



Ashley Moir  
Company Secretary

**Leighton Holdings Limited**  
ABN 57 004 482 982

472 Pacific Highway  
St Leonards NSW 2065, Australia

PO Box 1002  
Crows Nest NSW 1585, Australia

[www.leighton.com.au](http://www.leighton.com.au)

T (02) 9925 6666

F (02) 9925 6005

2 November 2010

Company Announcements Office  
Australian Securities Exchange Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**RE: Leighton operating profit expected to be offset by Indian sale**

Please find attached a copy of a media release to be issued today by Leighton Holdings Limited.

Yours faithfully,

A. J. MOIR  
Company Secretary

For personal use only

**2 November 2010**

**Leighton operating profit expected to be offset by  
Indian sale**

Leighton Holdings Limited announced today that for the 2010/11 financial year the Company expects to report revenue of around \$20 billion and an operating profit after tax of around \$510 million. Negotiations for the sale of a stake in the Group's Indian business are also expected to be finalised in the next few weeks which should allow the Company to report a full year profit result in line with market expectations.

Leighton Holdings' Chief Executive, Mr Wal King, said that the Company had just concluded its quarterly review process which identified a problem project amidst an otherwise solid operating performance across the rest of the business.

"Our result for the quarter has been negatively impacted by a combination of difficulties on the Airport Link project in Brisbane, the strength of the Australian dollar, which reduced the contribution from overseas operations, and a write-back by Macmahon of their profit forecast due to a joint venture rail project in Western Australia," said Mr King.

"We will announce our financial results to the end of the September quarter at the Annual General Meeting on Thursday 4 Nov. The September results will reflect a deterioration of \$85 million due to Airport Link, currency and the rail project, and so we will report a profit after tax for the quarter of \$47 million.

"On the \$4 billion AirportLink project in Brisbane, being delivered by a Thiess John Holland joint venture, we have encountered access and engineering difficulties that have delayed the works and increased the projected costs at completion. The problems encountered have contributed to a write-back in the forecast financial outcome of that project," said Mr King.

"The project is now more than 60% complete and the expectation is that completion will be achieved by mid 2012," said Mr King.

"Around 20-25% of our income is earned overseas and most of this is denominated in - or linked to - the US\$, so the rise in the value of the Australian dollar since June of approximately 15% has impacted our results. In Western Australia, we experienced some setbacks on a joint venture rail project with Macmahon and, while the write-back in profit to Leighton was not material, the poor performance has reduced the expected contribution for the full year.

"The sale of a 35% stake in our Indian operations to a strategic local partner is also nearing completion and, if this occurs as planned, it would allow us to recognise a substantial profit. As the sale would be joint venture accounted it would result in Leighton recognising a profit on 100% of the Indian business," said Mr King.

"The expected profit from the sale will more than offset the operational issues experienced during the quarter and allow the Company to report a full year profit in line with market expectations. Details of the terms, including the profit, will be released when the Indian sale is completed.

"While the performance of the Airport Link project is disappointing, the rest of the Group had a strong quarter. Looking forward, we remain confident about the prospects for the business,

(continued...)

based on very high levels of work in hand, a strong competitive position and the underlying strength of most of our major markets," said Mr King.

"As at the end of September 2010 the Group's currency adjusted work in hand stood at \$42.5 billion, up 2.5% since 30 June. This figure has been negatively impacted by the strong Australian dollar since June 2010 and would have been \$1.8 billion higher.

"We are also preferred tenderer on over \$4 billion worth of work of which we expect approximately \$2 billion to be awarded in the next few weeks.

"Since 30 September, the Group has been awarded a number of significant projects including a A\$170 million gold mining contract in the Philippines, a A\$348 million mining contract at the Jellinbah coal mine in Queensland, the building of a A\$660 million sludge treatment facility in Hong Kong, construction of a AED1.04 billion (around A\$300 million) port project in Abu Dhabi and a A\$105 million contract to upgrade a water reclamation plant in South East Queensland," said Mr King.

"In the last few weeks we've also been awarded A\$670 million worth of work to upgrade the M2 motorway in Sydney and the M80 Ring Road in Victoria, as well as a US\$733 million (around A\$750 million) contract to develop offshore oil loading facilities in Iraq. These project awards are testament to the diversity, capabilities and financial strength of the Leighton Group.

"As of today, work in hand stands at nearly \$43 billion, even after adjusting for currency. The work that we've been awarded recently demonstrates that the Company is well placed to continue to deliver strong returns to shareholders over the next few years," said Mr King.

## **ENDS**

**Issued by Leighton Holdings Limited** ABN 57 004 482 982 [www.leighton.com.au](http://www.leighton.com.au)

**Further information:**

MR WAL KING AO Chief Executive Officer T (02) 9925 6911

LEIGHTON HOLDINGS LIMITED, founded in Australia in 1949, is the parent company of one of the world's major project development and contracting organisations. We are also the world's largest contract miner. Listed on the Australian Stock Exchange since 1962, Leighton Holdings is a top 30 company by market capitalisation and has its head office in Sydney, Australia. Leighton Holdings owns six diverse and independent operating companies: Leighton Contractors, Thiess, Leighton International, John Holland, Leighton Asia and Leighton Properties. These operating companies provide development, construction, contract mining, and operation and maintenance services to the infrastructure, resources and property markets. They operate in more than 20 countries throughout Australia, Asia and the Middle East from headquarters in Australia, Hong Kong, Kuala Lumpur and Dubai. These operating companies directly employ around 47,300 employees and each function autonomously with its own Board and Managing Director.