

2001

Leighton Holdings Limited Shareholders' Preliminary Final Report

Highlights from the preliminary final report for the year
ended 30 June 2001.



Top Left
St Vincent's Hospital
NSW, Leighton Contractors

Top Right
Boronia Road Grade Separation Track Works
Victoria, John Holland

Below Left
Fibre-optic cable laying for Telstra
Queensland, Thiess Communications

Below Right
ABK Loa Janan Coal Mine
Indonesia, Leighton Asia



Leighton
Holdings
Limited

Performance Review



"The Group has produced an excellent result with a particularly strong performance from the Asian operations."

Wal King AM Chief Executive Officer

Financial Performance

The directors are pleased to report that Group operating profit after tax and outside equity interests was up by 16% to \$156.2 million. Pre-tax profit after outside equity interests was up 11% to \$196.8 million.

The return on shareholders' funds averaged 22.3% over the year, compared with 21.1% last year.

A final dividend of 25 cents per share franked to the extent of 50% will bring the full year ordinary dividend to a total of 39 cents per share. This compares with 33 cents per share last year representing an 18% increase. The directors anticipate that, subject to the level of overseas earnings, franking will be maintained at not less than 50%.

The strong result continues to reflect the success of the Group's diversification strategy with a particularly pleasing result from the Asian operations. Thiess recorded another solid performance from its operations in Australia and Indonesia, maintaining its position as the largest contributor to the Group. Leighton Asia reported a substantial contribution from its operations in Asia. The Group's strategic portfolio of investments delivered profits on the sale of the Eastern Distributor investment and a North Sydney property.

Principal sources of operating revenue which totalled \$4.27 billion (up 24% from \$3.45 billion last year) were engineering and infrastructure \$1.56 billion, building and property development \$1.05 billion, mining and resources \$1.04 billion, telecommunications \$437 million and environmental services \$186 million. Management contracts worth \$339 million were also completed.

The Group's balance sheet remains strong with total assets of \$2.0 billion and net assets of \$740 million. Net cash also remains strong at \$400 million compared to \$250 million last year. Undrawn facilities decreased marginally to \$152 million.

The Group has retained a BBB+ credit rating, recognising its stability and financial strength.

Acquisitions, Investments and Sales

A number of acquisitions and investments were made over the past year, in line with the Group's long-term strategy of using its financial capacity to grow contracting operations and extend the business.

The Group paid \$35 million to buy-back HOCHTIEF's 20% interest in Leighton Asia, following approval by shareholders at the 2000 Annual General Meeting. The acquisition boosted members' earnings and Leighton Asia should benefit from working closely with HOCHTIEF in the region.

Telecommunications

John Holland acquired a small wireless and microwave telecommunications contractor Quantum for \$3 million extending its capabilities in this market.

Engineering and Infrastructure

John Holland acquired Loram, a specialist rail maintenance contractor, for \$3 million adding to its rail maintenance capabilities.

Thiess acquired BOS Australia, a mechanical services business focused mainly on the oil and gas markets in Western Australia, for \$3 million. Leighton Contractors completed the sale of its 10.45% interest in Eastern Distributor to the Macquarie Infrastructure Group for \$54.5 million. The sale yielded a profit of \$29 million.

Mining and Resources

Thiess purchased a 40% stake in the North Goonyella Coal Mine in the Bowen Basin in Queensland from Sumisho Coal Development. The RAG Thiess Consortium has purchased outright the mine and related assets. Thiess also purchased a 10% stake in the Southland Colliery, in the Hunter Valley in New South Wales, from Gympie Gold.

Thiess sold the operating assets of its subsidiary, Quantum Explosives, to Orica and ceased the manufacture and supply of explosives. Thiess also sold its stake in Renewable Energy and reduced its interest in Portman Mining.

Property Development

Leighton Properties and ISPT Pty Ltd (50:50 partners) acquired 100 Pacific Highway, North Sydney for \$26.5 million. The partners plan to develop a new \$120 million office building on the site.

Leighton Properties sold its landmark commercial development at 80 Pacific Highway, North Sydney to Investa Property Group for \$90.75 million.

Work in Hand

At 30 June 2001, the Group's work in hand was at an all time record of \$7.8 billion. This compares with \$7.6 billion at 31 December 2000 and \$6.2 billion at 30 June 2000. The growth in forward orders is the result of a significant increase in work in Asia and telecommunications activity and the base load of long-term mining contracts.

Australia/Pacific Operations

The Australia/Pacific operations contributed \$115 million profit before tax from revenue of \$3.0 billion. Both revenue and profitability were up slightly from the previous year.

Telecommunications

Revenue from telecommunications was up 23% to \$376 million and work in hand has increased to \$1 billion.

Visionstream commenced construction of the fully financed Nextgen Networks project. The 8,400km optic-fibre network linking Perth, Adelaide, Melbourne, Canberra, Sydney and Brisbane will provide construction work worth \$613 million. Visionstream also has an operation and maintenance contract commencing in 2003 worth \$50 million per year.

Construction of the 1,700km Reef Networks project, Australia's first privately owned cable network stretching from Brisbane to Cairns has been completed. Visionstream has commenced an operation and maintenance contract.

Visionstream and Thiess Services (in joint venture with Siemens) both secured contracts with Telstra to upgrade the carrier's Customer Access Network.

Work progressed well on other telecommunications projects including Thiess' Silcar Maintenance Services contract for Telstra's National Telepower Network and John Holland's ongoing development of Vodafone's radio base stations across Australia.

Right
Meteorological Work
Victoria, Thiess Services

Below
Government Teachers' Housing
Malaysia, Leighton Asia

Left
Collinsville Coal Mine
Queensland, Thiess



Engineering and Infrastructure

Engineering and infrastructure remained the major source of revenue in Australia at \$991 million despite the downturn in the civil engineering market. Work in hand stands at \$1.2 billion.

A highlight was the successful finalisation of the design and construct contract for the Alice Springs to Darwin Railway by the ADrail consortium, of which John Holland is a member. John Holland has commenced work on its share of the project worth \$219 million.

Road projects continue to provide the most activity in the engineering market. Thiess completed the Kwinana Freeway Extension in Western Australia and Leighton Contractors has been awarded a contract to extend Perth's Roe Highway. In Queensland, Leighton Contractors made good progress on the construction of Brisbane's Inner City Bypass. In Victoria, Leighton Contractors is constructing two sections of the Geelong Road. John Holland has also been awarded a contract to construct a section of this road.

Other engineering construction projects awarded during the year include the raising of the Awoonga Dam in central Queensland to Thiess and the Harvey Dam in Western Australia to Leighton Contractors.

Long-term operation and maintenance contracts in progress include the Eastern Distributor Motorway in Sydney by Leighton Contractors, the provision of services by Thiess Infracore to Bayside Trains and Swanston Trams in Melbourne, and the maintenance and rehabilitation of WestNet Rail's freight network in Western Australia by John Holland.

Mining and Resources

Thiess has continued to consolidate its position in the mining market as Australia's leading service provider. It has secured significant new long-term coal mining contracts through its ability to both add value and invest in projects. Whilst revenue was down slightly for the year to \$685 million, work in hand increased by 50% to \$2.35 billion.

RAG Australia Coal and Thiess jointly purchased the North Goonyella Coal Mine in Queensland. Thiess will operate the mine under a life-of-mine contract with an initial value of \$332 million.

Thiess also purchased a 10% stake in Gympie Gold's underground Southland Colliery in the Hunter Valley in New South Wales and has been awarded a mining contract worth \$301 million.

New mining contracts were awarded at the St Ives gold mine in Western Australia and the South Walker Creek coal mine in Queensland. Work on Thiess' other Australian coal contracts continues to progress well.

Leighton Contractors has major mining contracts at Yarrrie Nimingarra iron ore mine in Western Australia and the Coppabella coal mine in Queensland.

In July, Thiess was awarded a contract to construct three new Calciners for Queensland Alumina Limited's Gladstone alumina plant using FFE Minerals technology. Thiess has established a joint venture with FFE Minerals to pursue energy and resources related opportunities in Australia, South East Asia and South America.

Building and Property Development

Revenue from building and property activities was up 24% to \$715 million despite a subdued market. Work in hand was up 35% to \$614 million.

Leighton Properties had a profitable year completing the sale of 80 Pacific Highway, North Sydney and acquiring a 50% stake in a nearby development site. The excavation for the MacArthur Chambers development in Brisbane is complete and Leighton Properties increased its stake to 50%.

A Development Application will be lodged this month for the KENS site in Sydney's CBD and council approval was received for a resort development in Noosa, Queensland. In Victoria, tenants have been secured at the Thomastown and Mulgrave e-parks.

New projects for Leighton Contractors included Amcor's new wine bottle plant in South Australia and an office tower in the Sydney CBD for AXA.

Thiess was awarded contracts for the construction of apartments in both Victoria and New South Wales as well as the design and construction of the St Kilda Station Development in Melbourne.

New building work for John Holland included a research complex for the CSIRO in Sydney, a shopping centre at Maitland in New South Wales and two new hospitals in Queensland. A highlight for John Holland was the award of a \$140 million JV contract for facilities management for the Department of Defence in New South Wales.

In August 2001, Leighton Holdings formed an alliance with PA Property Trust and invested \$8.4 million to acquire a 15% interest in the listed developer. PA Property Trust will jointly pursue new property ventures with Leighton Properties.

Environmental Services

Revenue from environmental services was down 9% to \$185 million as a result of tight conditions in the waste market. Work in hand increased to \$415 million.

Thiess Services' operation and maintenance work for sewerage, water and gas utilities provided a good contribution during the year. New maintenance work was won in Victoria for the provision of services to an electricity distributor.

Asian Operations

The Group reported an excellent result from its Asian operations with revenue up 70% to \$1.3 billion and profit before tax improving by 51% to \$83 million. Contract mining in Indonesia and a strong performance from Malaysia were key contributors to the result.

Indonesia

Thiess' contracting operations in Indonesia performed extremely well. Thiess increased production on a number of contracts in response to demand, including the BHP coal mines at Senakin and Satui. Coal mining operations at the Kideco and Sangatta mines performed well and infrastructure works continued at the Batu Hijau mine. PT Kaltim Prima Coal awarded Thiess a new contract at the Musang and Pelanduk coal mines in East Kalimantan.

Leighton Asia was awarded a contract for mining operations at the ABK Loa Janan coal mine in East Kalimantan and progressed work at the Sebuku and Malinau coal mines.



Left
KENS Site Development,
Computer Rendering
NSW, Leighton Properties



Below Left
Geelong Road Upgrade
Victoria, Leighton Contractors

Group Prospects

Hong Kong

Despite a slowdown in its economy, Hong Kong continued to provide Leighton Asia with a good level of infrastructure work. Leighton Asia was awarded a large contract to upgrade and extend the existing light rail system for KCRC. Other contracts underway include three major rail projects, civil infrastructure for the hi-tech multi-media Cyberport Development, apron works at the Hong Kong airport and the building of a new Australian International School.

Malaysia

A large increase in activity in Malaysia and an excellent performance on major construction contracts at Manjung Power Station and the Teachers' Housing project delivered a strong result for Leighton Asia. New work included a fibre-optic cable conduit constructed through peninsula Malaysia and a contract to decommission and decontaminate a process plant.

The Philippines

The award of two contracts since year end has boosted work in hand in the Philippines to \$370 million. The contract to design and construct Phase 1 of the North Luzon Expressway was finalised and a contract to build a factory for Philip Morris was awarded. The Rockwell Centre was completed during the year and the Vytel Asia joint venture secured a small contract to install mobile phone base stations.

Thailand

While the Thai market remains difficult, Leighton Asia's joint venture contract for rail rehabilitation is performing well and produced a positive contribution.

South America

Thiess was successful in securing \$55 million in new work in Peru. Contracts include earthworks at BHP's Tintaya oxides plant and mining services at a lead, silver and zinc mine for Sociedad Minera El Brocal.

Group Prospects

Outlook for 2001/02

The Group's record level of work in hand across Australia and Asia should translate into increased revenue and profitability next year.

Telecommunications in Australia should be a solid contributor as the Nextgen Networks fibre-optic cable is rolled out across the country.

Activity in the mining and resources sector should stay strong on the back of Thiess' long-term coal contracts. Group companies also have a growing level of long-term operation and maintenance contracts in a variety of markets.

The traditional construction markets of engineering and non-residential building will remain relatively tight with preparatory work underway for a number of large infrastructure projects.

Leighton Properties will continue to progress a number of development opportunities along the eastern seaboard. The recently formed alliance with PA Property Trust should provide some opportunities to jointly pursue new developments.

The Asian operations should have another good year. Indonesia, Malaysia and Hong Kong will continue to be the major areas of activity with an enhanced performance expected from the recently awarded work in the Philippines.

Long-term Outlook

The Group has significant momentum across its diverse businesses. Its strategy of diversification within its core contracting skills and building an ongoing pipeline of investments - through developing, investing, divesting and reinvesting - continues to deliver a positive outlook.

The outlook for the Australian telecommunications market remains positive in the longer term, driven by high demand for data services, internet based products and other applications such as digital television and 3G mobile. While major new capital expenditure is likely to be constrained for a few years, the outsourcing of services should continue to provide work. Vytel has secured a steady stream of operations and maintenance work for the Nextgen and Reef networks which extends over 10 years.

The Group has a very strong presence in the Australian mining and resources market and Thiess' long-term coal projects will generate activity for some time. Capital investment in the coal mining industry appears to be on the increase again. There are also indications of good prospects in the oil and gas sector, and the potential for a major iron ore project in Western Australia to proceed.

In addition, the Group has over \$1 billion in work in hand from long-term operation and maintenance contracts. Together with contract mining, this work will provide a substantial level of recurring income which will assist in underpinning performance.

Investment in road and rail will lift the engineering and infrastructure market over the next few years. Several large projects in Sydney slated to commence between 2002 and 2004 include the Cross City Tunnel, for which Leighton Contractors is short-listed, the Western Sydney Orbital and the Chatswood - Epping rail line. Other projects in planning include the Lane Cove tunnel and the Newcastle high-speed train. In Victoria, the Spencer St Station redevelopment, the Craigburn Bypass, the Eastern Freeway extension and regional fast rail links are proceeding. The Scoresby Freeway is in planning following a commitment of Federal Government funds. In Western Australia, the Perth to Mandurah rail extension, for which Thiess is short-listed, has been deferred until 2002/03.

The property market is forecast to improve from 2003 with a strong upturn mid-decade through to 2007. Leighton Properties is initiating a number of projects in Sydney, Melbourne and Brisbane in anticipation of this upturn and is expected to produce a more significant contribution to Group results. Construction in niche sectors such as defence, correctional and health facilities should continue to provide opportunities for Group companies with the general building market beginning to improve over the next few years. Asset and facilities management services is also a growing market that shows potential.

(continued on back page)

Right
KCRC West Rail Permanent Way - Southern Area
 Hong Kong, Leighton Asia

Below
CSIRO Biological and Chemical Research Complex
 NSW, John Holland



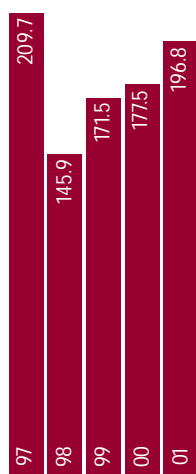
Financial Highlights

	30 June 2001 \$'000	30 June 2000 \$'000	% Change
Total Revenue	4,393,254	3,577,364	+22.8
Operating Revenue	4,272,729	3,445,349	+24.0
New Contracts, Extensions & Variations	5,961,619	5,363,011	+11.2
Value of Work in Hand	7,825,231	6,205,920	+26.1
Profit from ordinary activities before tax *	196,789	177,517	+10.9
Income Tax	(42,312)	(43,371)	- 2.4
Profit from ordinary activities after tax	156,156	134,080	+16.5
Dividends	103,502	86,685	+19.4
Total Capital and Reserves *	740,170	660,580	+12.0
Total Assets	2,050,160	1,729,321	+18.6
Net Cash	400,017	250,250	+59.8
Undrawn Facilities	152,500	176,000	- 13.4
Earnings per Ordinary Share	59.2¢	51.1¢	+15.9
Dividends per Ordinary Share	39.0¢	33.0¢	+18.2

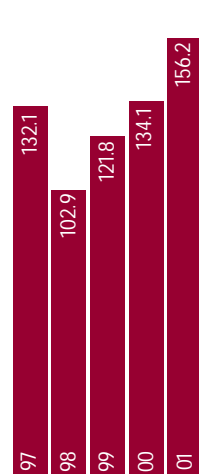
* Excludes outside equity interests

Key Performance Indicators for 12 Month Period to 30 June

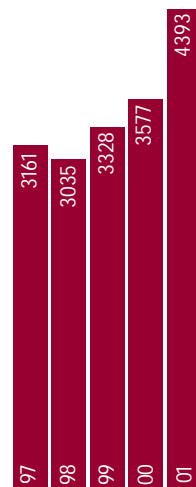
Operating Profit
 Before Tax *
 \$million



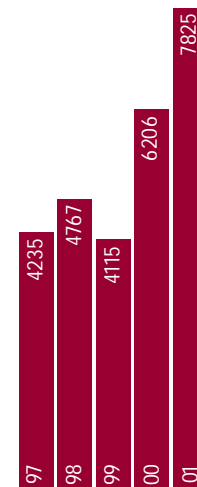
Operating Profit
 After Tax
 \$million



Total Revenue
 \$million



Work in Hand
 \$million



* Excludes outside equity interests
 (1997 result included a profit on sale of Welded Mesh)



Group Prospects continued

Utilities maintenance, particularly of water and sewerage infrastructure, is likely to be a growth area for the environmental services business as governments increasingly outsource these activities.

The Group has a solid position in Asia with an established presence in a number of markets and some important long-term client relationships. While most Asian economies are likely to ease back from their recent levels of growth, the outlook remains positive for selected markets.

In Indonesia, Thiess has forged a strong position in the resources sector and is well placed to continue to grow the business. Indonesia's natural resource reserves, proximity to Asian markets and cost competitiveness auger well for future contract mining and related infrastructure.

Hong Kong continues to invest significantly in infrastructure development and Leighton Asia is positioned to win further work. The recent Government Budget targets new spending on regional transport links to facilitate economic activity between Hong Kong and China, as well as the continued investment in rail within the Special Administrative Region. Building prospects are more limited but there will be select opportunities in both public and private sector projects.

Leighton Asia has established a much larger presence in Malaysia and the current workload should serve as a good platform to pursue further prospects. The greatly enhanced level of work in the Philippines will underpin a good level of activity for the next few years and assist in pursuing new projects. In Thailand, further rail maintenance opportunities are expected. The skills developed in this market could also be exported to other countries.

Vytel Asia is actively targeting telecommunications projects across a number of countries in the region. Increased demand for wireless applications and broadband access continues to generate prospects and Vytel Asia is well placed to apply its skills and local expertise to this market.

Thiess is optimistic about prospects for further developing its presence in South America. It will continue to pursue mining work with multi-national resources clients from its office in Peru.

In the medium to long-term the Group is well positioned to continue delivering enhanced returns to shareholders. Revenue should remain strong due to the record work in hand, a good level of long-term contracts and improving construction and property markets in Australia. The Group's existing pipeline of investments and its capacity to further invest in projects and make acquisitions should underpin growth.

Investments

Telecommunications

- **Nextgen Networks:** Vytel committed to a 20% stake in Nextgen Networks. The investment will not be made until the end of construction scheduled for 2003.
- **Reef Networks Pty Limited:** Leighton Contractors retains 30% of Reef Networks.

Engineering Infrastructure

- **Asia Pacific Transport Consortium:** John Holland committed to a 12.5% stake in the Concession company for operation of the Alice Springs to Darwin railway. The investment will not be made until the end of construction scheduled for 2004.

Mining and Resources

- **Southland Colliery:** Thiess acquired a 10% share of the Southland Colliery in the NSW Hunter Valley. Gympie Gold retains 90%.
- **North Goonyella:** Thiess acquired a 40% share of the North Goonyella Coal Mine in Queensland's Bowen Basin, in partnership with RAG Australia Coal Pty Ltd who hold 60%.
- **Burton Coal Mine:** Thiess maintains a 5% investment in Burton Coal Mine in Queensland. The other 95% is owned by RAG.
- **Portman Mining Limited:** Thiess has 23.1 million shares in Portman.

Property Development

- **PA Property Trust:** Leighton Holdings acquired 3.795 million units in PA Property Trust in August 2001.
- **100 Pacific Highway:** Leighton Properties holds a 50% share in a redevelopment property in North Sydney.
- **MacArthur Chambers:** Leighton Properties holds 50% of a site in Brisbane's CBD currently being developed in stages for a \$200 million commercial property.
- **Mulgrave:** Leighton Properties owns a suburban office park in Melbourne.
- **Thomastown:** Leighton Properties owns a ten hectare site in Melbourne which is proposed for an office/industrial development.
- **Star City Casino:** Leighton holds a 15% share in the management company.
- **417 St Kilda Road:** Leighton Properties owns a fully leased office tower in Melbourne.

Additional Information

Board Changes

Mr John Morschel was appointed a director and deputy chairman of Leighton Holdings on 16 August 2001, replacing Mr Rod Wylie who retired after 16 years on the Board. As previously announced, it is the intention to appoint Mr Morschel as chairman following Mr Besley's retirement after the Annual General Meeting in November 2001.

Close of Books for Final Dividend

For the purposes of determining entitlements to the final ordinary dividend of 25 cents per share, franked to the extent of 50%, to be paid on 28 September 2001, the Company's Share Registry office will accept registrable transfers up to 5.00 pm if paper based or by "End of Day" if proper SCH transfer, on 14 September 2001.

Leighton shares are expected to trade ex-dividend on the Australian Stock Exchange on 10 September 2001.

Annual General Meeting

The Annual General Meeting of the Company is to be held in the Grand Ballroom, The Westin Sydney, No1 Martin Place, Sydney, at 10.00 am on Thursday, 8 November 2001. The Annual Report is expected to be available late September 2001.

Tax File Numbers

From 1 July 1991 all companies have been obliged to deduct tax at the top marginal rate from unfranked dividends paid to investors, resident in Australia, who have not supplied them with a Tax File Number or Exemption particulars. Tax will not be deducted from the franked portion of a dividend.

If you have not already done so, a Tax File Number Notification form or a Tax File Number Exemption form should be completed for each holding and returned to ASX Perpetual Registrars, Locked Bag A14, Sydney South, NSW 1232.

Please note you are not required by law to provide your Tax File Number if you do not wish to do so.