing mining projects including Mt Owen coal mine in the Hunter Valley of New South Wales, the Lihir gold mine in Papua New Guinea, Collinsville and Oaky Creek coal mines and the Ernest Henry copper/gold mine, in Queensland.

Resource related infrastructure was a major source of civil and process engineering construction activity. Roadworks continued to dominate civil engineering activity with good progress made by Leighton Contractors on the \$551 million contract for design and construction of the Eastern Distributor tollroad in inner Sydney, scheduled for completion prior to the 2000 Olympic Games. Over \$200 million of work was secured from the Queensland Department of Main Roads for the upgrade of sections of the Pacific Highway between Brisbane and the Gold Coast. A number of other road projects are being undertaken in New South Wales, Victoria, Queensland and Western Australia.

Building work remained at a reasonable level with over \$700 million of new projects won. During the first half of the year, a major achievement was the successful completion of the Star City casino

complex in Sydney by Leighton Contractors some six months ahead of the original schedule. During the second half of the year, Leighton Contractors won a \$182 million contract for the construction of an office tower and recital hall in Angel Place Sydney for AMP Life. Thiess secured \$182 million in building works for Australia Post in New South Wales and Victoria as well as a \$122 million contract for the upgrade and expansion of Ansett's domestic terminal at Sydney Airport.

Health also continued to be an important market for Group companies with new projects awarded for hospitals in Sydney, Hobart and Cairns.

In addition to construction and mining work, the Group now has a significant presence in telecommunications and environmental services. Almost \$200 million of telecommunications work was completed by Visionstream and Leighton Contractors during the year. This included installation and maintenance activities as well as Telstra's broad band network construction.

Thiess' Environmental Services division has progressively expanded into site remediation projects, land fill and waste transfer operations in addition to its long term waste collection contracts. This business has performed very well and achieved revenue of \$116 million for the year.

ASIA

Construction and mining operations in Asia had another outstanding year producing \$54 million profit before tax from revenue of \$664 million. Work in hand has remained solid due to Leighton Asia's success in securing some major government building projects in Hong Kong.

The Hong Kong Government's announcement of massive new infrastructure and public housing programmes has allayed concern of a construction downturn following the completion of the new airport. Highlights of the year include the successful completion of the \$252 million aviation fuel service facility for the new airport and the award of the \$227 million Tsz Oi Estate housing project. A \$52 million contract for a museum at Lei Yue Mun was also awarded by the Government.

Elsewhere in the region, Leighton Asia's activity levels reduced in Thailand, Malaysia and Vietnam with only a few small contracts awarded. However, operations in the Philippines became the largest contributor after Hong Kong with over \$50 million in new contracts awarded at the Sual Power Station.

Thiess' operations in Indonesia performed very well despite the economic and social change experienced in the country over the past 12 months. The results were substantially protected by contracts dominated in US dollars and benefited from a lower AUS dollar. Major projects nearing completion at year end included the Musi Pulp Mill in South Sumatra and the telecommunications joint venture in Central Java. Significant on-going work includes the \$222 million Kideco coal mine contract and a new \$37 million contract for infrastructure at the Bontang coal mine, both in Kalimantan.

PROPERTY

Leighton Properties maintained a modest level of profitability. Assets remained at a similar level to last year as no significant sales were made. The main activity during the year was the successful completion of the \$800 million Star City casino complex. Development has commenced on a \$90 million commercial office and retail tower at North Sydney, scheduled for completion in early 2000. Design work is also underway for National Mutual on a \$90 million office development in Kent Street, Sydney. Leighton Properties is proceeding with the sale of its property at St Kilda Road in Melbourne.

INVESTMENTS

In June 1998, Leighton Contractors sold down 5.6% of its interest in Airport Motorway Limited (which holds the concession for the Eastern Distributor tollroad in Sydney) to National Australia Bank. Leighton retains an 11% interest.

No change has been made to the carrying value of the 25 million ordinary shares in Star City Limited, held at the original purchase price of \$1 per share. In addition, Leighton has 37.45 million options and a 15% share in the casino management company.

There has been no change to the Group's 5% investment in Burton Coal Mine.

ADDITIONAL FINANCIAL INFORMATION

FOR THE 12 MONTH PERIOD TO 30 JUNE 1998

GROUP OPERATING (SALES) REVENUE**BY COMPANY**

	1998		1997	1996	1995	1994
	\$M	%				
Leighton Contractors	978	34	41	44	37	34
Thiess Contractors	1,486	51	38	34	33	37
Leighton Asia	407	14	15	15	22	21
Leighton Properties	32	1	2	2	3	2
Other	4	-	4	5	5	6
TOTAL	2,907	100				

BY GEOGRAPHIC AREA

	1998		1997	1996	1995	1994
	\$M	%				
Australia	2,239	77	78	80	73	75
Asia	664	23	22	20	27	25
Other	4	-	-	-	-	-
TOTAL	2,907	100				

BY MARKET SEGMENT

	1998		1997	1996	1995	1994
	\$M	%				
Civil Engineering	857	30	33	39	44	44
Contract Mining	823	28	24	19	19	21
Building	659	23	32	28	22	21
Telecommunications	267	9	-	-	-	-
Process Engineering	149	5	2	4	4	3
Environmental Services	116	4	3	3	3	4
Property Development	36	1	2	2	3	2
Other	-	-	4	5	5	5
TOTAL	2,907	100				

AUSTRALIAN OPERATIONS**OPERATING (SALES) REVENUE**

	1998		1997	
	\$M	%	\$M	%
Civil Engineering	621	28	710	31
Building	410	18	662	29
Contract Mining	750	34	603	26
Other	458	20	321	14
TOTAL	2,239	100	2296	100

WORK IN HAND (excl. long-term waste and mining)

	1998		1997	
	\$M	%	\$M	%
Civil Engineering	940	24	1049	32
Building	582	15	292	9
Contract Mining	2,115	53	1651	49
Other	314	8	326	10
TOTAL	3,951	100	3318	100

ASIAN OPERATIONS**OPERATING (SALES) REVENUE**

	1998		1997	
	\$M	%	\$M	%
Civil Engineering	236	35	248	39
Building	249	38	264	42
Contract Mining	73	11	115	18
Other	106	16	4	1
TOTAL	664	100	631	100

WORK IN HAND

	1998		1997	
	\$M	%	\$M	%
Civil Engineering	152	19	289	32
Building	432	53	334	36
Contract Mining	205	25	283	31
Other	27	3	11	1
TOTAL	816	100	917	100

GROUP PROSPECTS

OUTLOOK FOR 1998/99

Australia will drive growth in the year ahead. With work in hand of nearly \$4 billion, the Australian operations should improve their returns commensurate with an increase in revenue. Mining and engineering construction will continue to be the largest source of work given the number of major projects already in progress. Building work should remain quite strong as work in hand has increased on the back of some sizeable new contracts. Environmental services and telecommunications are also forecast to provide a healthy contribution.

Whilst there may be a modest drop in overall profitability from Asia, the Hong Kong market remains quite buoyant with government spending on infrastructure providing a busy tendering period at present. Committed work in Hong Kong, Indonesia and the Philippines should underpin revenue although other countries have very little work underway.

Accordingly, the Directors believe Group operating profit will again improve in 1998/99.

LONG TERM OUTLOOK AND STRATEGY

The challenge for the Group going forward is to sustain growth, prudently using its strong balance sheet and liquidity. The Group's long term growth strategy involves extending existing businesses, pursuing strategic investments and selective geographic expansion.

A proven operating strategy is based on a flexible corporate structure able to adapt to changing market conditions. The focus on new and emerging markets has delivered steady growth for the Group over the past decade. It has opened up new sources of revenue from areas such as coal mining and infrastructure operation and maintenance. A wide variety of delivery systems and contractual arrangements including equity contributions have led to larger project opportunities.

Growth in the non-residential construction market is undoubtedly slowing and is likely to downturn early next decade. However, structural shifts in most industries in Australia appear to be favouring larger competitors. The Group is in a strong position in its key markets but has a relatively small share in a wide range of market sectors. This creates tremendous potential to increase market share in those sectors such as oil and gas which present some major prospects.

The Group also has a track record for successfully bringing forward large, complex infrastructure projects such as the \$3.5 billion Very High Speed Train between Sydney and Canberra. Leighton Contractors is in joint venture with ALSTOM (which is providing the French TGV technology) in the Speedrail Group which was recently chosen as preferred proponent for the project. Construction is expected to start in early 2000.

Construction is only one of the Group's main markets in Australia accounting for around 50% of revenue last year. Operating companies now have a major position in the mining industry, supplying design, contracting, operation and maintenance services. The contract mining industry has grown on average 15% per annum over the past 10 years. With increasing pressures on productivity, there is further potential in this market.

New markets which have added significantly to the revenue base in recent years include telecommunications and environmental services. Work in these industries involve new types of activities such as installation of multi-media networks and management of waste transfer and landfill operations. They are growth sectors of Australia's economy with different trends to the property market or spending on civil infrastructure.

In Asia, the longer term outlook varies from country to country. Over the next five years, opportunities in Hong Kong will be dominated by massive government infrastructure projects including road, rail, health and education. The rail component alone is worth almost as much as the new airport recently completed at Chep Lap Kok. The longer term prospects in Indonesia remain positive. The resources sector will be central to its economic recovery and the Group is well placed to take advantage of opportunities when they come forward. Elsewhere in the region, the Philippines offer the best opportunities in the medium term with a presence being maintained in other countries such as Thailand and Malaysia.

A number of strategic investments, which should further lift the current momentum of the Group, are being progressed. In addition, Thiess has established an office in South America focused on resources, as almost one third of the world's mineral exploration budget is being spent there.

The overall outlook for the longer term is very positive. The recent review undertaken by Professor Fred Hilmer of Port Jackson Partners confirmed the Directors' view of the current

strength of the Group and the potential for further growth.

SIGNIFICANT CURRENT CONTRACTS

TOTAL CONTRACT VALUES ARE SHOWN FOR ALL PROJECTS INCLUDING JOINT VENTURES

LEIGHTON CONTRACTORS

- \$213m in contracts for mining of iron ore and civil works at Yarrie Nimingarra mine, 150 kms east of Port Hedland in WA, for BHP Iron Ore.
- \$182m contract for construction of a 35 level office tower and recital hall in Sydney for AMP Life.
- \$97m contract for construction of 12 kms of roadworks between Brisbane and the Gold Coast on the Pacific Motorway for Queensland Department of Main Roads.
- \$74m in contracts for mining operations at Esperanza/Gunpowder copper mine, North Queensland, for Aberfoyle Resources.
- \$63m contract for construction of a new hospital, dental clinic and carpark at Blacktown Hospital for the NSW Department of Public Works and Services.
- \$37m contract for road reconstruction on the Pacific Highway at Coffs Harbour for NSW Roads and Traffic Authority.
- \$24m contract for design, construction and commissioning of the stage 2 redevelopment of Royal Hobart Hospital for the Department of Community and Health Services, Tasmania.
- \$24m contract for construction of roadworks on the Western Ring Road near Thomastown, Victoria, for Vic Roads.
- \$551m contract for design and construction of the Eastern Distributor tollroad, linking Sydney Airport to the city, for Airport Motorway.
- \$63m operation and maintenance contract on the M5 South West Motorway, Sydney, for Interlink Roads.
- \$53m contract for open pit gold mining operations at Quarters Pit Stages 3 & 4 for Centaur Mining and Exploration in WA.
- \$42m contract to construct and commission new rail facilities, including trackwork, signals and extensive building works, at Jolimont Railyards Melbourne for Victoria's Public Transport Corporation.
- \$38m mining contract at Mt McClure gold mine, WA, for Arimco.
- \$35m mining contract at Lawlers gold mine, WA, for Plutonic Resources.

THIESS CONTRACTORS

- \$349m contract extension at Burton coal mine, Queensland for Portman Mining Limited. Total value of mining operations, including new work is \$661m.
- \$182m in building works for Australia Post in NSW and Victoria.
- \$122m contract for alterations and additions to Ansett Domestic Air Terminal, at Sydney Airport for Ansett Australia.
- \$99m contract for upgrade to the Pacific Highway between Brisbane and the Gold Coast, Queensland, for the Queensland Department of Main Roads.
- \$69m contract for coal mining operations at Newlands coal mine, for Mt Isa Mines and Itochu Coal Resources Australia.
- \$49m design and construct contract for infrastructure expansion at Burton coal mine, Queensland, for Burton Coal Pty Ltd.
- \$40m design and construct contract for a 14 level office tower at North Sydney, NSW, for Leighton Properties.
- \$40m contract for reconstruction and strengthening of the existing Matahina Dam for the Electricity Corporation of New Zealand.
- \$37m contract for construction of mine infrastructure at Bontang coal mine, Kalimantan, Indonesia, for PT Indominco Mandiri.
- \$29m contract for design, supply and installation - including civils, structural, mechanical and electrical works - at Phosphate Hill Beneficiation Plant, Queensland, for WMC Fertilizers.
- \$28m contract for stage 1 and stage 2 fitout of the clinical services building at Cairns Hospital for Queensland Health.
- \$28m contract for reinforced concrete foundations at Worsley Alumina Refinery, for Worsley Alumina Refinery.
- \$25m contract for the construction of an ammonia plant at Phosphate Hill, Queensland, for Linde Australia.
- \$24m contract to construct Corporate Headquarters at Bayswater, Victoria for Siemens Ltd.
- \$23m contract for upgrade of 3.2 kms of Pacific Motorway at Nerang, Queensland, to 6 lane standard for Queensland Department of Main Roads.

Note: • indicates new project secured between 1 July 1997 – 30 June 1998
◦ indicates significant on-going project

- \$22m contract for design and construction of the new Thiess Corporate Office at Southbank, Queensland, for Thiess Property Services.
- \$578m contract for the first six years of mining operations at Mt Owen coal mine, NSW, for Glencore.
- \$515m joint venture mining contract at Lihir gold mine, PNG, for Lihir Management Co. Thiess' share is \$335m.
- \$419m four year contract extension for infrastructure maintenance, mining, washing and loading of coal at Collinsville coal mine, Queensland, for Mt Isa Mines and Itochu Coal Resources Australia.
- \$222m contract for development, mining and haulage at Kideco coal mine, Kalimantan, Indonesia, for PT Kideco Jaya Agung.
- \$221m uncompleted waste contracts in NSW and the ACT, including a long term contract to operate the wastewater treatment plant for BHP Steel at Port Kembla.
- \$154m joint venture contract for longwall punch mining operations at Oaky Creek coal mine, Queensland, for Oaky Creek Coal. Thiess' share is \$77m.
- \$134m 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 \$37m.
- \$111m contract for design, construction and maintenance of the Bulahdelah-Coolongolook Deviation, on the Pacific Highway for NSW Roads and Traffic Authority.
- \$106m contracts for construction of access roads, laydown areas and site preparation for port and town infrastructure at Sumbawa Island, Indonesia, for P.T. Newmont Nusa Tenggara.
- \$104m contract for open cut copper/gold mining and related infrastructure works at Ernest Henry mine, Queensland, for Ernest Henry Mining.
- \$95m in contracts for underground mine development, including civil and mechanical engineering at the Olympic Dam expansion project, Roxby Downs, SA, for WMC.
- \$67m joint venture contract for design and construction of the City Northern Bypass in Perth for WA Main Roads Department. Thiess' share is \$34m.
- \$66m contract for water and sewage maintenance services for South East Water in Melbourne, Victoria.
- \$64m three contract extension for open cut mining works at Nolans gold mine, stages 1 & 2, in Queensland for Carpentaria Gold Pty Ltd.
- \$55m contract for the construction of mine infrastructure and mining, washing and loading of coal from South Walker Creek mine, Queensland, for BHP Coal.
- \$54m contract for mine work at Redoubtable/Intrepid open pit mine in WA for WMC.
- \$45m contract for construction of roads and associated landscaping and services at the Olympic site, Homebush Bay, NSW, for the Olympic Coordination Authority.

LEIGHTON ASIA (80% OWNED)

- \$227m contract for the construction of six 41-storey residential towers for the Tsz Oi Estate at Tsz Wan Shan, Hong Kong, for the Hong Kong Housing Authority.
- \$53m in contracts for construction of a coal unloading jetty, civil works and dredging at Sual Power Station in the Philippines for Sual Slipform Construction Corporation Inc.
- \$52m contract for construction of Lei Yue Mun Museum for the Hong Kong Government's Architectural Services Department.
- \$232m joint venture contract for design and construction of two aqueducts in the New Territories for the Hong Kong Water Supplies Department. Leighton Asia's share is \$116 million.
- \$140m construction contract for four multi-storey residential towers at Fanling Area 49A housing development in the New Territories for the Hong Kong Housing Authority.
- \$64m contract to construct the United Christian Hospital Block P in Hong Kong for the United Christian Hospital.

Note: • indicates new project secured between 1 July 1997 – 30 June 1998
◦ indicates significant on-going project



Leighton Holdings Limited

A.C.N. 004 482 982

FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 1998

Issued 13 August 1998

PRELIMINARY FINAL REPORT

Appendix 4B (not equity accounted)

Name of entity

LEIGHTON HOLDINGS LIMITED

ACN or ARBN

004 482 982

Financial Year Ended ('current period')

30 June 1998

For announcement to the market

\$A'000

Sales (or equivalent operating) revenue (<i>item 1.1</i>)	maintained	at	2,906,952
Operating profit before abnormal items and tax (<i>item 1.4</i>)	up 13%	to	164,171
Abnormal items after tax attributable to members (<i>item 2.5</i>)	gain	of	2,204
Total profit after tax (before amortisation of goodwill) attributable to members (<i>item 1.26</i>)	down 24%	to	111,147
Operating profit before abnormal items after tax attributable to members	up 17%	to	100,648
Total profit after tax attributable to members (<i>item 1.10</i>)	down 22%	to	102,852*
Extraordinary items after tax attributable to members (<i>item 1.13</i>)	Nil	of	Nil
Operating profit and extraordinary items after tax attributable to members (<i>item 1.16</i>)	down	to	102,852
Dividends	Amount per security	Franked amount per security at 36% tax	
Final ordinary dividend	15.0¢	15.0¢	
Previous corresponding period - Special Interim	10.0¢	10.0¢	
- Final Ordinary	13.0¢	13.0¢	
Record date for determining entitlements to the dividend (<i>see item 15.2</i>):	11 September 1998		
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:	NIL		
* 1996/97 included a large abnormal of \$45.9m due to the sale of Welded Mesh			

Consolidated profit and loss account

(The figures are not equity accounted)

	Current period \$A'000	Previous corresponding period \$A'000
1.1 Sales (or equivalent operating) revenue	2,906,952	2,926,942
1.2 Other revenue	127,594	234,238
1.3 Total revenue	3,034,546	3,161,180
1.4 Operating profit before abnormal items and tax	164,171	145,149
1.5 Abnormal items before tax (detail in item 2.4)	(9,023)	73,656
1.6 Total profit before tax (items 1.4 + 1.5)	155,148	218,805
1.7 Less tax	(44,981)	(80,202)
1.8 Total profit after tax but before outside equity interests	110,167	138,603
1.9 Less outside equity interests	(7,315)	(6,491)
1.10 Total profit after tax attributable to members	102,852	132,112
1.11 Extraordinary items after tax (detail in item 2.6)	-	-
1.12 Less outside equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 Total profit and extraordinary items after tax (items 1.8 + 1.11)	110,167	138,603
1.15 Total profit and extraordinary items after tax attributable to outside equity interests (items 1.9 + 1.12)	(7,315)	(6,491)
1.16 Total profit and extraordinary items after tax attributable to members (items 1.10 + 1.13)	102,852	132,112
1.17 Retained profits at beginning of financial period	168,429	117,461
1.18 Prior period adjustment	-	-
1.19 Aggregate of amounts transferred from reserves	-	1,873
1.20 Total available for appropriation	271,281	251,446
1.21 Dividends provided for or paid	(67,893)	(83,017)
1.22 Aggregate of amounts transferred to reserves	(89)	-
1.23 Retained profits at end of financial period	203,299	168,429
Operating profit before abnormal items after tax attributable to members	100,648	86,240

Profit restated to exclude amortisation of goodwill	Current period	Previous corresponding period
	\$A'000	\$A'000
1.24 Total profit after tax before outside equity interests (items 1-8) and amortisation of goodwill	118,462	151,860
1.25 Less outside equity interests	(7,315)	(6,492)
1.26 Total profit after tax (before amortisation of goodwill) attributable to members	111,147	145,368

Intangible, abnormal and extraordinary items	<i>Consolidated - current period</i>			
	Before tax	Related tax	Related outside equity interests	Amount (after tax) attributable to members
	\$A'000	\$A'000	\$A'000	\$A'000
2.1 Amortisation of goodwill	8,295	-	-	8,295
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total amortisation of intangibles	8,295	-	-	8,295
2.4 Abnormal items:				
Property - writedown	(12,349)	4,445	-	(7,904)
Eastern Distributor - sale	4,500	(1,620)	-	2,880
Leighton Terraform - sale	3,026	(1,089)	-	1,937
Asian Currency devaluation	(4,200)	-	-	(4,200)
USA Tax Losses not previously recognised	-	9,491	-	9,491
2.5 Total abnormal items	(9,023)	11,227		2,204
2.6 Extraordinary items	-	-	-	-
2.7 Total extraordinary items	-	-	-	-

Comparison of half year profits	Current year	Previous year
	\$A'000	\$A'000
3.1 Consolidated operating profit after abnormal items and after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly report)	41,688	32,043
3.2 Consolidated operating profit after abnormal items and after tax attributable to members for the 2nd half year	61,164	100,069

Consolidated balance sheet

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000	
Current assets				
4.1	Cash	368,368	422,883	382,425
4.2	Receivables	306,713	259,787	242,884
4.3	Investments	28,337	15,962	31,369
4.4	Inventories	121,627	134,967	133,259
4.5	Other	36,964	40,540	58,042
4.6	Total current assets	862,009	874,139	847,979
Non-current assets				
4.7	Receivables	5,415	3,394	3,673
4.8	Investments	27,834	45,918	28,552
4.9	Inventories	37,792	25,260	28,812
4.10	Exploration and evaluation expenditure capitalised	-	-	-
4.11	Development properties	-	-	-
4.12	Other property, plant and equipment (net)	582,525	574,976	537,188
4.13	Intangibles (net)	-	8,943	2,827
4.14	Other	133,233	90,182	98,464
4.15	Total non-current assets	786,799	748,673	699,516
4.16	Total assets	1,648,808	1,622,812	1,547,495
Current liabilities				
4.17	Accounts payable	461,953	473,975	432,354
4.18	Borrowings	20,870	57,056	27,347
4.19	Provisions	178,987	185,178	169,060
4.20	Other	1,720	6,171	4,137
4.21	Total current liabilities	663,530	722,380	632,898
Non-current liabilities				
4.22	Accounts payable	13,930	19,672	14,239
4.23	Borrowings	98,519	117,164	111,465
4.24	Provisions	282,235	220,699	245,051
4.25	Other	-	-	-
4.26	Total non-current liabilities	394,684	357,535	370,755
4.27	Total liabilities	1,058,214	1,079,915	1,003,653
4.28	Net assets	590,594	542,897	543,842

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Equity			
4.29 Capital	130,563	129,714	130,563
4.30 Reserves	239,941	226,163	221,782
4.31 Retained profits	203,299	168,429	181,440
4.32 Equity attributable to members of the parent entity	573,803	524,306	533,785
4.33 Outside equity interests in controlled entities	16,791	18,591	10,057
4.34 Total equity	590,594	542,897	543,842
4.35 Preference capital included as part of 4.32	NIL	NIL	NIL

Exploration and evaluation expenditure capitalised

	Current period \$A'000	Previous corresponding period \$A'000
5.1 Opening balance		
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisitions, disposals, revaluation increments, etc.		
5.5 Expenditure transferred to Development Properties		
5.6 Closing balance as shown in the consolidated balance sheet (item 4.10)		

Development properties

	Current period \$A'000	Previous corresponding period \$A'000
6.1 Opening balance		
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.11)		

Consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	2,879,229	2,902,673
7.2 Payments to suppliers and employees	(2,639,072)	(2,518,127)
7.3 Dividends received	-	-
7.4 Interest and other items of similar nature received	16,577	10,797
7.5 Interest and other costs of finance paid	(6,052)	(16,433)
7.6 Income taxes paid	(69,932)	(46,416)
7.7 Other	-	-
7.8 Net operating cash flows	180,750	332,494
Cash flows related to investing activities		
7.9 Payment for purchases of property, plant and equipment	(203,427)	(265,716)
7.10 Proceeds from sale of property, plant and equipment	103,253	76,288
7.11 Payment for purchases of equity investments	(1,007)	(24,935)
7.12 Proceeds from sale of equity investments	23,604	193,367
7.13 Loans to other entities	(5,928)	(12,382)
7.14 Loans repaid by other entities	130	33,763
7.15 Other	-	-
7.16 Net investing cash flows	(83,375)	385
Cash flows related to financing activities		
7.17 Proceeds from issues of securities (shares, options, etc.)	9,079	478
7.18 Proceeds from borrowings	-	191,944
7.19 Repayment of borrowings	(79,941)	(220,897)
7.20 Dividends paid	(94,696)	(48,275)
7.21 Other	-	-
7.22 Net financing cash flows	(165,558)	(76,750)
Net increase/(decrease) in cash held	(68,183)	256,129
7.23 Cash at beginning of period	422,840	165,843
7.24 Exchange rate adjustments to item 7.23.	13,711	868
7.25 Cash at end of period	368,368	422,840

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

1997	NIL
1998	NIL

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
8.1 Cash on hand and at bank	14,411	27,428
8.2 Deposits at call	353,957	395,455
8.3 Bank overdraft	-	(43)
8.4 Other	-	-
8.5 Total cash at end of period (item 7.25)	368,368	422,840

Ratios

	Current period	Previous corresponding period
9.1 Profit before abnormals and tax/sales Consolidated operating profit before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	5.6%	5.0%
9.2 Operating Profit after tax and before Abnormals/equity interests	17.5%	16.4%
Total Profit after tax/equity interests Consolidated operating profit after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.32)	17.9%	25.2%
Earnings per security (EPS)		
10.1 Calculation of basic, and fully diluted, EPS in accordance with <i>AASB 1027: Earnings per Share</i>		
(a) Basic EPS - Operating Profit	38.7¢	33.3¢
- Total Profit	39.5¢	50.9¢
(b) Diluted EPS	39.5¢	50.9¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	260,270,379	259,390,512
NTA backing		
11.1 Net tangible asset backing per ordinary security	\$2.26	\$2.06

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period \$A'000
12.1 Interest revenue included in determining item 1.4	16,213	9,330
12.2 Interest revenue included in item 12.1 but not yet received	426	790
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	10,005	16,381
12.4 Interest costs excluded from item 12.3 and capitalised in asset values	-	-
12.5 Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles	NIL	NIL
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	124,432	139,659
12.7 Income Tax		
The major items responsible for the difference in income tax at 36% on operating profit and reported income tax expense are:		
- Tax Losses not previously recognised in the accounts	(12,639)	-
- Other non-allowable items	575	2,545
- Depreciation and Amortisation not allowable for tax	3,492	5,267
- Overseas Income Tax Rate Differential	(2,274)	(4,378)

Control gained over entities having material effect

13.1	Name of entity	NIL
13.2	Consolidated operating profit and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was acquired	NIL
13.3	Date from which such profit has been calculated	NIL
13.4	Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	NIL

Loss of control of entities having material effect

14.1	Name of entity	NIL
14.2	Consolidated operating profit and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	NIL
14.3	Date to which the profit in item 14.2 has been calculated	NIL
14.4	Consolidated operating profit and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	NIL
14.5	Contribution to consolidated operating profit and extraordinary items after tax from sale of interest leading to loss of control	NIL

Reports for Industry and Geographical Segments

INDUSTRY	Contracting & Project Management \$'000	Property Development \$'000	Unallocated \$'000	Total \$'000
1998				
Total Revenue	2,974,231	36,452	23,863	3,034,546
Operating Profit Before Tax	168,764	3,805	(8,398)	164,171
Abnormal Profit Before Tax	7,526	(12,349)	(4,200)	(9,023)
Total Assets	1,228,906	167,462	252,440	1,648,808
1997				
Total Revenue	3,094,712	47,967	18,501	3,161,180
Operating Profit Before Tax	166,504	1,050	(22,405)	145,149
Abnormal Profit Before Tax	69,178	-	4,478	73,656
Total Assets	1,079,409	176,211	367,192	1,622,812
GEOGRAPHIC	Australia \$'000	S.E. Asia \$'000	USA \$'000	Total \$'000
1998				
Total Revenue	2,333,730	695,542	5,274	3,034,546
Operating Profit Before Tax	108,576	53,790	1,805	164,171
Abnormal Profit Before Tax	(7,849)	(1,174)	-	(9,023)
Total Assets	1,258,200	356,738	33,870	1,648,808
1997				
Total Revenue	2,483,197	677,959	24	3,161,180
Operating Profit Before Tax	101,229	43,920	-	145,149
Abnormal Profit Before Tax	79,477	(5,821)	-	73,656
Total Assets	1,258,357	318,183	46,272	1,622,812

The division of the operating profit, before tax and abnormals, and assets into industry and geographic segments has been ascertained by reference to direct identification of assets and revenue/cost centres. Other expenses and assets which cannot be allocated to an industry segment are reported as unallocated.

Dividends

15.1 Date the dividend is payable:

30 September 1998

15.2 Record date to determine entitlements to the dividend (ie, on the basis of registrable transfers received up to 5.00 pm if paper based, or by "End of Day" if a proper SCH transfer)

11 September 1998

15.3 If it is a final dividend, has it been declared?

Yes

Amount per security

		Amount per security	Franked amount per security at 36% tax
	Special interim dividend:		
	Current year	-	-
	Previous year	10.0¢	10.0¢
15.4	Final ordinary dividend:		
	Current year	15.0¢	15.0¢
15.5	Previous year	13.0¢	13.0¢
15.6	Interim ordinary dividend:		
	Current year	11.0¢	11.0¢
15.7	Previous year	9.0¢	9.0¢

Total dividends per security (interims plus final)

	Current year	Previous year
15.8 Ordinary securities	26.0¢	32.0¢
15.9 Preference securities	NIL	NIL

Preliminary final report - final dividend on all securities

	Current period \$A'000	Previous corresponding period \$A'000
15.10 Ordinary securities		
- special interim dividend	-	25,943
- final ordinary dividend	39,169	33,725
15.11 Preference securities	NIL	NIL
15.12 Total	39,169	59,668

The dividend plans shown below are in operation.

NIL

The last date(s) for receipt of election notices for the dividend plans

N/A

Any other disclosures in relation to dividends

NIL

Equity accounted associated entities and other material interests

Investments in associated entities		Current period	Previous corresponding period
		\$A'000	\$A'000
16.1	Statutory carrying value of investments in associated entities (SCV)	2,436	21,492
16.2	Share of associated entities' retained profits and reserves not included in SCV:		
	Retained profits	-	-
	Reserves	-	-
16.3	Equity carrying value of investments	2,436	21,492

Material interests in entities which are not controlled entities

Name of entity	Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contribution to operating profit (loss) and extraordinary items after tax	
	Current period	Previous corresponding period	Current period	Previous corresponding period
	%	%	\$A'000	\$A'000
17.1 Equity accounted associated entities	NIL	NIL	<i>Equity accounted</i>	
17.2 Other material interests	NIL	NIL	<i>Not equity accounted (ie part of item 1.14)</i>	

Issued and quoted securities at end of current period

Category of securities	Number Issued	Number quoted	Par Value (cents)	Paid Value (cents)
18.1 Preference securities	NIL			
18.2 Issued during current period	NIL			
18.3 Ordinary securities	261,125,820	261,125,820	50¢	50¢
18.4 Issued during current period	1,696,934	1,696,934	50¢	50¢
18.5 Convertible debt securities	NIL			
18.6 Issued during current period	NIL			
18.7 Options	4,675,500	NIL	<i>Exercise price</i>	<i>Expiry date</i>
			5.41	24.10.2001
18.8 Issued during current period	NIL	NIL	5.41	24.10.2001
18.9 Exercised during current period	NIL	NIL		
18.10 Expired during current period	330,000	NIL		
18.11 Debentures	NIL			
18.12 Unsecured notes	NIL			

Comments by directors

Refer to Narrative Report

Basis of accounts preparation

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer to pages 2 to 8

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

NIL

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

\$8.8 million franking credits available at 30 June 1998. Dividends for the next year will be fully franked.

Changes in accounting policies since the last annual report are disclosed as follows.

NIL

Additional disclosure for trusts

19.1 Number of units held by the management company or a related party

NOT APPLICABLE

19.2 A statement of the fees and commissions payable to the management company.

Identify:

- initial service charges
- management fees
- other fees

NOT APPLICABLE

Annual meeting

The annual meeting will be held as follows:

Place	The Ballroom, The Regent Sydney 199 George Street, Sydney
Date	5 November 1998
Time	10.00am
Approximate date the annual report will be available	28 September 1998

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.

Identify other standards used

NIL

- 2 This report, and the financial statements prepared under the Corporations Law, use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This statement is based on financial statements which are in the process of being audited.
- 5 The financial statements are in the process of being audited and the audit report is not attached. Details of any qualifications will follow immediately they are available. The company does not expect that there will be any qualifications to its financial statements.
- 6 The entity has a formally constituted audit committee.

Sign here:
(Company secretary)

Date: 13 August 1998

Print name: A.J. Moir