Leighton Holdings

Vanessa Rees
Group Company Secretary

Leighton Holdings Limited
ABN 57 004 482 982

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St Leonards NSW 2065 Australia

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27 July 2014

ASX Market Announcements
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Re: Leighton Holdings Limited – Half Year Report

In accordance with Listing Rule 4.2A please find attached a copy of the Company's Half Year Report (Appendix 4D) and Management Commentary to 30 June 2014.

We advise that this document will not be lodged separately with ASIC.

Also attached are copies of the ASX /Media Release dated 28 July 2014 and the Half Year 2014 Results Presentation.

Yours faithfully
LEIGHTON HOLDINGS LIMITED

VANESSA REES
Group Company Secretary

Half Year Report (Appendix 4D) & Management Commentary

FOR THE SIX MONTHS ENDED 30 JUNE 2014 - ISSUED 28 JULY 2014

Leighton Holdings Limited ABN 57 004 482 982

For more information please contact:

Marcelino Fernández Verdes
Executive Chairman and Chief Executive Officer

Javier Loizaga Jiménez
Chief Financial Officer

Cover: DTL3 Contract 935 - Construction & Completion of Jalan Besar Station & Associated Tunnels, Singapore

Leighton Holdings

Half Year Report (Appendix 4D)

FOR THE SIX MONTHS ENDED 30 JUNE 2014 - ISSUED 28 JULY 2014

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Results for Announcement to the Market

for the six months ended 30 June 2014

Name of Entity

LEIGHTON HOLDINGS LIMITED

	6 months to June 2014 $m	6 months to June 2013 $m	% Change
Revenue - Group, joint ventures and associates	11,855.7	11,484.9	3%
Revenue - Joint ventures and associates	809.1	960.3	(16%)
Revenue	11,046.6	10,524.6	5%
Profit / (loss) attributable to members of the parent entity	291.3	366.2	(20%)

For a brief explanation of the figures reported above: refer to page 35 onwards.

Details of Reporting Period	
Current reporting period	Six (6) months to 30 June 2014
Previous corresponding period	Six (6) months to 30 June 2013

Dividends - June 2014	Amount per security	Franked amount per security	
Interim dividend	57.0¢	14.25¢	25%
Previous corresponding period	45.0¢	22.5¢	50%

Key Dividend Dates	Date
Ex dividend date:	15 September 2014
Record date for determining entitlements to the dividend:	17 September 2014
Date for payment of dividend:	3 October 2014

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2014

	Note	6 months to June 2014 $m	6 months to June 2013 $m
Revenue	2	11,046.6	10,524.6
Expenses	3	(10,561.7)	(9,875.7)
Finance costs	4	(106.3)	(111.9)
Share of profits / (losses) of associates and joint venture entities		33.7	16.5
Profit / (loss) before tax		412.3	553.5
Income tax (expense) / benefit		(127.7)	(193.3)
Profit / (loss) for the period		284.6	360.2
(Profit) / loss for the period attributable to non-controlling interests		6.7	6.0
Profit / (loss) for the period attributable to members of the parent entity		291.3	366.2
Dividends per share - Interim	6	57.0¢	45.0¢
Basic earnings per share		86.2¢	108.6¢
Diluted earnings per share		85.8¢	108.0¢

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the six months ended 30 June 2014

	6 months to June 2014 $m	6 months to June 2013 $m
Profit / (loss) for the period attributable to members of the parent entity	291.3	366.2
Other comprehensive income attributable to members of the parent entity:		
Items that may be reclassified to profit or loss		
– Foreign exchange translation differences (net of tax)	(27.3)	48.1
– Effective portion of changes in fair value of cash flow hedges (net of tax)	(4.9)	14.3
– Change in fair value of available-for-sale assets (net of tax)	4.4	-
Items that will not be reclassified to profit or loss		
– Change in value of equity reserves (net of tax)	-	0.4
Other comprehensive income / (expense) for the period	(27.8)	62.8
Total comprehensive income / (expense) for the period attributable to members of the parent entity	263.5	429.0
Total comprehensive income / (expense) for the period attributable to members of the parent entity:		
Total comprehensive income / (expense) for the period	256.8	423.0
Total comprehensive (income) / expense for the period attributable to non-controlling interests	6.7	6.0
Total comprehensive income / (expense) for the period attributable to members of the parent entity	263.5	429.0

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Financial Position

as at 30 June 2014

	Note	June 2014 $m	December 2013 $m
Assets			
Cash and cash equivalents		1,574.2	1,720.7
Trade and other receivables		5,453.5	4,994.2
Current tax assets		50.7	20.9
Inventories: consumables and development properties		438.1	556.0
Assets held for sale	9	229.3	229.4
Total current assets		7,745.8	7,521.2
Trade and other receivables		788.9	803.0
Inventories: development properties		379.6	364.4
Investments accounted for using the equity method	10	805.7	825.6
Other investments		99.0	92.7
Deferred tax assets		56.2	86.3
Property, plant and equipment		1,843.7	1,752.6
Intangibles		622.6	630.2
Total non-current assets		4,595.7	4,554.8
Total assets		12,341.5	12,076.0
Liabilities			
Trade and other payables		5,026.7	5,548.5
Current tax liabilities		125.3	51.3
Provisions		473.3	477.0
Interest bearing liabilities	13	927.1	589.5
Liabilities associated with assets held for sale	9	90.4	105.1
Total current liabilities		6,642.8	6,771.4
Trade and other payables		352.4	344.8
Provisions		176.1	178.1
Interest bearing liabilities	13	1,854.7	1,535.6
Total non-current liabilities		2,383.2	2,058.5
Total liabilities		9,026.0	8,829.9
Net assets		3,315.5	3,246.1
Equity			
Share capital		2,052.5	2,028.6
Reserves		(47.0)	(9.7)
Retained earnings		1,290.0	1,201.3
Total equity attributable to equity holders of the parent		3,295.5	3,220.2
Non-controlling interests		20.0	25.9
Total equity		3,315.5	3,246.1

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014

	Share Capital $m	Reserves $m	Retained Earnings $m	Attributable to Equity Holders $m	Non-controlling Interests $m	Total Equity $m
Total equity at 1 January 2013	2,027.2	(229.4)	1,046.7	2,844.5	72.4	2,916.9
Profit for the period	-	-	366.2	366.2	(6.0)	360.2
Other comprehensive income	-	62.8	-	62.8	-	62.8
Transactions with owners in their capacity as owners:						
– Contributions of equity	1.4	-	-	1.4	-	1.4
– Dividends	-	-	(202.3)	(202.3)	-	(202.3)
– Share based payments	-	3.3	-	3.3	-	3.3
– Other	-	-	-	-	(0.1)	(0.1)
Total transactions with owners	1.4	3.3	(202.3)	(197.6)	(0.1)	(197.7)
Total equity at 30 June 2013	2,028.6	(163.3)	1,210.6	3,075.9	66.3	3,142.2

	Share Capital $m	Reserves $m	Retained Earnings $m	Attributable to Equity Holders $m	Non-controlling Interests $m	Total Equity $m
Total equity at 1 January 2014	2,028.6	(9.7)	1,201.3	3,220.2	25.9	3,246.1
Profit for the period	-	-	291.3	291.3	(6.7)	284.6
Other comprehensive income	-	(27.8)	-	(27.8)	-	(27.8)
Transactions with owners in their capacity as owners:						
– Contributions of equity	23.9	-	-	23.9	-	23.9
– Dividends	-	-	(202.6)	(202.6)	-	(202.6)
– Share based payments	-	(9.5)	-	(9.5)	-	(9.5)
– Other	-	-	-	-	0.8	0.8
Total transactions with owners	23.9	(9.5)	(202.6)	(188.2)	0.8	(187.4)
Total equity at 30 June 2014	2,052.5	(47.0)	1,290.0	3,295.5	20.0	3,315.5

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2014

	6 months to June 2014 $m	6 months to June 2013 $m
Cash flows from operating activities		
Cash receipts in the course of operations (including GST)	11,787.5	11,189.5
Cash payments in the course of operations (including GST)	(11,709.0)	(11,041.4)
Cash flows from operating activities	78.5	148.1
Dividends received	7.9	6.9
Interest received	14.1	9.7
Finance costs paid	(97.9)	(109.8)
Income taxes paid	(39.7)	(63.6)
Net cash from operating activities	(37.1)	(8.7)
Cash flows from investing activities		
Payments for intangibles	(13.8)	(34.6)
Payments for property, plant and equipment	(442.1)	(567.9)
Proceeds from sale of property, plant and equipment	42.7	15.6
Payments for investments in controlled entities and businesses	(110.0)	(30.7)
Proceeds from sale of investments in controlled entities and businesses	-	614.1
Cash disposed from sale of investments in controlled entities and businesses	-	(18.4)
Payments for other investments	(0.4)	(200.0)
Net cash from investing activities	(523.6)	(221.9)
Cash flows from financing activities		
Proceeds from share issues	23.9	1.3
Payments for shares acquired by Leighton Equity Incentive Plan Trust	(5.1)	-
Proceeds from borrowings	840.4	255.6
Repayment of borrowings	(137.8)	(132.4)
Proceeds from sale and finance leaseback of property, plant and equipment	-	189.2
Repayment of finance leases	(93.8)	(107.5)
Dividends paid to non-controlling interests	(0.1)	(0.2)
Dividends paid to owners of the Company	(202.6)	(202.3)
Net cash from financing activities	424.9	3.7
Net increase / (decrease) in cash held	(135.8)	(226.9)
Net cash at the beginning of the period	1,720.7	2,007.7
Effects of exchange rate fluctuations on cash held	(10.7)	68.9
Net cash at reporting date	1,574.2	1,849.7

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

Notes to the Consolidated Interim Financial Report

for the six months ended 30 June 2014

1. BASIS OF PREPARATION

Leighton Holdings Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 30 June 2014 comprises the Company, its controlled entities and share of joint operations (the "Consolidated Entity" or "Group") and the Consolidated Entity's interests in associates and joint ventures. The consolidated interim financial report is presented in Australian dollars and has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value at reporting date.

The consolidated interim financial report was approved by the Directors on 27 July 2014.

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The consolidated interim financial report does not include all of the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 31 December 2013. The Company is a company of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated interim financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Significant accounting policies

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are the same as those applied by the Group in the financial report for the year ended 31 December 2013.

Change in accounting policy

Other new and amended accounting standards that apply for the first time to the 30 June 2014 interim period include AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements, AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities, AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting, AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities, AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders, AASB 1031 (2013) Materiality, AASB 1048 (2013) Interpretation of Standards, AASB 2013-9 (part B) Amendments to Australian Accounting Standards – Materiality. While these standards introduced new disclosure requirements, they did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

Accounting estimates and judgements

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the full financial report for the year ended 31 December 2013.

Notes continued

for the six months ended 30 June 2014

2. REVENUE

	Note	6 months to June 2014 $m	6 months to June 2013 $m
Construction contracting services		7,725.5	7,270.6
Mining contracting services		1,997.3	2,288.6
Property development revenue		365.1	252.2
Other services revenue		914.0	686.4
Revenue from external customers		11,001.9	10,497.8
Interest			
– Related parties		11.6	10.5
– Other parties		12.2	11.2
Unwinding of discounts on non-current receivables			
– Related parties		2.9	3.5
– Other parties		12.1	0.7
Dividends/distributions		5.9	0.9
Other revenue		44.7	26.8
Total revenue	5	11,046.6	10,524.6

3. EXPENSES

	Note	6 months to June 2014 $m	6 months to June 2013 $m
Materials		(2,239.9)	(2,397.5)
Subcontractors		(3,576.4)	(2,702.1)
Plant costs		(635.0)	(726.3)
Personnel costs		(2,921.3)	(2,975.5)
Depreciation of property, plant and equipment	4	(309.9)	(519.3)
Amortisation of intangibles	4	(15.0)	(13.4)
Net gain / (loss) on sale of assets	4	9.8	220.1
Impairments	4	(5.3)	(11.1)
Property development - cost of goods sold		(387.2)	(235.4)
Foreign exchange gains / (losses)		4.5	4.5
Operating lease payments - plant and equipment		(155.4)	(108.2)
Operating lease payments - other		(72.1)	(62.4)
Design, engineering and technical consulting fees		(52.4)	(69.0)
Other expenses		(206.1)	(280.1)
Total expenses		(10,561.7)	(9,875.7)

Notes continued

for the six months ended 30 June 2014

4. ITEMS INCLUDED IN PROFIT / (LOSS) BEFORE TAX

	Note	6 months to June 2014 $m	6 months to June 2013 $m
Finance costs			
Interest			
– Related parties		(2.9)	(1.0)
– Other parties		(73.6)	(71.6)
Finance charge for finance leases		(10.4)	(20.2)
Facility fees			
– Bank guarantees, insurance bonds and letters of credit		(13.8)	(13.4)
– Other		(4.4)	(5.1)
Impact of discounting			
– Related parties		(1.2)	(0.6)
Total finance costs		(106.3)	(111.9)
Depreciation of property, plant and equipment			
– Buildings		(1.1)	(1.5)
– Plant and equipment		(296.2)	(510.7)
– Leasehold land, buildings and improvements		(12.6)	(7.1)
Total depreciation of property, plant and equipment		(309.9)	(519.3)
Amortisation			
– Intangibles		(15.0)	(13.4)
Net gain / (loss) on sale of assets			
– Controlled entities and businesses	8	-	215.0
– Plant and equipment		9.8	5.1
Total gain / (loss) on sale of assets		9.8	220.1
Impairments			
– Property development and property joint venture write-downs		(5.3)	(11.1)
Total impairments		(5.3)	(11.1)

Notes continued

for the six months ended 30 June 2014

5. SEGMENT INFORMATION

6 months to June 2014	Thiess $m	Leighton Contractors $m	John Holland $m	Commercial & Residential $m	Habtoor Leighton Group $m	Leighton Asia, India & Offshore $m	Corporate $m	Eliminations $m	Total $m
Revenue									
Segment revenue before interest	3,451.0	3,983.3	1,778.0	511.4	260.7	1,714.7	233.6	(115.8)	11,816.9
Interest revenue	11.9	-	-	-	-	-	26.9	-	38.8
Segment revenue	3,462.9	3,983.3	1,778.0	511.4	260.7	1,714.7	260.5	(115.8)	11,855.7
Inter-segment revenue	-	(72.2)	(16.8)	-	-	-	(26.8)	115.8	-
Segment joint venture and associate revenue	(41.2)	(88.7)	(114.5)	(94.2)	(260.7)	(3.8)	(206.0)	-	(809.1)
External revenue	3,421.7	3,822.4	1,646.7	417.2	-	1,710.9	27.7	-	11,046.6
Result									
Segment result before interest, restructuring costs and impairments	373.8	175.4	37.3	24.9	1.6	30.7	(84.8)	-	558.9
Interest	(16.9)	(49.6)	(3.2)	(15.9)	-	(42.8)	22.1	-	(106.3)
Segment result before restructuring costs and impairments	356.9	125.8	34.1	9.0	1.6	(12.1)	(62.7)	-	452.6
Restructuring costs	-	-	-	-	-	-	(35.0)	-	(35.0)
Impairments	-	(5.3)	-	-	-	-	-	-	(5.3)
Segment result	356.9	120.5	34.1	9.0	1.6	(12.1)	(97.7)	-	412.3

6 months to June 2013	Thiess $m	Leighton Contractors $m	John Holland $m	Commercial & Residential $m	Habtoor Leighton Group $m	Leighton Asia, India & Offshore $m	Corporate $m	Eliminations $m	Total $m
Revenue									
Segment revenue before interest	3,209.3	3,813.3	2,314.2	282.2	240.3	1,404.2	202.4	(6.9)	11,459.0
Interest revenue	3.9	-	-	-	-	-	22.0	-	25.9
Segment revenue	3,213.2	3,813.3	2,314.2	282.2	240.3	1,404.2	224.4	(6.9)	11,484.9
Inter-segment revenue	-	-	-	-	-	(0.1)	(6.8)	6.9	-
Segment joint venture and associate revenue	(155.5)	(148.1)	(109.9)	(1.3)	(240.3)	(113.8)	(191.4)	-	(960.3)
External revenue	3,057.7	3,665.2	2,204.3	280.9	-	1,290.3	26.2	-	10,524.6
Result									
Segment result before interest, gains on sale and impairments	217.5	121.8	77.7	19.0	(0.1)	48.0	(22.4)	-	461.5
Interest	(10.4)	(48.0)	(3.9)	(23.8)	-	(25.7)	(0.1)	-	(111.9)
Segment result before gains on sale and impairments	207.1	73.8	73.8	(4.8)	(0.1)	22.3	(22.5)	-	349.6
Gain on sale of controlled entities and businesses	-	215.0	-	-	-	-	-	-	215.0
Impairments	-	-	-	(11.1)	-	-	-	-	(11.1)
Segment result	207.1	288.8	73.8	(15.9)	(0.1)	22.3	(22.5)	-	553.5

5. SEGMENT INFORMATION CONTINUED

Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Leighton Executive Chairman and Chief Executive Officer, the Chief Operating Decision Maker ("CODM"). The Leighton Group is structured on a decentralised basis comprising the following main operating companies and a corporate head office:

- Thiess
- Leighton Contractors
- John Holland
- Commercial & Residential
- Habtoor Leighton Group ("HLG")

Leighton Asia, India & Offshore ("LAIO")
The performance of each operating company forms the primary basis for all management reporting to the CODM.

The composition of reportable segments has not changed since the prior reporting period.

The types of services from which segments derive revenue, are included in note 2: *Revenue*. The Group's share of revenue from joint ventures is included in the revenue reported for each applicable operating company. Performance is measured based on segment result. Information regarding the results of each reportable segment, as reported to the CODM, is included on page 11. The corporate segment represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments.

Differences in the reporting for management and financial accounting are individually, and in total, not material. These differences are contained in the results of the corporate segment and include adjustments for tax on earnings from equity accounted investments, as earnings from equity accounted investments are reported on a pre-tax basis in the applicable operating company.

There has been no material change to segment assets or liabilities since 31 December 2013.

Notes continued

for the six months ended 30 June 2014

6. DIVIDENDS

	Cents per share	$m
2014 interim dividend		
Subsequent to reporting date the Company announced a 25% franked interim dividend in respect of the period ended 30 June 2014^. The dividend is payable on 3 October 2014. This dividend has not been provided for in the consolidated statement of financial position.	57.0	192.9
Dividends recognised in the reporting period to 30 June 2014		
31 December 2013 final ordinary dividend 50% franked paid on 4 April 2014	60.0	202.6
Dividends recognised in the reporting period to 31 December 2013		
30 June 2013 interim ordinary dividend 50% franked paid on 3 October 2013	45.0	151.8
31 December 2012 final ordinary dividend 50% franked paid on 28 March 2013	60.0	202.3
		354.1

^ *The unfranked portion of the dividend has been declared Conduit Foreign Income.*

7. NET TANGIBLE ASSET BACKING

	June 2014	December 2013
Net tangible asset backing per ordinary share	$7.96	$7.76

Notes continued

for the six months ended 30 June 2014

8. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES

June 2014 acquisitions and disposals of controlled entities and businesses

There were no acquisitions or disposals of controlled entities and businesses during the period to 30 June 2014.

June 2013 acquisitions and disposals of controlled entities and businesses

Disposals - Telecommunication Assets ("TA")

On 28 June 2013, the Group sold 70.1% of the TA to the Ontario Teachers' Pension Plan ("Teachers'"), and entered in to a joint venture arrangement with Teachers'. As the Group no longer controls TA the transaction has been recorded as a disposal of controlled entities and the acquisition of an interest in a joint venture entity. The disposal has been accounted for under the requirements of Accounting Standard AASB 10 *Consolidated Financial Statements* as follows: the total consideration received was $771.1 million (comprising: cash consideration of $614.1 million and non-cash consideration of $157.0 million (fair value of the 29.9% retained interest)) less the carrying value of TA's net assets of $556.1 million, resulting in a gain before tax of $215.0 million. Refer to note 4: *Items included in profit / (loss) before tax.* The portion of this gain which is attributable to recognising the investment retained in the former subsidiaries at their fair values is $64.3 million; the portion of the gain attributable to the investment in the former subsidiaries disposed is $150.7 million. TA's contribution from 1 January 2013 to 28 June 2013 to Group revenue of $126.0 million and $44.6 million to Group net profit after tax is recorded in the Leighton Contractors segment. Refer to note 5: *Segment information.*

	$m
Gain on disposal	
Cash consideration	614.1
Non-cash consideration	157.0
Carrying amount on disposal	(556.1)
Net gain on disposal of controlled entities before tax	215.0
Carrying value of assets and liabilities of entities and businesses disposed	
Cash and cash equivalents	18.4
Trade and other receivables	21.2
Inventories: consumables	1.5
Deferred tax assets	21.3
Property, plant and equipment	649.3
Intangibles	25.9
Trade and other payables	(96.5)
Current tax liabilities	(6.3)
Provisions	(7.7)
Interest bearing liabilities	(71.0)
Net assets disposed	556.1
Cash flows resulting from sale	
Consideration received, satisfied in cash	614.1
Cash disposed	(18.4)
Net cash inflow	595.7

Notes continued

for the six months ended 30 June 2014

8. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES CONTINUED

Disposals - Telecommunication Assets ("TA") *continued*

The following controlled entities were disposed as part of the sale of TA:

- Australia-Singapore Cable (Australia) Pty Limited
- Australia-Singapore Cable (International) Limited
- Australia-Singapore Cable (Singapore) Pte Ltd
- Infoplex Pty Ltd
- Metronode (NSW) Pty Ltd
- Metronode Investments Pty Ltd
- Metronode M2 Pty Ltd
- Metronode New Zealand Limited
- Metronode Pty Ltd
- Metronode S2 Pty Ltd
- Nextgen Networks Pty Limited
- Nextgen Pure Data Pty Ltd
- Nextgen Telecom (WA) Pty Ltd
- Nextgen Telecom Pty Ltd
- Nextgen Services Pty Ltd
- Nextgen Networks International Ltd

Other acquisitions and disposals

Acquisition – Macmahon Construction Business ("MCB")

On 27 February 2013, the Group acquired the MCB from Macmahon Holdings Limited for $24.6 million. The majority of the contracts were acquired by the John Holland Group and the acquisition's contribution to net profit after tax in the ten month period to 31 December 2013 is included in the John Holland segment as disclosed in note 5: *Segment Information*.

Acquisition – Enpower Solutions Pty Ltd ("Enpower")

On 12 April 2013, Leighton Contractors Pty Limited, a controlled entity of the Company, acquired selected assets and liabilities of Enpower for $3.0 million. Enpower's contribution to net profit after tax in the eight month period to 31 December 2013 is included in the Leighton Contractors segment as disclosed in note 5: *Segment Information*.

9. HELD FOR SALE

June 2014 - PT Arutmin Indonesian Mining Assets and Liabilities ("Arutmin")

On 23 December 2013 PT Thiess Contractors Indonesia ("TCI"), a wholly owned subsidiary of Thiess Pty Limited, signed a Deed of Settlement and Termination Agreement ("STA") with PT Arutmin Indonesia, for the sale of selected assets of TCI.

The assets and associated liabilities are used to provide the TCI's contract mining services to PT Arutmin Indonesia, the owners of the Senakin and Satui mines.

As the sale is expected to be completed within one year from the reporting date, the selected assets and associated liabilities, as shown below, have been classified as held for sale at the reporting date, and are presented in the Thiess segment at 30 June 2014.

	June 2014 $m	December 2013 $m
Assets		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Inventories: consumables	26.9	27.5
Total current assets	26.9	27.5
Deferred tax assets	-	-
Property, plant and equipment*	196.4	193.6
Intangibles	-	-
Total non-current assets	196.4	193.6
Total assets	223.3	221.1
Liabilities		
Trade and other payables	-	-
Current tax liabilities	-	-
Interest bearing liabilities	(90.4)	(105.1)
Provisions	-	-
Total current liabilities	(90.4)	(105.1)
Provisions	-	-
Interest bearing liabilities	-	-
Total non-current liabilities	-	-
Total liabilities	(90.4)	(105.1)

Other held for sale*

Other held for sale also includes rail and mining equipment of $6.0 million (31 December 2013 rail and mining equipment: $8.3 million) actively marketed for sale in addition to the Arutmin amounts disclosed above.

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for the six months ended 30 June 2014

10. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

Associates

			Ownership interest	
Name of entity	Principal activity	Country	June 2014 %	December 2013 %
Al Habtoor Leighton LLC	Construction	United Arab Emirates	45	45
Dunsborough Lakes Village Syndicate[1]	Development	Australia	20	20
LCIP Co-Investment Unit Trust[3]	Investment	Australia	11	25
Macmahon Holdings Limited[1]	Construction, Contract Mining	Australia	20	20
Metro Trains Melbourne Pty Limited[1]	Services	Australia	20	20
Paradip Multi Cargo Berth Private Limited[2]	Development	India	26	26
Sedgman Limited[1]	Construction, Contract Mining	Australia	37	36
Vizag General Cargo Berth Private Limited[2]	Construction	India	26	26

All associates have a statutory reporting date of 31 December with the following exceptions:

1 *Entities have a 30 June statutory reporting date.*
2 *Entities have a 31 March statutory reporting date.*
3 *The Group's investment has been equity accounted as a result of the Group's active participation on the Board and the Group's ability to impact decision-making, leading to the assessment that significant influence exists.*

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for the six months ended 30 June 2014

10. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Al Habtoor Leighton LLC ("HLG")

During the reporting period, the carrying value of the Group's investment in HLG decreased from $345.1 million to $339.2 million (equivalent to US$310.6 million and US$312.1 million). The decrease was primarily attributable to a foreign exchange translation loss of $7.5 million. The recoverable amount of the Group's investment was calculated using a value in use calculation.

The key assumptions used in the value in use calculation:

Discount rate	➢	16% (31 December 2013: 18%)
Growth rate	➢	3% (31 December 2013: 3%) for cash flows beyond five years. This rate does not exceed the expected long-term average growth rate for the Middle East & North Africa ("MENA") region
Legacy project receivables	➢	There continues to be a delay in payment from clients in the MENA region, particularly for projects in progress at the time the Group invested in HLG. It is assumed of the remaining unprovided legacy project receivables, 68% will be collected within twenty-four months and 32% collected subsequently (31 December 2013: 50% and 50% respectively)
Borrowings	➢	Borrowings obtained to fund working capital will be progressively repaid during the forecast period
Forecast cash flow	➢	The calculation uses five year cash flow projections based on forecasts provided by HLG's management, risk adjusted downward by the Group. Cash flows beyond five years are extrapolated using the estimated growth rate

The Group has pledged the following security against borrowings by HLG under two facilities totalling US$325.2 million (31 December 2013: two facilities totalling US$345.6 million):

- letters of credit of US$88.0 million (31 December 2013: US$68.0 million), equivalent to $95.7 million (31 December 2013: $75.6 million); and
- guarantees of US$237.2 million (31 December 2013: US$277.6 million), equivalent to $257.8 million (31 December 2013: $308.4 million).

The Group has the following trade and other receivables relating to HLG:

- loan receivables:
  - non-current interest free shareholder loans provided to HLG of US$106.8 million (31 December 2013: US$104.2 million) equivalent to $116.1 million (31 December 2013: $115.7 million) maturing on 30 September 2017; and
  - non-current interest bearing loans of US$415.0 million (31 December 2013: US$415.0 million) equivalent to $451.1 million (31 December 2013: $461.1 million) maturing on 30 September 2017;
- non-current interest receivable of US$58.2 million (31 December 2013: US$49.2 million), equivalent to $63.3 million (31 December 2013: $54.7 million), is receivable from HLG on the interest bearing shareholder loans.

Notes continued

for the six months ended 30 June 2014

10. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Joint Ventures

			Ownership interest	
Name of entity	Principal activity	Country	June 2014 %	December 2013 %
A.C.N. 115 687 057 Pty Ltd (formerly known as Promet Engineers Pty Limited)[1]	Construction	Australia	50	50
APM Group (Aust) Pty Ltd & Broad Construction Services (NSW/VIC) Pty Ltd[1]	Construction	Australia	50	50
Applemead Proprietary Limited	Development	Australia	50	50
Auckland Road Maintenance Alliance (West) Management JV[1]	Construction	New Zealand	50	50
Bac Devco Pty Limited[1]	Development	Australia	33	33
Barclay Mowlem Thiess Joint Venture[1]	Construction	Australia	50	50
Brisbane Motorway Services Pty Limited[1]	Services	Australia	50	50
City East Alliance (formerly known as Great Eastern Alliance)	Construction	Australia	75	75
City West Property Holding Trust (Section 63 Trust)	Development	Australia	50	50
City West Property Holdings Pty Limited	Development	Australia	50	50
City West Property Investment (No. 1) Trust	Development	Australia	50	50
City West Property Investment (No. 2) Trust	Development	Australia	50	50
City West Property Investment (No. 3) Trust	Development	Australia	50	50
City West Property Investment (No. 4) Trust	Development	Australia	50	50
City West Property Investment (No. 5) Trust	Development	Australia	50	50
City West Property Investment (No. 6) Trust	Development	Australia	50	50
City West Property Investments (No. 1) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 2) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 3) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 4) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 5) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 6) Pty Limited	Development	Australia	50	50
Cockatoo Iron Ore[1]	Contract Mining	Australia	50	50
Cockatoo Mining Pty Ltd[1]	Contract Mining	Australia	50	50
Coleman Rail Pty Ltd & John Holland Pty Ltd & York Civil Pty Ltd Joint Venture (Trackworks Upgrade Adelaide)[1]	Construction	Australia	38	38
Coleman Rail Pty Ltd & John Holland Pty Ltd Joint Venture (Rail Revitalisation Project, SA)[1]	Construction	Australia	50	50
Conneq Infrastructure Services (Australia) Pty Ltd and John Holland Pty Ltd[1]	Services	Australia	50	50
Copperstring Pty Ltd[1]	Construction	Australia	50	50
Cotter Googong Bulk Transfer Joint Venture[1]	Construction	Australia	50	50
Doubleone 3 Unit Trust	Development	Australia	50	50
Erskineville Residential Project Pty Ltd	Construction	Australia	50	50

Notes continued

for the six months ended 30 June 2014

10. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

***Joint Ventures** continued*

Name of entity	Principal activity	Country	Ownership interest June 2014 %	Ownership interest December 2013 %
Fallingwater Trust[1]	Development	Australia	15	15
Folkestone/Leighton JV Pty Ltd[1]	Development	Australia	50	50
Garlanja Joint Venture[1]	Construction	Australia	75	75
Gateway Motorway Services Pty Limited[1]	Services	Australia	50	50
Green Square Consortium Pty Ltd[1]	Development	Australia	50	50
Hassall Street Pty Ltd	Development	Australia	50	50
Hassall Street Trust	Development	Australia	50	50
Hazell Brothers John Holland Joint Venture[1]	Construction	Australia	50	50
Holland York Joint Venture[1]	Construction	Australia	50	50
Hollywood Apartments Pty Ltd	Development	Australia	50	50
Hollywood Apartments Trust	Development	Australia	50	50
Imatis Australia Pty Limited[1]	Services	Australia	50	-
Infocus Infrastructure Management Pty Limited[1]	Services	Australia	50	50
JM Joint Venture[1]	Construction	Australia	50	50
JM JV SIA Joint Venture[1]	Construction	Australia	80	80
John Holland Abigroup Contractors Joint Venture (Coffs Infrastructure)[1]	Construction	Australia	50	50
John Holland BRW Joint Venture[1]	Construction	Australia	50	50
John Holland Coleman Rail Joint Venture[1]	Construction	Australia	50	50
John Holland Colin Joss Joint Venture[1]	Construction	Australia	50	50
John Holland Downer EDI Engineering Power Joint Venture[1]	Construction	Australia	65	65
John Holland Downer EDI Joint Venture[1]	Construction	Australia	60	60
John Holland Macmahon Joint Venture (Bell Bay)[1]	Construction	Australia	80	80
John Holland Macmahon Joint Venture (Roe and Tonkin Highways)[1]	Construction	Australia	50	50
John Holland Macmahon Joint Venture (Ross River Dam)[1]	Construction	Australia	50	50
John Holland McConnell Dowell Joint Venture[1]	Construction	Australia	50	50
John Holland Thames Water Joint Venture[1]	Construction	Australia	50	50
John Holland United Group Infrastructure Joint Venture[1]	Construction	Australia	47	47
Kentz E & C Pty Ltd	Construction	Australia	50	50
Kings Square No.4 Unit Trust	Development	Australia	50	50
Kings Square Pty Ltd	Development	Australia	50	50
Kurunjang Development Pty Ltd[1]	Investment	Australia	50	50
LCS Employment Agency Ltd.	Services	Macau	50	50
Leighton Abigroup Joint Venture[1]	Construction	Australia	50	50

Notes continued

for the six months ended 30 June 2014

10. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

***Joint Ventures** continued*

			Ownership interest	
Name of entity	Principal activity	Country	June 2014 %	December 2013 %
Leighton BMD JV[1]	Construction	Australia	50	50
Leighton Construction India (Private) Limited[2]	Construction	India	50	50
Leighton Contractors & Baulderstone Hornibrook Bilfinger Berger Joint Venture[1]	Construction	Australia	50	50
Leighton Kumagai Joint Venture (MetroRail)[1]	Construction	Australia	55	55
Leighton OSE Joint Venture-Agra[2]	Construction	India	-	50
Leighton OSE Joint Venture-Indore[2]	Construction	India	-	50
Leighton OSE Joint Venture[2]	Construction	India	50	-
Leighton Services UAE Co LLC	Services	UAE	50	50
Leighton/Ngarda Joint Venture (LNJV)[1]	Construction	Australia	88	88
Leighton-Infra 13 Joint Venture[2]	Construction	India	50	50
Majwe Mining Joint Venture (Proprietary) Limited	Contract Mining	Botswana	60	60
Manukau Motorway Extension[1]	Construction	New Zealand	50	50
Marine & Civil Pty Ltd[1]	Construction	Australia	50	50
Moonee Ponds Pty Ltd	Development	Australia	50	50
Mosaic Apartments Holdings Pty Ltd[1]	Development	Australia	50	50
Mosaic Apartments Pty. Ltd.[1]	Development	Australia	50	50
Mosaic Apartments Unit Trust	Development	Australia	50	50
Mulba Mia Leighton Broad Joint Venture[1]	Construction	Australia	50	50
New Future Alliance (SIHIP)	Construction	Australia	66	66
Nextgen Group Holdings Pty Limited	Services	Australia	30	30
Ngarda Civil and Mining Pty Limited[1]	Contract Mining	Australia	50	50
North Parramatta No.1 Pty Ltd[1]	Development	Australia	-	50
North Parramatta No.1 Unit Trust[1]	Development	Australia	-	50
Northern Gateway Alliance	Construction	New Zealand	50	50
Rail Link Joint Venture[1]	Construction	Australia	65	65
Riverina Estate Developments Pty Ltd[1]	Investment	Australia	50	50
Riverina Estate Developments Trust[1]	Development	Australia	50	50
Roche Thiess Linfox Joint Venture[1]	Contract Mining	Australia	44	44
RTL Mining and Earthworks Pty Ltd[1]	Construction	Australia	44	44
SmartReo Pty Ltd	Construction	Australia	50	50
Southern Gateway Alliance (Mandurah)	Construction	Australia	69	69
The Kurunjang Development Trust[1]	Development	Australia	50	50
Thiess - Ngarda Joint Venture	Services	Australia	75	-
Thiess Alstom Joint Venture[1]	Construction	Australia	50	50
Thiess Barnard Joint Venture	Construction	Australia	50	50
Thiess Black and Veatch Joint Venture (VIC)	Construction	Australia	50	50
Thiess Black and Veatch Joint Venture[1]	Construction	Australia	50	50

Notes continued

for the six months ended 30 June 2014

10. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

***Joint Ventures** continued*

			Ownership interest	
Name of entity	Principal activity	Country	June 2014 %	December 2013 %
Thiess Downer EDI Works JV[1]	Construction	Australia	75	75
Thiess Hochtief Joint Venture[1]	Construction	Australia	50	50
Thiess United Group Joint Venture[1]	Construction	Australia	50	50
TSDI Pty Ltd[1]	Services	Australia	50	50
Viridian Noosa Pty Ltd[1]	Development	Australia	50	50
Viridian Noosa Trust[1]	Development	Australia	50	50
VR Pakenham Pty Ltd[1]	Development	Australia	50	50
VR Pakenham Trust[1]	Development	Australia	50	50
Wallan Project Pty Ltd[1]	Investment	Australia	50	50
Wallan Project Trust[1]	Investment	Australia	50	50
Wedgewood Road Hallam No. 1 Pty Ltd	Development	Australia	50	50
Wedgewood Road Hallam Trust	Development	Australia	50	50
Wellington Tunnels Alliance	Construction	New Zealand	50	50
Westlink (Services) Pty Limited[1]	Services	Australia	50	50
Wrap Southbank Unit Trust	Development	Australia	50	50

All joint venture entities have a statutory reporting date of 31 December with the following exceptions:
[1] *Entities have a 30 June statutory reporting date.*
[2] *Entities have a 31 March statutory reporting date.*

These entities have different statutory reporting dates to the Group as they are aligned with the joint venture partners' reporting date and / or the reporting date is prescribed by local statutory requirements.

Where the Group has an ownership interest in a joint venture greater than 50% but does not control the arrangement due to the existence of joint control, the joint venture is not consolidated.

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for the six months ended 30 June 2014

11. JOINT OPERATIONS

Joint Operations

			Ownership interest	
Name of arrangement	Principal activity	Country	June 2014 %	December 2013 %
Abigroup Contractors Pty Ltd & Coleman Rail Pty Ltd & John Holland Pty Ltd (Integrate Rail JV)	Construction	Australia	40	40
Bacchus Marsh[1]	Development	Australia	50	50
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
BGC Contracting & John Holland & Macmahon Joint Venture (Roy Hill Rail JV)[1]	Construction	Australia	-	40
BJB Joint Venture	Services	Australia	38	38
Casey Fields[1]	Development	Australia	55	55
China State Leighton Joint Venture	Construction	Hong Kong	50	50
Coleman Rail Pty Ltd & John Holland Pty Ltd & York Civil Pty Ltd Joint Venture (Tracksure Rail Upgrade)[1]	Construction	Australia	38	38
Coleman Rail Pty Ltd & John Holland Pty Ltd (Activate)[1]	Construction	Australia	60	60
Colin Joss & Co Pty Ltd & John Holland Pty Ltd[1]	Construction	Australia	79	79
Deer Park[1]	Development	Australia	50	50
Degremont Thiess Services Joint Venture	Services	Australia	40	40
Edenbrook Estate[1]	Development	Australia	50	50
Erskineville Residential Project	Development	Australia	50	50
EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV)	Construction	Australia	50	50
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Garlanja Joint Venture[1]	Construction	Australia	75	75
GHD & John Holland Joint Venture (Perth City Link Rail Alliance)[1]	Construction	Australia	85	85
Henry Road Pakenham Joint Venture[1]	Development	Australia	50	50
HYLC Joint Venture[1]	Construction	Australia	50	50
John Holland & Leed & Macmahon Joint Venture (Urban Superway)[1]	Construction	Australia	80	80
John Holland & Leed Engineering Joint Venture (NIAW)[1]	Construction	Australia	67	67
John Holland & UGL Joint Venture (Murrumbidgee Irrigation)[1]	Construction	Australia	50	50
John Holland Abigroup Contractors Joint Venture (Bulk Water)[1]	Construction	Australia	50	50
John Holland Fairbrother Joint Venture[1]	Construction	Australia	50	50
John Holland Fulton Hogan Joint Venture[1]	Construction	New Zealand	50	50
John Holland Laing O'Rourke & NRW Joint Venture[1]	Construction	Australia	33	33
John Holland Laing O'Rourke Joint Venture[1]	Construction	Australia	50	50
John Holland Pty Ltd & Bouygues Travaux Publics (Glenfield Junction Alliance)[1]	Construction	Australia	54	54
John Holland Pty Ltd & Bouygues Travaux Publics (North Strathfield Rail Underpass Alliance)[1]	Construction	Australia	50	50

Notes continued

for the six months ended 30 June 2014

11. JOINT OPERATIONS CONTINUED

***Joint Operations** continued*

			Ownership interest	
Name of arrangement	Principal activity	Country	June 2014 %	December 2013 %
John Holland Pty Ltd & Lend Lease Project Management & Construction (Australia) Pty Limited	Construction	Australia	50	50
John Holland Pty Ltd & Pindan Contracting Pty Ltd	Construction	Australia	50	50
John Holland Pty Ltd And Kellogg Brown & Root Pty Ltd	Construction	Australia	50	50
John Holland Tenix Alliance Joint Venture[1]	Construction	Australia	50	50
John Holland Veolia Water Australia Joint Venture (Blue Water)[1]	Construction	Australia	74	74
John Holland Veolia Water Australia Joint Venture (Gold Coast Desalination Plant)[1]	Construction	Australia	64	64
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	80	-
Leighton - Gammon Joint Venture	Construction	Hong Kong	50	50
Leighton Abigroup Consortium (Epping to Thornleigh)	Construction	Australia	50	50
Leighton Boral Amey NSW Joint Venture	Services	Australia	44	44
Leighton Boral Amey NSW Pty Limited[1]	Services	Australia	44	44
Leighton Boral Amey QLD Joint Venture	Services	Australia	44	44
Leighton Boral Amey QLD Pty Limited[1]	Services	Australia	44	44
Leighton China State John Holland Joint Venture (City of Dreams)[1]	Construction	Macau	70	70
Leighton China State Joint Venture (Wynn Resort)[1]	Construction	Macau	50	50
Leighton China State Van Oord Joint Venture	Construction	Hong Kong	45	45
Leighton Contractors Downer Joint Venture[1]	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga)[1]	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (SH16 Causeway Upgrade)	Construction	New Zealand	50	50
Leighton Kumagai Joint Venture (Route 9 - Eagle's Nest Tunnel)	Construction	Hong Kong	-	51
Leighton Kumagai Joint Venture (Wanchai East & North Point Trunk Sewerage)	Construction	Hong Kong	-	51
Leighton Monnis Infrastructure JV LLC	Construction	Mongolia	55	55
Leighton Swietelsky Joint Venture[1]	Services	Australia	50	50
Leighton-Able Joint Venture	Construction	Hong Kong	51	51
Leighton-Chubb E&M Joint Venture	Construction	Hong Kong	50	50
Leighton-Total Joint Operation	Construction	Indonesia	70	70
Link 200 Joint Venture[1]	Construction	Hong Kong	48	48
Link 200 Station Joint Venture[1]	Construction	Hong Kong	60	60
Link 200 Tunnel Joint Venture[1]	Construction	Hong Kong	60	60
Murray & Roberts Marine Malaysia - Leighton Contractors Malaysia Joint Venture	Construction	Malaysia	50	50

Notes continued

for the six months ended 30 June 2014

11. JOINT OPERATIONS CONTINUED

***Joint Operations** continued*

			Ownership interest	
Name of arrangement	Principal activity	Country	June 2014 %	December 2013 %
N.V. Besix S.A. & Thiess Pty Ltd (Best JV)	Construction	Australia	50	50
Taiwan Track Partners Joint Venture	Construction	Taiwan	28	28
Task Joint Venture (Thiess & Sinclair Knight Merz)	Construction	Australia	60	60
Thiess Balfour Beatty Joint Venture	Construction	Australia	67	67
Thiess Decmil Kentz Joint Venture[1]	Construction	Australia	33	33
Thiess Degremont JV	Construction	Australia	65	65
Thiess Degremont Nacap Joint Venture[1]	Construction	Australia	33	33
Thiess John Holland Dragados Joint Venture	Construction	Australia	75	75
Thiess MacDow Joint Venture[1]	Construction	Australia	50	50
Thiess Pty Ltd & York Civil Pty Ltd	Construction	Australia	65	65
Thiess Sedgman Joint Venture[1]	Construction	Australia	50	50
Thiess Services and South Eastern Water	Services	Australia	50	50
Thiess Southbase Joint Venture	Construction	New Zealand	50	-
Turramurra[1]	Development	Australia	50	50
Veolia Water - Leighton- John Holland Joint Venture (formerly known as John Holland Veolia Water Australia Joint Venture (Hong Kong Sludge))	Construction	Hong Kong	40	40

All joint operations have a reporting date of 31 December with the following exceptions:
[1] *Arrangements have a 30 June reporting date.*

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for the six months ended 30 June 2014

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy. Fair value of financial assets and liabilities has been determined based on either the listed price or the net present value of cash flows using current market rates of interest. The carrying amounts of other financial assets and liabilities in the Group's balance sheet approximate fair values.

The fair value of interest bearing liabilities is:

- *Listed*: Medium Term Notes fair value $281.0 million; carrying value $280.0 million (31 December 2013: fair value: $287.4 million; carrying value $280.0 million); and 10-Year-Fixed-Rate Guaranteed Notes fair value US$526.1 million, equivalent to $571.9 million; carrying value US$493.0 million, equivalent to $535.9 million (31 December 2013: fair value US$538.5 million; carrying value US$492.7 million).
- *Unlisted*: Guaranteed Senior Notes fair value US$583.5 million, equivalent to $634.2 million; carrying value US$518.6 million, equivalent to $563.7 million (31 December 2013: fair value: US$589.4 million, equivalent to $654.9 million; carrying value US$518.4 million, equivalent to $576.0 million).

The table below analyses other financial instruments carried at fair value, listed in order of valuation method. The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data.

30 June 2014	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Equity and stapled securities available-for-sale				
- Listed	1.6	-	-	1.6
- Unlisted	-	-	97.4	97.4
Derivatives	-	4.0	-	4.0
Total assets	1.6	4.0	97.4	103.0
Liabilities				
Derivatives	-	3.1	-	3.1
Total liabilities	-	3.1	-	3.1

31 December 2013	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Equity and stapled securities available-for-sale				
- Listed	1.6	-	-	1.6
- Unlisted	-	-	91.1	91.1
Derivatives	-	10.9	-	10.9
Total assets	1.6	10.9	91.1	103.6
Liabilities				
Derivatives	-	5.7	-	5.7
Total liabilities	-	5.7	-	5.7

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for the six months ended 30 June 2014

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

Methods and valuation techniques

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Listed and unlisted investments

The fair values of listed investments are determined on an active market valuation basis using observable market data such as current bid prices. The fair values of unlisted investments are determined by the use of internal valuation techniques using discounted cash flows. Where practical the valuations incorporate observable market data. Assumptions are generally required with regard to future expected revenues and discount rates.

Cash flow hedges

The Group's foreign currency forward contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates and are included in Level 2 of the fair value hierarchy.

Level 3 fair value measurements

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies. Level 3 instruments comprise unlisted equity and stapled securities; the determination of the fair value of these securities is discussed above. The table below analyses the changes in Level 3 instruments as follows:

	June 2014 $m	December 2013 $m
Unlisted equity and stapled securities available-for-sale		
Balance at beginning of reporting period	91.1	95.4
Additions	-	0.5
Gains recognised in other comprehensive income	6.3	13.7
Impairment	-	(18.5)
Capital return	-	-
Balance at reporting date	97.4	91.1

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

The internal valuation process for unlisted investments, unlisted debt and cash flow hedges is managed by a team in the Group finance department which performs the valuations required for financial reporting purposes. The valuation team reports to the Group's Chief Financial Officer ("CFO"). Discussions on valuation processes and outcomes are held between the valuation team and CFO as required.

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13. INTEREST BEARING LIABILITIES

	June 2014 $m	December 2013 $m
Current		
Interest bearing loans	776.1	415.5
Finance lease liabilities	105.0	141.0
Interest bearing liabilities - limited recourse loans	46.0	33.0
Total current interest bearing liabilities	927.1	589.5
Non-current		
Interest bearing loans	1,599.6	1,123.4
Finance lease liabilities	205.2	258.2
Interest bearing liabilities - limited recourse loans	49.9	154.0
Total non-current interest bearing liabilities	1,854.7	1,535.6
Total interest bearing liabilities	2,781.8	2,125.1

Interest Bearing Loans

Syndicated Loans

On 21 June 2013, Leighton Finance Limited, a wholly owned subsidiary of the Company, entered into a syndicated bank facility for $1.0 billion, maturing on 21 June 2016. The carrying amount at 30 June 2014 was $500.0 million (carrying amount at 31 December 2013: $nil). This facility replaces the previous syndicated facility of $600.0 million which had a maturity date of 8 December 2013.

Guaranteed Senior Notes

Leighton Finance Limited (2008)

On 15 October 2008, Leighton Finance Limited, a wholly owned subsidiary of the Company, issued a total of US$280.0 million Guaranteed Senior Notes in three series:

- Series A Notes: US$111.0 million Guaranteed Senior Notes at the rate of 6.91% maturing on 15 October 2013
- Series B Notes: US$90.0 million Guaranteed Senior Notes at the rate of 7.19% maturing on 15 October 2015
- Series C Notes: US$79.0 million Guaranteed Senior Notes at the rate of 7.66% maturing on 15 October 2018

Interest on the above notes is paid semi-annually on the 15th day of April and October in each year. Carrying amount at 30 June 2014: US$169.0 million (31 December 2013: US$169.0 million) equivalent to $183.7 million (31 December 2013: $187.8 million), of which US$nil is due for repayment within twelve months from the reporting date.

Notes continued

for the six months ended 30 June 2014

13. INTEREST BEARING LIABILITIES CONTINUED

Guaranteed Senior Notes *continued*

Leighton Finance (USA) Pty Limited (2010)
On 21 July 2010, Leighton Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, issued a total of US$350.0 million Guaranteed Senior Notes in three series:

- Series A Notes: US$90.0 million Guaranteed Senior Notes at the rate of 4.51% maturing on 21 July 2015
- Series B Notes: US$145.0 million Guaranteed Senior Notes at the rate of 5.22% maturing on 21 July 2017
- Series C Notes: US$115.0 million Guaranteed Senior Notes at the rate of 5.78% maturing on 21 July 2020

Interest on the above notes is paid semi-annually on the 21st day of January and July in each year. Carrying amount at 30 June 2014: US$349.6 million (31 December 2013: US$349.4 million) equivalent to $380.0 million (31 December 2013: $388.2 million).

Leighton Finance (USA) Pty Limited (2012)
On 13 November 2012, Leighton Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, issued US$500.0 million of 10-Year Fixed-Rate Guaranteed Senior Notes.

The notes bear interest from 13 November 2012 at the rate of 5.95% per annum and mature on 13 November 2022. Interest on the notes will be paid semi-annually on the 13th day of May and November in each year. Carrying amount at 30 June 2014: US$493.0 million (31 December 2013: US$492.7 million) equivalent to $535.9 million (31 December 2013: $547.4 million).

Medium Term Notes

Leighton Finance Limited, a wholly owned subsidiary of the Company, issued a total of $280.0 million Medium Term Notes on the following dates:

- 28 July 2009: $230.0 million
- 12 August 2009: $50.0 million

The notes bear interest at the rate of 9.5% paid semi-annually on the 28th day of January and July in each year, and mature on 28 July 2014.

Bilateral Loans

During the reporting period, Leighton Finance Limited, a wholly owned subsidiary of the Company, drew down $150.0 million under two existing bilateral facilities. Carrying amount at 30 June 2014: $150.0 million (31 December 2013: $nil). The amounts drawn under the facilities are expected to be settled within twelve months after the reporting date.

During the reporting period, Leighton Contractors (India) Private Limited and Leighton LLC, both wholly owned subsidiaries of the Company, entered into new short term bilateral facilities. The carrying value at 30 June 2014 was $187.7 million (31 December 2013: $nil). The amounts drawn under the facilities are expected to be settled within twelve months after the reporting date.

13. INTEREST BEARING LIABILITIES CONTINUED

Other Unsecured Loans

Other unsecured loans outstanding as at 30 June 2014: $158.4 million (31 December 2013: $135.5 million). Other unsecured loans expected to be settled within twelve months after reporting date: $158.4 million (31 December 2013: $135.5 million).

Finance Lease Liabilities

The Group has leased mining plant and equipment in Indonesia, Mongolia and Australia under finance leases that expire within four years of the reporting date.

Limited Recourse Loans

The Group has limited recourse property development loans secured against certain property development assets of the Group and overseas borrowings by subsidiaries secured against the assets of the overseas subsidiaries. Carrying amount as at 30 June 2014: $95.9 million (31 December 2013: $187.0 million).

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since 31 December 2013.

15. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date the Group declared a 25% franked interim dividend of 57.0 cents per share.

Directors' Declaration

In the opinion of the Directors of Leighton Holdings Limited ("the Company"):

1) the consolidated interim financial report and notes set out on pages 3 to 30, are in accordance with the *Corporations Act 2001* including:

   a) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2014 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

   b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 27th day of July 2014

Signed in accordance with a resolution of Directors:

M F Verdes
Executive Chairman & Chief Executive Officer

Russell Chenu
Director and Audit & Risk Committee Chairman

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Review Report to the members of Leighton Holdings Limited

We have reviewed the accompanying interim financial report of Leighton Holdings Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2014, and the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the half year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half-year as set out on pages 3 to 31.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Leighton Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Leighton Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Leighton Holdings Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and
(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants
Sydney, 27 July 2014

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
Leighton Holdings Limited
472 Pacific Highway
ST LEONARDS NSW 2065

27 July 2014

Dear Directors

Auditors Independence Declaration to Leighton Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Leighton Holdings Limited.

As lead audit partner for the review of the interim financial report of Leighton Holdings Limited for the financial half year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

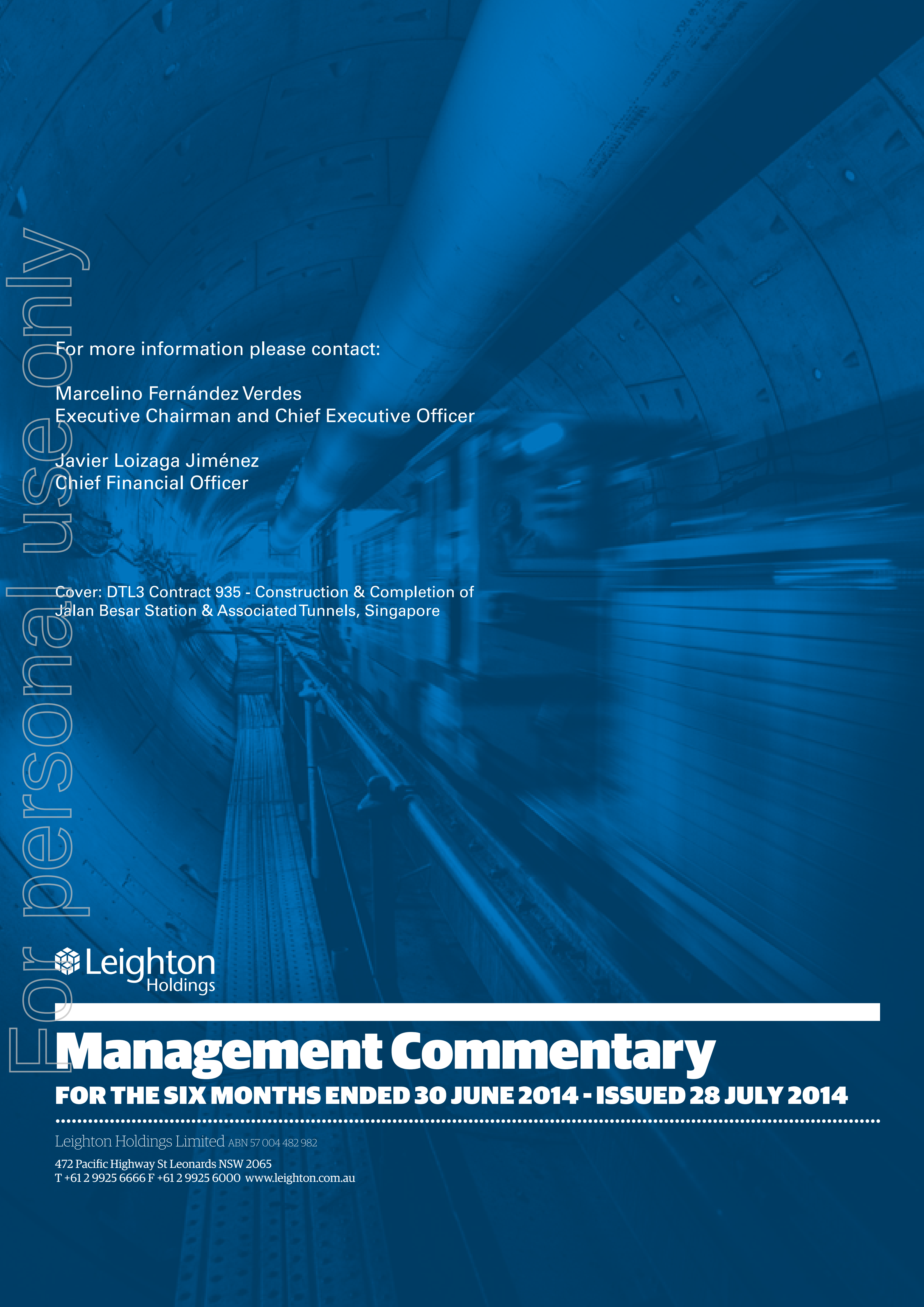
(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants



For more information please contact:

Marcelino Fernández Verdes
Executive Chairman and Chief Executive Officer

Javier Loizaga Jiménez
Chief Financial Officer

Cover: DTL3 Contract 935 - Construction & Completion of Jalan Besar Station & Associated Tunnels, Singapore

Leighton Holdings

Management Commentary

FOR THE SIX MONTHS ENDED 30 JUNE 2014 - ISSUED 28 JULY 2014

Leighton Holdings Limited ABN 57 004 482 982

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FINANCIAL HIGHLIGHTS

PROFIT OR LOSS ITEMS ($M)	6 months to 30 June 2014	6 months to 30 June 2013	Movement
Revenue - Group	11,047	10,525	5%
- Joint ventures and associates	809	960	(16)%
Total revenue	11,856	11,485	3%
EBITDA	843	1,198	(30)%
Comparable EBITDA[1]	945	929	2%
Depreciation of property, plant and equipment	(310)	(519)	(40)%
Amortisation of intangibles	(15)	(13)	15%
Finance costs	(106)	(112)	(5)%
Profit before tax	412	553	(25)%
Income tax	(128)	(193)	(34)%
Profit after tax	284	360	(21)%
Loss attributable to non-controlling interests	7	6	17%
NPAT (Profit after tax attributable to members)	291	366	(20)%
Of which - UNPAT[2] (Underlying net profit after tax)	319	255	25%
- Net gain/(loss) on non-underlying items	(28)	111	n/a
Net margin (UNPAT to total revenue)	2.7%	2.2%	n/a
Interest cover (EBITDA to finance costs)	8.0	10.7	(25)%

EPS AND DPS (CENTS)	6 months to 30 June 2014	6 months to 30 June 2013	Movement
Earnings per ordinary share (basic)	86.2	108.6	(21)%
Dividends per ordinary share	57.0	45.0	27%
UNPAT Dividend payout ratio	60%	60%	n/a

CASH FLOW ITEMS ($M)	6 months to 30 June 2014	6 months to 30 June 2013	Movement
Cash flow from operating activities	(37)	(9)	n/a
Of which - Movement in net working capital[3]	(914)	(936)	(2)%
- Cash generated from operations[4]	877	927	(5)%
- Comparable cash generated from operations[1]	952	862	10%
Capital expenditure	442	568	(22)%

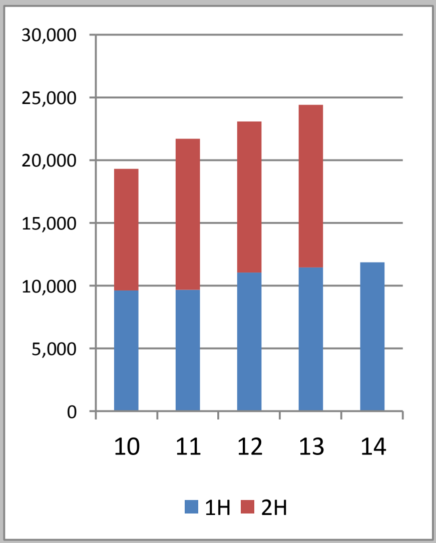
BALANCE SHEET ITEMS ($M)	As at 30 June 2014	As at 31 Dec 2013	As at 30 June 2013
Total shareholders' equity	3,316	3,246	3,142
Total liabilities	9,026	8,830	8,658
Total assets	12,342	12,076	11,800
Cash and cash equivalents	1,574	1,721	1,850
Total borrowings (Interest bearing liabilities)	2,782	2,125	3,118
Net debt	1,208	404	1,268
Operating leases	750	934	533
Net debt plus operating leases	1,958	1,338	1,802
Comparable net debt plus operating leases[1]	1,923	1,894	2,416
Gearing[5]	37.1%	29.2%	36.4%
Comparable gearing[1]	36.5%	36.6%	44.7%
Undrawn loan facilities (excl. Devine)	681	1,231	1,088
Available committed bonding capacity	818	768	853

WORK IN HAND ($M)[6]	As at 30 June 2014	As at 31 Dec 2013	As at 30 June 2013
Value of work in hand	38,123	42,171	40,134
New contracts, extensions, variations and F/X (6 months)	7,808	14,963	8,133

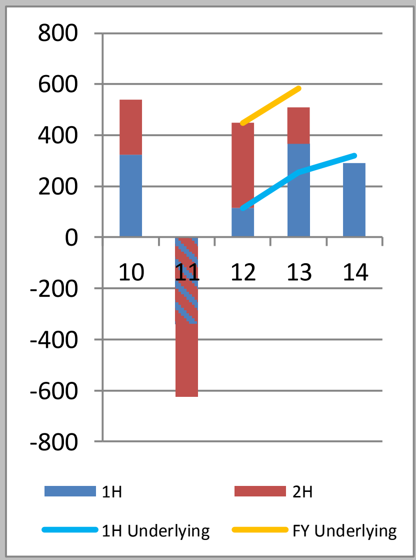
[1] Comparable data is adjusted for the deconsolidation of the sale of 70.1% of the telecommunications assets (the 'Telco sale') in June 2013, the FleetCo initiative, and non-underlying items (2 below).
[2] UNPAT is NPAT adjusted for non-underlying items including gains/losses on sale/acquisition of assets, impairments and restructuring costs ('non-underlying items'). Refer page 39 for reconciliation.
[3] Movement in net working capital adjusts for the increases/decreases in assets and liabilities other than cash.
[4] Cash generated from operations before movement in net working capital.
[5] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.
[6] Including the Group's share of joint ventures and associates.

KEY CHARTS FOR SIX MONTHS TO JUNE[7]

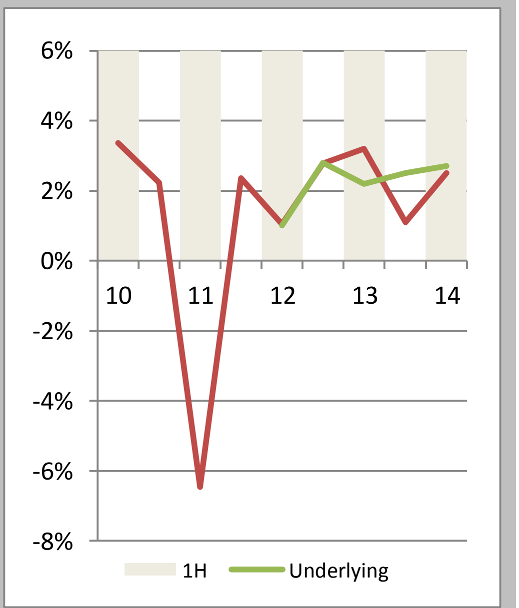
TOTAL REVENUE $M[9]



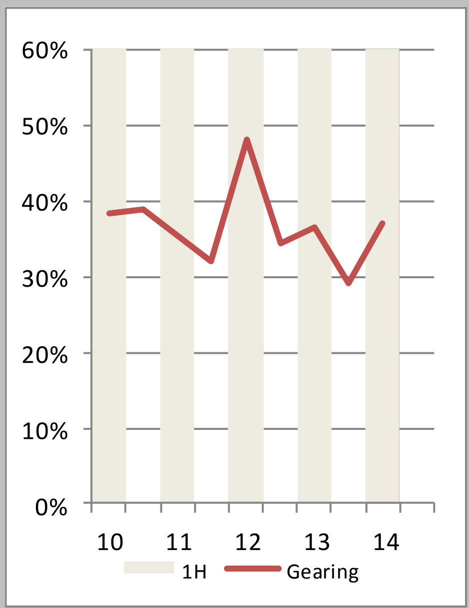
NPAT $M



NPAT MARGIN %



GEARING %[8]



[7] All data reflects six months to June for the respective years. For periods prior to June 2012, the data was derived from the year to June results, less the prior six months to December result.
[8] Periods prior to June 2013 have not been restated to include the impact of the adoption of AASB 11 on gearing.

HIGHLIGHTS FOR HY14[9]

Profit and loss

- Total revenue was $11.9 billion, up 3% on HY13.
- Construction revenue was $7.7 billion, up 5% on HY13.
- NPAT was $291 million. UNPAT was $319 million, up on HY13.
- EBITDA was $843 million. Comparable EBITDA was $945 million, up 2% on HY13.
- UNPAT margin expanded from 2.2% to 2.7%.
- An interim dividend of 57 cents per share was approved. This compares with a 45 cents dividend in HY13, an increase of 27%.
- FY14 guidance reaffirmed for UNPAT in the range of $540 million to $620 million, and gearing in the range of 20% to 35% by 31 December 2014, subject to market conditions, unforeseen circumstances and the outcomes of the Strategic Review.

Balance sheet and gearing

- Net debt plus operating leases were $2 billion and gearing was 37.1%. In comparable terms, net debt plus operating leases and gearing show significant improvements on HY13, which was supported by the inflow of cash from the Telco sale.
- S&P affirmed its existing credit-grade rating of 'BBB-/A-3' with a 'Stable' outlook.
- The collection of the outstanding receivables remains a key focus.

Cash flow

- Cash generated from operations was $877 million, offset by a $914 million increase in net working capital. Comparable cash generated from operations improved 10% on 30 June 2013.
- Capital expenditure reduced 22% to $442 million.

Work in Hand

- Preferred bidder positions of $5 billion, compared to $3 billion in June 2013.
- The Group's 12 month tender pipeline is approximately 33% higher than the equivalent pipeline at the FY13 result.
- The pipeline of tenders on $1 billion+ contracts between now and 2018 is the largest in the Group's history.
- The next round of growth will be funded in part by private sector PPPs and the Group is positioning itself as an equity participant, a contractor and asset manager.
- In its Utilities and Infrastructure Market Update in March 2014, ANZ International & Institutional Bank estimates PPP projects worth around $50 billion will commence by 2020.

Strategic Review

- Work on the Strategic Review progressed. This included the appointment of Managing Directors and identification of executive teams, transition planning for the organisational structures and operational and legal matters, and a continued focus on the collection of receivables.

Market outlook

- Approximately $125 billion in new infrastructure project spending is expected by the end of the decade in Australia, including Federal Government commitments, and the private and State investment that Federal spending is expected to catalyse.

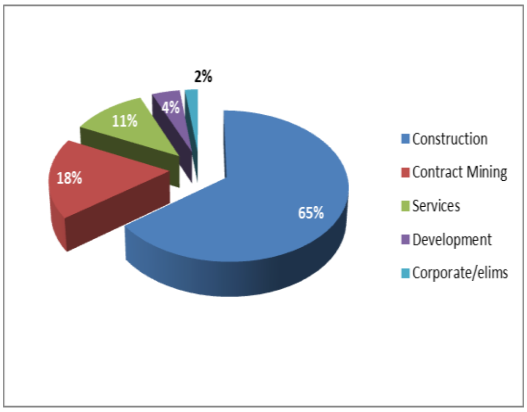
[9] HY14 and HY13 are the results for the six months to 30 June 2014 and 30 June 2013 respectively.

PROFIT AND LOSS

Revenue

Total revenue of $11.9 billion was recorded in HY14, a 3% increase on $11.5 billion in HY13, with revenue of $9.5 billion from domestic operations[10] and $2.4 billion from international operations.

By activity, HY14 revenue can be analysed as follows:



Total revenue in Construction was $7.7 billion, or 65% of the total, an increase of $363 million, or 5%, on HY13. The increase was primarily from the major LNG projects in Australia including Ichthys and QCLNG, and the Wynn Cotai resort in Macau.

Total revenue in Contract Mining was $2.1 billion, or 18% of the total, a decrease of $250 million, or 11%, on HY13. The Group has maintained its position with its existing contracts and continued to work collaboratively with its clients to improve efficiency and productivity given the ongoing commodity price pressures.

Services revenue increased to $1.4 billion in HY14, or 11% of the total, and Development to $0.5 billion, or 4% of the total.

[10] Domestic operations include Australia, New Zealand and Pacific Islands.

Expenditure

Recurring operational expenditure consists of materials, subcontractors, plant, personnel costs, depreciation and operating lease payments related to plant and equipment, and engineering and other fees. It was $10 billion in HY14, an increase of 4% on HY13.

Movements in materials, subcontractors and plant costs during the period reflected changes in the mix of the portfolio, with an increased use of subcontractors.

The 2% improvement in personnel costs was the result of the reduction in the average headcount net of restructuring costs of $35 million pre-tax.

EBITDA

EBITDA was $843 million during the period. Comparable EBITDA[1] was $945 million in HY14 and $929 million in HY13, an increase of 2%. The reconciliation is as follows:

HY14 $M	EBITDA
Reported	843
Telco loss	8
FleetCo (refinancing of $0.5b of fleet)	54
Restructuring costs	35
Impairments	5
Comparable	945

HY13 $M	EBITDA
Reported	1,198
Telco gain	(215)
Telco contribution	(65)
Impairments	11
Comparable	929

Depreciation

Depreciation of property, plant and equipment for HY14 was $310 million, a 40% decrease on HY13. This decrease reflects the changing mix in the portfolio of capital intensive and non-capital intensive contracts, the FleetCo refinancings, and a reduction in mining activity compared to HY13.

Finance Costs

Finance costs were $106 million, a decrease of 5% on the finance costs incurred in HY13. The reduction was primarily the result of lower debt levels compared to June 2013 and the reduction in finance lease charges from FleetCo refinancings, partially offset by the movement in exchange rates on US denominated debt[11]. The average interest rate for the six months to 30 June 2014 was 6.3%. For the six months to 30 June 2013 it was 5.8%.

Non-underlying items

The HY14 reported result was impacted by $28 million of post-tax restructuring costs and property impairments. In contrast, HY13 reported result benefited from a $107 million post-tax profit from the sale of the Group's Telco assets, net of property impairments. The reconciliation of reported to underlying is as follows:

HY14 $M	PBT	Tax	PAT	Minorities	NPAT
Reported	412	(128)	284	7	291
Plus restructuring costs	35	(11)	24	-	24
Plus property impairments	5	(1)	4	-	4
Underlying	452	(140)	312	7	319

HY13 $M	PBT	Tax	PAT	Minorities	NPAT
Reported	553	(193)	360	6	366
Less gain on Telco sale	(215)	100	(115)	-	(115)
Plus property impairments	11	(3)	8	(4)	4
Underlying	349	(96)	253	2	255

Tax

The Group reported a total tax expense for HY14 of $128 million, equating to a 31% effective tax rate. The effective tax rate on underlying profit, based on the table above, was also 31%.

In HY13 the effective tax rate was 35%, due to the high effective rate on the sale of the telecommunications assets. The effective tax rate on underlying profit, based on the table above, was 27.5%.

UNPAT margin

Since announcing the margin expansion initiative as part of the 'stabilise, rebase and grow' strategy in HY12, the Group's UNPAT margin has steadily expanded from 1.0% in HY12 to 2.7% in HY14.

Dividend

The Board has determined to pay out 60% of UNPAT for HY14 and has approved a 57 cents per share, 25% franked interim dividend. This compares with a 45 cents per share, 50% franked interim dividend in HY13, an increase of 27%.

[11] F/X rates for AUD:USD: HY14 $1:$0.92, HY13 $1:$0.96, FY13 $1:$0.90.

BALANCE SHEET

Cash
Cash and cash equivalents at 30 June 2014 were $1.6 billion, compared to $1.7 billion at 31 December 2013. (Refer Cash Flow on page 42.)

Receivables
Current trade and other receivables were $5.5 billion at 30 June 2014 compared to $5.0 billion at 31 December 2013. This balance includes contract debtors, trade debtors, prepayments and other receivables.

As was noted in the FY13 result, an elevated level of receivables has become a feature of the Group's balance sheet due, in part, to domestic LNG projects where the Group has experienced:

- lengthy payment cycles;
- extensive scope growth; and
- complex and time consuming valuation and negotiation processes to agree variations to existing contracts.

The growth in this balance in HY14 was due to increased turnover during the period, and the progression of domestic LNG and other projects.

The collection of the outstanding receivables and a reduction in working capital remains a key focus. However, the elevated levels are likely to remain until the current domestic LNG projects are completed and final agreements negotiated.

Non-current trade and other receivables, which include $631 million in loans and accrued interest to HLG, were $789 million at 30 June 2014, with no material movement since 31 December 2013. (Refer Investments on page 41.)

Property, plant and equipment
At 30 June 2014, the Group's property, plant and equipment totalled $1.8 billion. Property, plant and equipment cash purchases for the six months totalled $442 million while depreciation of plant and equipment was $310 million. The reduction in capital expenditure of 22% reflects a disciplined approach to capital management and enhanced fleet and spare parts utilisation as a result of the Group Asset Management initiative.

At 30 June 2014, the Group's property, plant and equipment totalled $2.6 billion of which $1.8 billion was on balance sheet (consisting of $1.4 billion of owned plant and equipment and $0.4 billion under finance leases). An additional $0.8 billion was under off-balance sheet operating leases.

Trade and other payables
Current trade and other payables were $5.0 billion at 30 June 2014, compared to $5.5 billion at 31 December 2013.

Interest bearing liabilities
Gross debt, including recourse, limited recourse loans and finance lease liabilities, totalled $2.8 billion at 30 June 2014, of which $0.9 billion was in current liabilities and $1.9 billion in non-current liabilities.

The total represents an increase of $657 million from 31 December 2013, primarily due to the drawdown of $500 million of the Group's $1 billion Syndicated Bank Facility. In addition, the Group drew down $338 million on bilateral facilities.

The Group had a further $681 million of undrawn facilities at 30 June 2014 and ample headroom on its banking covenants.

Gearing
Gearing, expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity, was 37.1% at 30 June 2014. When considered on a like for like basis, comparable gearing[1] was 36.5% at 30 June 2014, an improvement on the comparable figure at 30 June 2013 of 44.7% which was supported by the inflow of cash from the Telco sale. The reconciliation is as follows:

HY14 $M	Net debt and operating leases	Equity	Gearing %
Reported	1,958	3,316	37.1
Telco loss	-	8	
Restructuring	(35)	24	
Impairments	-	4	
Comparable	1,923	3,352	36.5

HY13 $M	Net debt and operating leases	Equity	Gearing %
Reported	1,802	3,142	36.4
Telco gain	614	(115)	
Telco contribution	-	(44)	
Impairments	-	4	
Comparable	2,416	2,987	44.7

Bonding

The Group has significant bonding and guarantee facilities available which are integral to the successful delivery of current and future work in hand.

Bonds and guarantees in use at 30 June 2014 were $4.3 billion. An additional $1.1 billion was undrawn of which $0.8 billion was committed and $0.3 billion was uncommitted.

Credit ratings

During the six month period, both Standard & Poor's (S&P) and Moody's Investors Service (Moody's) placed Leighton on negative credit watch following Hochtief's offer to acquire three out of eight shares in March 2014.

On 14 July 2014, S&P affirmed its existing credit-grade rating of 'BBB-/A-3' with a 'Stable' outlook. Moody's has not yet announced the outcome of its review.

Investments

Listed investments

As at 30 June 2014, investments in listed entities held by the Group were:

- Sedgman Limited: 36.7% of the resources engineering company;
- Macmahon Holdings Limited: 19.6% of the mining contracting company; and
- Devine Limited: 50.6% of the property development company.

Devine is consolidated in the Group's results, while the holdings in Sedgman and Macmahon are equity accounted.

During the period, Leighton commenced a confidential expression of interest process to seek potential investors for its 50.6% investment in Devine (Refer Strategic Review on page 46.)

In light of Leighton's decision, the Board of Devine announced on 16 July 2014 that it had decided to explore a formal sale process for all of the shares of Devine. As a result, Devine and Leighton have entered into arrangements in relation to the potential sale process.

Habtoor Leighton Group (HLG)

The Group's total exposure to HLG was $1.3 billion at 30 June 2014, analysed as:

- $339 million carrying value of the investment, which is equity accounted;
- $631 million of loan receivables and accrued interest within non-current receivables; and
- $354 million in off-balance sheet letters of credit and guarantees.

This represented a reduction of $37 million from the exposure at 31 December 2013, primarily as a result of:

- HLG making two repayments against its external debt facilities. The letters of credit and guarantees pledged by the Group against these facilities were reduced accordingly (by $31 million); and
- foreign exchange rate movements.

HLG recorded a $2 million profit for HY14 compared to a break-even result in HY13. During the period HLG was awarded:

- US$1.7 billion joint venture contract for the New Orbital Highway in Qatar (HLG share 55%);
- US$395 million contract for Package Eight of the Jewel of the Creek project in Dubai; and
- US$294 million contract for the construction of pipelines for Doha's Mega Reservoir.

Importantly, the total value of new project awards to HLG during HY14 was US$2 billion, close to doubling HLG's work in hand since 31 December 2013. Around 75% of the new projects won were infrastructure projects.

During the period, HLG agreed a settlement on a dispute with a Qatar-based client, including a plan for the return of the bonds called in FY13 and an agreement on the contract values for the associated projects, which is materially in line with the anticipated financial result. The settlement significantly reduced the risk exposure of HLG.

'2016 IPO-ready' remains the key strategic aim for HLG. Leighton continues to view its investment in HLG as offering long-term growth opportunities in the Middle East and North Africa.

CASH FLOW

Operating activities

Net operating cash during HY14 totalled $(37) million, including $(98) million in finance costs.

Cash flow from operating activities can be analysed as cash generated from operations and the movement in net working capital.

As shown below, cash generated from operations was $877 million. This was offset by an increase in net working capital, which remains a key focus for the Group.

The analysis for HY14 and HY13 is as follows:

$M	HY14	HY13
Cash generated from operations	877	927
Movement in net working capital	(914)	(936)
Cash flow from operating activities	(37)	(9)

Further, when considered on a like for like basis, comparable cash generated from operations[1] improved in HY14 from HY13. The reconciliation is as follows:

$M	HY14	HY13
Cash generated from operations	877	927
Telco contribution	-	(65)
FleetCo (refinancing of $.0.5b of fleet)	40	-
Restructuring	35	-
Comparable	952	862

Investing activities

Net cash outflow from investing activities totalled $524 million during HY14 including $442 million in capital expenditure.

Capital expenditure on plant and equipment reduced by 22%, compared to HY13. This resulted from capital management and intra-group redeployment of equipment under the FleetCo initiative. (Refer Group Asset Management on page 46.) The $442 million of capital expenditure includes $119 million in refinancing of offshore vessels.

Financing activities

Net cash inflow from financing activities in the period totalled $425 million, comprised primarily of:

- $609 million inflow from the proceeds of new borrowings, net of repayment of existing borrowings and repayments of finance leases; and
- $203 million outflow from the payment of the FY13 final dividend.

WORK IN HAND

At 30 June 2014, work in hand for the Group was $38.1 billion. Movements in the six months compared to HY13 can be analysed as follows:

$BN	HY14	HY13
31 December	42.2	43.5
Revenue delivered	(11.9)	(11.5)
New contracts, extensions, variations and F/X	7.8	8.1
30 June	**38.1**	**40.1**

Importantly, the pipeline of tenders at 30 June 2014, detailed below, is a positive indication of the breadth and depth of the Group's addressable markets.

Contract awards

During the period, $4.1 billion of new contracts were awarded including:

- $1.0 billion joint venture contract (Leighton share 80%) to construct the Passenger Clearance Building for the Hong Kong-Zhuhai-Macau Bridge Hong Kong Boundary Crossing Facilities; and
- $345 million contract to construct tunnel buildings for the Central – Wanchai Bypass in Hong Kong.

Net increases in scope

Leighton also secured an increase of $3.7 billion in extensions and variations (net of foreign exchange) during the period, including within the LNG and telecommunications sectors.

Pipeline

Leighton's markets offer a range of new project opportunities, particularly as governments in Australia and Asia roll out initiatives to address significant infrastructure deficits.

The engineering construction market in Australia, excluding resources and heavy industry, is expected to experience positive growth during the next five years.

During HY14, Federal and certain State Governments announced substantial infrastructure funding programs. The Federal Government's overarching objective is to catalyse more than $125 billion in new infrastructure project spending by the end of the decade.

This next round of growth in transport infrastructure construction will mainly be funded by the private sector, under improved Public Private Partnership structures (PPPs). In its Utilities and Infrastructure Market Update in March 2014, ANZ International & Institutional Bank estimates PPP projects worth around $50 billion will commence by 2020 (~40% of Government's target). The Group will position itself as equity participant, contractor and asset manager, as it focuses on PPP activities, with the aim of enhancing the Group's work in hand.

At 30 June 2014, the Group had gained preferred bidder positions on projects valued at $5 billion. This amount included the recent selection of John Holland and Leighton Contractors, in the Northwest Rapid Transit Consortium, to deliver the operations, trains and systems package which makes up a part of the $8.3 billion North West Rail Link (NWRL) in Sydney. This is in addition to the $1.2 billion NWRL contract awarded in June 2013 to deliver tunnels and civil works.

Importantly, the Group's 12 month tender pipeline is approximately 33% higher than the equivalent pipeline at the time of the FY13 result.

Looking further ahead, the Group has under preparation the largest pipeline of $1 billion+ tenders in its history. These tenders, for submission between now and 2018, reflect the impact of the Federal Government's infrastructure initiatives.

Margin in hand

The Group's blended margin in hand was above 9.0% in HY14, due, in part, to the change in the composition of the portfolio between construction and mining, reflecting the addressable market.

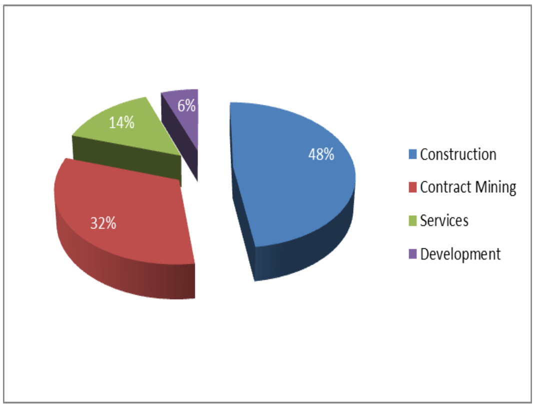
The blended margin in hand does not reflect the impact of cost efficiencies that are yet to be delivered as part of the Strategic Review.

Diversification

Diversification is fundamental to the Group's business model as it acts to moderate the effects of cyclical downturns in certain markets, providing a level of resilience to profitability.

Diversification by activity

Work in hand by activity at 30 June 2014 is analysed as follows:



Construction

Construction work in hand was $18.2 billion, or 48% of the total, at 30 June 2014. $6.5 billion of awards and extensions were achieved in the six month period and $7.7 billion was delivered in revenue.

Contract Mining

Contract Mining work in hand was $12.2 billion, or 32% of the total. Of the $7.7 billion of domestic Contract Mining work in hand, 71% related to coal (thermal and coking) and 28% to iron ore, with a small percentage in gold.

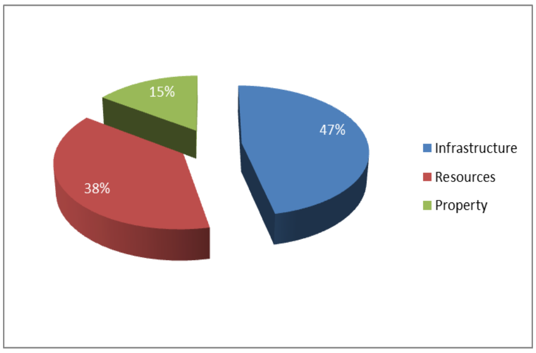
The quality of the Group's portfolio of mining projects is shown in the fact that the Group's Contract Mining work in hand moved broadly in line with revenue, despite the ongoing sector challenges. Scope increases and new awards broadly offset scope reductions.

Services and Development

Services and Development work in hand remained relatively stable as a proportion of total work in hand at $5.5 billion and $2.1 billion, or 14% and 6%, respectively.

Diversification by market

Work in hand by market at 30 June 2014 is analysed as follows:



Infrastructure

The Group's infrastructure work in hand was $17.7 billion at 30 June 2014, or 47% of the total. Domestic infrastructure totalled $12.9 billion and was spread across a range of sectors with transport (road and rail) and telecommunications dominating. Other major sectors included oil and gas pipelines, health, and water.

As noted above, there is a substantial pipeline of domestic infrastructure projects in the near to medium term and opportunities overseas remain strong.

Resources

The Group's total resources work in hand was $14.6 billion at 30 June 2014, or 38% of the total. This comprised $12.2 billion of contract mining and $2.4 billion of resource related construction activities, both bulk commodities (primarily coal and iron ore) and LNG.

The Group is currently working on all of the major LNG and coal seam methane projects around Australia including Gorgon, Wheatstone, Ichthys, APLNG, QCLNG and GLNG. The total contract value on domestic LNG projects grew from $13 billion at December 2013 to $15.3 billion at June 2014. Work in hand at 30 June 2014 was $2.9 billion ($1.3 billion within resources and $1.6 billion classified within the infrastructure portfolio discussed above).

Property

The Group's property work in hand was $5.8 billion, or 15% of the total, at 30 June 2014. The work includes commercial office and mixed use residential developments in major cities.

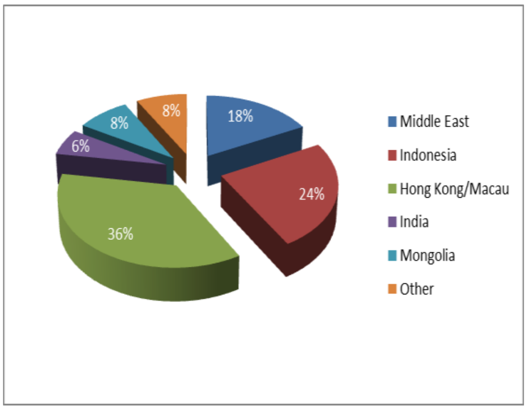
Diversification by geography

At 30 June 2014, the Group's work in hand was split 66:34 between domestic and international operations.

International operations

The Leighton Group has a diverse geographic presence across Asia (as shown by the mix of work in hand in the chart below), and a strong position in a number of the region's growth markets.

Hong Kong and Macau continue to generate around a third of the overseas portfolio, while HLG's work in hand in the Middle East has nearly doubled, as noted above. Contract mining activities make up the majority of the work in hand in Indonesia and Mongolia.



STRATEGIC REVIEW

Leighton is working to complete a broad based, Strategic Review of its operations. The blueprint for the future of the Group's business, set out in June 2014, involves strengthening the balance sheet, streamlining the operating model, and improving project delivery.

Strengthen the balance sheet

Under the blueprint, Leighton is maintaining its focus on recovering existing receivables. It is also improving its approach to working capital management in order to prevent the buildup of receivables on new projects onboarded into the portfolio.

In addition, Leighton is analysing options for its Services, Property and John Holland businesses including the potential divestment or introduction of new partners to these businesses. As part of this process, Leighton has engaged external advisors and is having discussions with potential investors.

The Services, Property and John Holland businesses will be subject to the outcome of this analysis and any final decisions are yet to be made.

Cash receipts from receivables and any divestments will be used to reduce gearing and strengthen the balance sheet in order to increase the Group's competitiveness.

Streamline the operating model

Leighton is in the process of streamlining its operating model. It has established dedicated businesses focused on:

- Construction (Leighton Contractors);
- Mining (Thiess);
- Public Private Partnerships (PPPs); and
- Engineering.

Subsequent to the Strategic Review announcement on 12 June 2014, the Group appointed Managing Directors to each of these four businesses.

The Services, Property and John Holland businesses may be incorporated into this blueprint, depending on the outcome of the aforementioned review.

Streamlining will allow Leighton to leverage its expertise across the Group and to create economies of scale, thereby lowering the cost base and helping to improve its competitive advantage.

Combining existing PPP capabilities will create a focused, industry leading business which will form a key component of Leighton's growth strategy. Similarly, combining existing engineering skills will help to provide innovative solutions for clients and promote greater self-reliance which will enhance Leighton's ability to manage project risk.

Improve project delivery

The Group is focused on improving project delivery by further developing the entrepreneurial culture of its project managers, including a greater focus on cash and cost control. This will be supported by the standardisation of business processes and systems.

Group Asset Management (FleetCo)

FleetCo was established in 2013 as a platform to optimise capital and asset management of the Group's portfolio of equipment and to drive cost savings through increased utilisation of assets and spare parts across the whole Group.

FleetCo's focus to date has been on the Group's large mining fleet. In the second half of 2013, the first transfers occurred, with $0.5 billion of Australian-based mining fleet moving into FleetCo and the corresponding finance leases refinanced into operating leases.

The Group continues to analyse options for FleetCo, including moving FleetCo off-balance sheet as an independently owned or co-owned, asset backed business, which could free up significant capital.

Under the Strategic Review process, the Group is also analysing setting up separate construction and mining asset management companies to support the activities of these businesses.

Transition

Work on the Strategic Review progressed during the period. This included the appointment of Managing Directors and identification of executive teams, transition planning for the organisational structures and operational and legal matters, and continued focus on the collection of receivables.

During this time, the Group remains focused on continuing to safely and efficiently provide services to clients.

PEOPLE AND GOVERNANCE

Board and governance

During the period, HOCHTIEF announced and closed its partial offer to acquire three out of eight shares in Leighton for $22.50 per share.

HOCHTIEF's shareholding in Leighton increased to 69.62% as a result of the offer. Leighton remains included in the Australian Securities Exchange's S&P/ASX 200 index with more than 30% free float in its shares.

For appointments to, and retirements from, the Board refer to the Directors' Report on pages 58 and 59.

Workforce

The Group directly employed 52,100 people at 30 June 2014, compared to 55,990 at 31 December 2013 (a reduction of 7%) and 61,000 at 30 June 2013 (a reduction of 15%).

Awards and recognition

The Group continued to receive industry recognition in the form of awards for achievement. During the period:

- Leighton Contractors' QUT Science & Technology Centre was awarded for Professional Excellence by the Australian Institute of Building;
- Thiess's Women in Mining program was awarded the Australian Women in Resource Alliance Award by the Australian Mines and Metals Association;
- John Holland's Cape Lambert Marine Works project was awarded the Australian Construction Achievement Award;
- Leighton Asia's Central Interchange project in Hong Kong was awarded Gold in the Hong Kong Labour Department's Construction Industry Safety Award Scheme; and
- Leighton Properties' Hamilton Harbour project was awarded National Best Mixed-Use project by the Property Council of Australia.

SAFETY AND ENVIRONMENT

Safety

Leighton is committed to providing a safe workplace, to the elimination of fatalities and permanent disabilities (Class 1 injuries), and to the systematic reduction of all other injuries.

The Group's targets are to have:

- Zero fatalities;
- Zero Class 1 incidents; and
- A Total Recordable Injury Frequency Rate (TRIFR)[12] of less than 5.5.

Leighton deeply regrets that during HY14 there was one fatality in the Australian operations and two Class 1 incidents (one in Australia and one internationally).

The fatality occurred at the Boggabri Coal Expansion Project in NSW. Investigations are continuing.

The TRIFR improved in the Group's Australian and International operations to 5.15 at 30 June 2014. The Group's aim is to keep TRIFR below 5.5.

Environment

Leighton is committed to improving its environmental performance and resource efficiency. The Group monitors environmental compliance and protection and is in the process of implementing performance indicators and targets for the areas of energy consumption, greenhouse gas emissions, water use and waste generation.

Leighton and its Australian Operating Companies adhere to environmental regulations including the National Greenhouse and Energy Reporting Act 2007 and Energy Efficiency Opportunities Act 2006.

There were no Level 1 workplace environmental protection incidents during the period, (for the third consecutive year) and there was a sustained improvement in the:

- total number of incidents compared to HY13; and
- Environmental Incident Frequency Rate[13], since the 12 months to 30 June 2011.

[12] TRIFR is an indicator of injuries (class 1 damage injuries + lost time injuries + medical treatment injuries + alternate work injuries) for each million hours worked.

[13] Total Level 1 and 2 incidents normalised by million hours worked.

MARKET OUTLOOK

Economic

Global economic growth is forecast to increase by 3.6% in 2014 as positive signs continue to emerge in advanced economies. The International Monetary Fund forecasts an improvement of 1 percentage point in advanced economies in 2014-15, to 2.3%, largely driven by a stronger United States economy.

In Australia, economic growth is expected to be slightly below trend in 2014-15 at 2.8%.

Emerging economies are expected to benefit from stronger demand in advanced economies but also face less favourable domestic conditions, such as high budget deficits. Emerging market economies are forecast to grow at 4.9% in 2014 and 5.3% in 2015. The Chinese economy is predicted to grow at 7.5% in 2014 as the authorities continue with the transition to more sustainable economic growth.

Infrastructure

In Australia, the infrastructure market has experienced strong activity over the past decade, peaking in 2013. This was largely driven by the upturn in the resources sector, primarily mining and oil and gas investment.

It is expected that the infrastructure market overall will return to more sustainable levels seen prior to the resources boom. The mining and oil and gas sectors will begin to transition into the production phase, although long-term demand for upstream CSG fields will support some ongoing investment, albeit at a lower level.

The non-resource infrastructure construction market is forecast to become the most important source of growth over the next five years in Australia, underpinned by large urban passenger transport projects in the eastern states.

The Federal Government is focused on upgrading Australia's infrastructure base as a means of stimulating economic growth. In the 2014-15 Federal Budget, the Government announced $11.6 billion in additional infrastructure funding, bringing its total commitment to new projects to $50 billion by 2020. This commitment is intended to act as a catalyst for stimulating State Government and private sector investment, with the objective of exceeding $125 billion in new infrastructure project spend by the end of the current decade. The next round of growth in transport infrastructure construction will be strongly supported by the private sector financing of major projects (either under the traditional PPP model or some more innovative models such as the rolling capital recycling approach being planned for WestConnex).

The infrastructure market of some of the largest countries in Asia (excluding China) is expected to grow at approximately 12%[14] pa between 2013 and 2020. While still high compared to other regions, the rate of growth in infrastructure investment is forecast to be lower than that experienced over the past decade. India is expected to continue to grow its investment in infrastructure at a rate of around 14%[14] pa between 2013 and 2020. In South East Asia, countries continue to roll out multi-billion dollar infrastructure investment programs in response to growing demand and infrastructure deficits.

In the Middle East, construction spending in the Gulf Cooperation Council is expected to grow by approximately 8%[14] pa between 2013 and 2020, driven by diversification away from hydrocarbons and the region hosting several key international events over the next decade.

Infrastructure investment across southern Africa is expected to grow at approximately 11%[14] pa between 2013 and 2020 supported by growth in export revenues associated with its natural resources. The Middle East and African regions are vulnerable to geopolitical instability which could result in higher oil and gas prices and lower foreign direct investment.

Contract mining

Globally, mining market conditions remain challenging in 2014. Despite this, consumption and production growth across most commodities continues to remain healthy as markets support long term demand fundamentals.

While the mining industry remains in a cost consolidation mode, contracting activity in established regions will only improve after some time. This is more contingent upon increased confidence surrounding the direction of commodity pricing, especially within Australia – the world's largest contract mining market. Nevertheless, in many developing regions, where countries continue to remain heavily reliant on external expertise, market growth is expected to remain strong.

[14] The figures quoted are nominal and include CPI.

GUIDANCE

Leighton reiterates its previously issued guidance for FY14 for UNPAT in the range of $540 million to $620 million and gearing in the range of 20% to 35% by 31 December 2014, subject to market conditions, unforeseen circumstances and the outcomes of the Strategic Review.

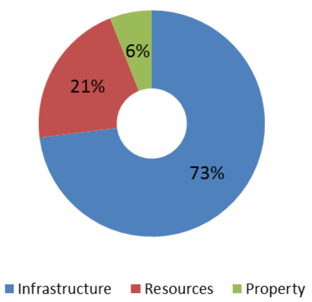
OPERATING COMPANY PERFORMANCE

Leighton Contractors (LCPL)
including Broad and Visionstream

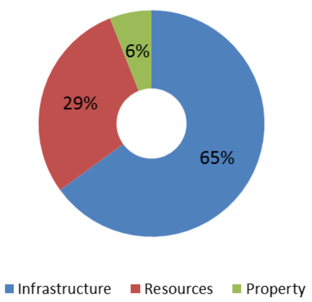
6 months ended:	June 2014	June 2013
Revenue $m	3,911	3,814
Result $m	121*	289**
Margin %	3.1%	7.6%
As at:	**June 2014**	**December 2013**
WIH $m	9,904	12,112

*Includes a $5m property impairment **Includes $215m gain on Telco sale

REVENUE BY MARKET (%)



WORK IN HAND BY MARKET (%)



TOP 10 PROJECTS	Contract value $m	
Solomon Project	2,975	Full service, five-year contract (with a two year extension option) with initial scope to deliver whole-of-mine management at the Solomon Hub for Fortescue Metals Group (FMG). The contract was awarded in 2012 and an additional contract variation was agreed in June 2013 to mine the Solomon Hub Kings deposit. From 30 June 2014 the scope of works was revised with the transition of Solomon Site and Mining support services and ore processing facility operations to FMG.
Gorgon LNG Civils	2,350	Construction of civil and underground works for the Chevron-operated Gorgon LNG project. Target completion is mid-2015.
Gorgon LNG Jetty	1,429	Construction of a 2.1km jetty and marine structures for the Chevron-operated Gorgon LNG project in consortium with Saipem.
Chorus	1,429	Field services agreement with Chorus NZ covering various operation and maintenance contracts in relation to the existing network and new network build projects. These include maintenance and provisioning, Ultra-Fast Broadband and the Rural Broadband Initiative. The work under the agreement will run until June 2019.
Sonoma Coal Mine	1,111	Contract for mining services at the Sonoma mine in Queensland's Bowen Basin, including a 3.5 year extension awarded in 2012. This contract is due to complete at the end of 2015.
Ichthys LNG Project	1,063	Construction contract for the main civil works at the Ichthys Project onshore LNG facilities for JKC Australia LNG at Blaydin Point, Darwin. This project commenced in May 2013 and is due to complete in 2016.
New Royal Adelaide Hospital	921	Project for the design and construction of the new Royal Adelaide Hospital. The structure is well progressed and when complete it will have 800 beds and capacity to admit 80,000 same-day and overnight admissions per year. The project is due to be completed in 2016. LCPL has a 50% share in the $1.8 billion joint arrangement.
Australia Pacific LNG Water Treatment Facilities	740	Contract for the construction of water treatment facilities and storage ponds in Queensland for Australia Pacific LNG. The contract was awarded in 2012 and is due to complete in 2014.
Australia Pacific LNG Upstream Phase 1	528	Contract for the construction of Australia Pacific LNG's gas gathering system which will collect coal seam gas and water produced from well heads in the Miles district of Queensland. The contract was awarded in 2012 and is due to complete in 2015.
Gateway WA Perth Airport and Freight Access Project	651	Alliance contract to upgrade the road network system leading to Perth Airport, the largest infrastructure project ever undertaken by Main Roads WA. LCPL has a 68% share of this alliance.
NEW CONTRACTS SINCE 1 JANUARY 2014 >$100M	Contract value $m	
North West Rail Link Operations, Trains and Systems Package	Undis-closed	Selection of the Northwest Rapid Transit Consortium, including John Holland and Leighton Contractors, as preferred operator to deliver the operations, trains and systems package for the $8.3 billion North West Rail Link in Sydney.

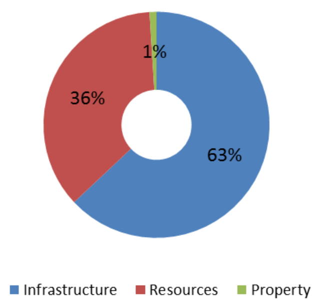
OPERATING COMPANY PERFORMANCE

Thiess

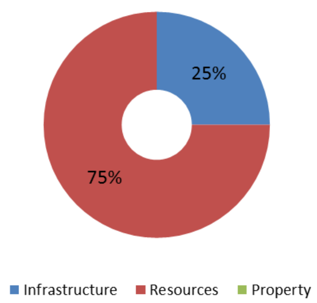
Including Thiess Services, Thiess Indonesia and Hunter Valley Earthmoving

6 months ended:	**June 2014**	**June 2013**
Revenue $m	**3,463**	**3,213**
Result $m	**357**	**207**
Margin %	**10.3%**	**6.4%**
As at:	**June 2014**	**December 2013**
WIH $m	**10,757**	**12,415**

REVENUE BY MARKET (%)



WORK IN HAND BY MARKET (%)



TOP 10 PROJECTS	Contract value $m	
Burton Coal Mine	3,793	Mining operations at the Burton coal mine, Glenden, Queensland, for Peabody Energy Australia. The contract is for the life of the mine.
KPC (Sangatta) Coal Mine	3,516	Mining services and related works at the KPC (Sangatta) coal mine, East Kalimantan, for Kaltim Prima Coal, until October 2020.
Lake Vermont Coal Project	3,201	Mining operations at the Lake Vermont coal mine in the Bowen Basin of Queensland, for the Jellinbah Group. A contract expansion was awarded in November 2013.
Queensland Curtis LNG Upstream Compression Project (QCLNG)	2,434	Construction of gas processing and compression facilities for QGC Pty Limited about 30 km north-west of Dalby in Southern Queensland.
Mt Owen Coal Mine	1,272	Mining operations at the Mt Owen coal mine, Singleton, NSW, for Xstrata. A one year extension was awarded in December 2013 which includes an option for an extension until December 2017.
Prominent Hill Copper and Gold Mine	1,271	Mining operations at the Prominent Hill copper-gold mine, South Australia, for Oz Minerals, with a six year extension awarded in 2012.
Melak TSA Coal Mine	934	Mining services at the PT Teguh Sinar Abadi coal mine, East Kalimantan, for PT Bayan Resources.
Curragh North Coal Project	907	Mining operations at the Curragh North coal project, Blackwater, Queensland, for Wesfarmers Curragh Pty Ltd. A contract extension was awarded in December 2013 which complements the current 10 year agreement signed in 2010.
Wheatstone Site Preparation	686	Site preparation works for the downstream portion of the Chevron-operated Wheatstone Project in Western Australia.
Moreton Bay Rail Link	662	Construction of a 12.6km rail link connecting the greater Brisbane rail network.

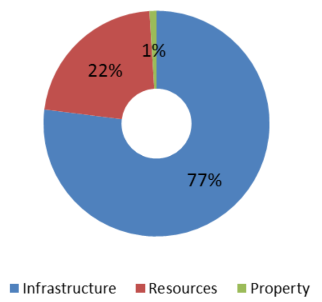
NEW CONTRACTS SINCE 1 JANUARY 2014 >$100M	Contract value $m	
Roy Hill Package 1 Mine site	322	A contract for Samsung C&T to construct the mine process plant facilities for the Roy Hill iron ore mine in Western Australia. The contract includes construction of the structural, mechanical, piping, electrical and instrumentation works which are being designed and supplied by Samsung.
Roper Bar Iron Ore	139	A three-year contract with Western Desert Resources at its Roper Bar Project, a remote greenfield iron ore mine in the Northern Territory.

OPERATING COMPANY PERFORMANCE

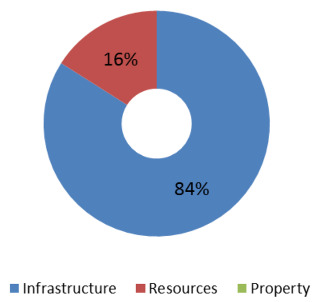
John Holland

6 months ended:	June 2014	June 2013
Revenue $m	1,761	2,314
Result $m	34	74
Margin %	1.9%	3.2%
As at:	**June 2014**	**December 2013**
WIH $m	4,738	5,347

REVENUE BY MARKET (%)



WORK IN HAND BY MARKET (%)



TOP 10 PROJECTS	Contract value $m	
Metro Trains Melbourne	1,769	Eight year contract from December 2009 to operate and maintain the metropolitan passenger rail network, Melbourne, for Public Transport Victoria.
Country Regional Network	1,189	10 year contract to operate, manage, maintain and upgrade country railway lines across NSW for the Country Rail Infrastructure Authority.
New Children's Hospital	897	Stages one and two of the Perth New Children's Hospital for the Western Australian Government.
Chevron Gorgon NPI	426	Design and construction of permanent buildings on the Chevron-operated Gorgon Gas Project.
North West Rail Link TCS	289	A $1.15 billion joint arrangement between John Holland (25%), Thiess (50%) and Dragados (25%) to construct the tunnels and excavate new underground stations for Sydney's North West Rail Link.
Wheatstone NPI	269	Design and construction of a package of 12 permanent buildings on the Wheatstone Project near Onslow on Western Australia's Pilbara coast.
Roy Hill Iron Ore Project	263	Contract to construct nearly 350kms of heavy haulage railway track for the Roy Hill Iron Ore Project in Western Australia.
Brookfield Rail Infrastructure Maintenance	258	Maintenance services for track and centre line structures on approximately 5,500kms of narrow and standard gauge rail network in Western Australia.
WICET Stockyard	258	Construction of stage one stockyard works for the Wiggins Island Coal Export Terminal (WICET) project at Golding Point in Gladstone Harbour, Queensland.
Western Hwy Burrumbeet - Beaufort	187	Upgrades to 23kms of the Western Highway between Burrumbeet and Trawalla in Victoria.

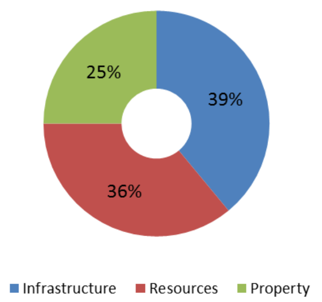
NEW CONTRACTS SINCE 1 JANUARY 2014 >$100M	Contract value $m	
Yandi Sustaining Project	114	Sustaining production at Rio Tinto's Yandicoogina iron ore project in the Pilbara.
North West Rail Link Operations, Trains and Systems Package	Undis-closed	Selection of the Northwest Rapid Transit Consortium, including John Holland and Leighton Contractors, as preferred operator to deliver the operations, trains and systems package for the $8.3 billion North West Rail Link in Sydney.

OPERATING COMPANY PERFORMANCE

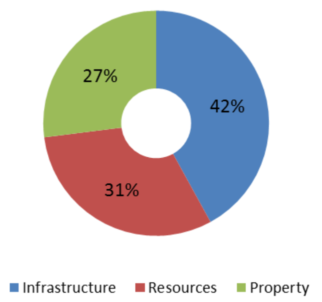
Leighton Asia, India and Offshore

6 months ended:	**June 2014**	**June 2013**
Revenue $m	**1,715**	**1,404**
Result $m	**(12)**	**22**
Margin %	**n/a**	**1.6%**
As at:	**June 2014**	**December 2013**
WIH $m	**8,461**	**8,644**

REVENUE BY MARKET (%)



WORK IN HAND BY MARKET (%)



TOP 10 PROJECTS	Contract value $m (US$)	
Wynn Palace, Macau	2,498	Contract to construct a luxury hotel and a mixed-use podium comprising gaming, dining, retail, convention facilities and numerous specialist attractions, Macau, for Wynn Resorts (Macau) S.A.
Wahana Coal Mine, Indonesia	1,677	Contract for provision of open cut mining operations at the Wahana coal mine, Indonesia, for PT Wahana Baratama Mining from December 2007 to June 2017.
Ukhaa Khudag Coal Mine, Mongolia	1,526	Contract for provision of open cut mining services at the Ukhaa Khudag (UHG) coal mine, Mongolia, for Energy Resources LLC from March 2009 to December 2018.
MSJ Coal Mine, Indonesia	1,276	Contract for mining operations at the MSJ coal mine, Indonesia, for PT Mahakam Sumber Jaya from August 2007 to March 2018.
HKBCF Passenger Clearance Building, Hong Kong	733	Contract for construction of the Passenger Clearance Building, drop off deck/area, footbridges and district cooling system for Hong Kong Boundary Crossing Facilities, Hong Kong, for HKSAR Government Highways Department.
Express Rail Link, West Kowloon Terminus Station North, Hong Kong	671	Joint venture contract to construct a main concourse with deep excavation, platforms for trains, road and bridge connections around West Kowloon Terminus North, Hong Kong, for MTR Corporation Limited.
Crude Oil Export Facility Reconstruction, Iraq	662	Contract to build two offshore platforms, a 75km pipeline and a single point mooring system, Iraq, for the South Oil Company.
SCL Hung Hom Station & Stabling Sidings, Hong Kong	655	Contract to construct the MTR Shatin to Central Line (SCL) Hung Hom Station and Stabling Sidings beneath the existing Hung Hom Station, Hong Kong, for MTR Corporation Limited.
Express Rail Link, Tse Uk Tsuen to Shek Yam Tunnels, Hong Kong	583	Contract for construction of rail tunnels and associated ventilation and access structures for the Guangzhou-Shenzen-Hong Kong Express Rail Link, Hong Kong, for the MTR Corporation Limited.
Chenani to Nashri Tunnel, India	524	Contract for engineering, procurement and construction of a two lane road tunnel, Jammu, Northern India, for IL&FS Transportation Networks Ltd.

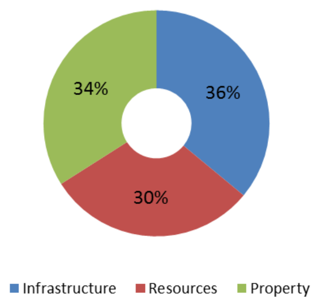
NEW CONTRACTS SINCE 1 JANUARY 2014 >US$100M	Contract value $m (US$)	
HKBCF Passenger Clearance Building, Hong Kong	733	Contract for construction of the Passenger Clearance Building, drop off deck/area, footbridges and district cooling system for Hong Kong Boundary Crossing Facilities, Hong Kong, for HKSAR Government Highways Department.
Central – Wanchai Bypass, Hong Kong	318	Contract to build the tunnel buildings, systems and fit out works associated with the Central – Wanchai Bypass tunnel. The work includes extensive specialist electrical and mechanical installations; and the construction and fit-out of the ventilation buildings, vent shafts and administration building, Hong Kong, for HKSAR Government Highways Department.
NLEX Segment 10, Philippines	204	Contract for construction of Harbor Link-Northernmost section of the highway linking South Luzon expressway (McArthur Highway in Valenzuela City) to the North Luzon Expressway (C3 in Caloocan), a 5.6km elevated highway involving the construction of foundations, sub-structure and superstructure of the elevated highway, as well as the construction of toll buildings and associated infrastructure, Philippines, for Manila North Tollways Corporation.

INVESTMENT

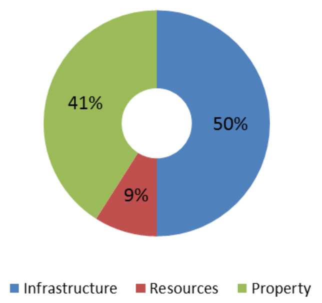
Habtoor Leighton Group (45%)

6 months ended:	June 2014	June 2013
Revenue $m	261	240
Result $m	2	0
Margin %	0.8%	n/a
As at:	**June 2014**	**December 2013**
WIH $m	2,119	1,262

REVENUE BY MARKET (%)



WORK IN HAND BY MARKET (%)



TOP 10 PROJECTS	Contract value $m (US$) for HLG	
Ashghal Expressway – Orbital Route, Qatar	931	55% joint venture to construct a new orbital highway and truck route for the Public Work Authority of the State of Qatar.
Habtoor Palace, Dubai	792	Construction of the Habtoor Palace complex consisting of three hotels, Dubai, UAE, for the Dubai National Investment Co LLC.
Al Mafraq Hospital, Abu Dhabi	505	Joint venture contract for the construction of the Al Mafraq Hospital, Abu Dhabi, UAE, for the Abu Dhabi Health Services Company.
Zakum Offshore Oil field, Abu Dhabi	451	Construction of the accommodation and utilities package on four artificial islands for an oil and gas project for Zakum Development Co.
Jewel of the Creek (Package Eight), Dubai	395	Construction of the Jewel of the Creek (Package Eight) for Dubai International Real Estate.
Habtoor Residences, Dubai	395	Construction of three residential towers and a multi-storey car park for the Dubai National Investment Co LLC.
Mega Reservoir Corridor, Qatar	291	Construction of pipelines for Mega Reservoir Corridor Main 1 (Packages A and B) for KAHRAMAA, Qatar's General Electricity and Water Corporation.
Northgate Shopping Mall, Doha	265	Construction of the Northgate Mall Phase one and office buildings for Northgate WLL.
Zubair Initial Production Facilities, Iraq	210	Construction of civil, utility and infrastructure works for a central oil production facility for Weatherford Oil Tool Middle East Ltd in Southern Iraq.
King Fahad Medical City, Saudi Arabia	195	Joint venture construction of a healthcare centre and proton therapy centre for the Ministry of Health, KSA.

NEW CONTRACTS SINCE 1 JANUARY 2014 >US$50M	Contract value $m (US$) for HLG	
New Orbital Highway, Qatar	931	55% joint venture to construct a new orbital highway and truck route for the Public Work Authority of the State of Qatar.
Jewel of the Creek (Package Eight), Dubai	395	Construction of the Jewel of the Creek (Package Eight) for Dubai International Real Estate.
Mega Reservoir Corridor, Qatar	294	Construction of pipelines for Mega Reservoir Corridor Main 1 (Packages A and B) for KAHRAMAA, Qatar's General Electricity and Water Corporation.
Airport Interchange and Airport Region Road Network, Abu Dhabi	174	Construction of the Airport Interchange and Airport Region Road Network (E10) for Musanada, Abu Dhabi.
Bluewater Island Project, Dubai	129	Construction of infrastructure required to access Bluewater Island for Meraas Holding LLC.
Saraya Bandar Jissah Hotel, Oman	78	Construction of a hotel for Saraya Bandar Jissah, Oman.

OPERATING COMPANY PERFORMANCE

Properties: Commercial and Residential
Including Leighton Properties and Devine

6 months ended:	June 2014	June 2013
Revenue $m	**511**	**282**
Result $m	**9**	**(16)***
Margin %	**1.8%**	**n/a**
		*includes $11m of impairments
As at:	**June 2014**	**December 2013**
WIH $m	**2,144**	**2,391**

TOP 10 PROJECTS	
Green Square Town Centre, Sydney, NSW	Major $1.8 billion urban renewal site in South Sydney including a 5.17 hectare master-planned residential/mixed-use/commercial site in joint venture with Mirvac and Urbangrowth NSW.
567 Collins St, Melbourne, Victoria	$471 million infill development of a premium grade, 54,485sqm commercial office tower in Melbourne's CBD. Leighton Contractors is principal contractor and anchor tenant.
Kings Square (Towers 1-3), Perth, Western Australia	$444 million development of three commercial office towers (52,541sqm net lettable area) strategically located adjacent to the $1.6 billion Perth City Link precinct. Principal contractors are Broad and John Holland. Royal Dutch Shell is anchor tenant of Kings Square 2.
Kings Square 4, Perth, Western Australia	$100 million A-grade office tower with approximately 13,000sqm of net lettable area for health care provider HBF, strategically located adjacent to the $1.6 billion Perth City Link precinct. Joint venture with the Seven Entertainment Group.
177 Pacific Highway, North Sydney, NSW	$413 million, 30 level A-grade commercial office tower in North Sydney with 39,383sqm of net lettable area. The Leighton Group is the anchor tenant and will consolidate 11 offices around Sydney into this building. Leighton Contractors is the principal contractor.
Boggo Road, Dutton Park, Queensland	Major $304 million urban renewal site in inner Brisbane including a 3.4 hectare master-planned residential/mixed-use/commercial/retail site.
Erskineville Apartments, Sydney, NSW	$236 million infill development of a master-planned residential/mixed-use site in inner Sydney in joint venture with LaSalle Investment Management including 304 apartments and 16 townhouses.
Moonee Ponds, Melbourne, Victoria	1.3 hectare, $502 million infill development of a master-planned residential/mixed-use site 6kms from Melbourne's CBD in joint venture with Qualitas Property Partners, potentially yielding over 850 apartments and ancillary retails.
Bondi Junction Apartments, Sydney, NSW	$137 million infill development in joint venture with Qualitas Property Partners in the heart of Bondi Junction. The project includes 129 apartments and mixed-use/retail facilities.
Section 63, Canberra, ACT	2.6 hectare, $734 million master planned urban renewal project in Canberra's CBD in joint venture with Mirvac. The project will include over 390 apartments, approximately 70,000sqm net lettable area of A-grade commercial office space and over 4,000sqm of convenience retail net lettable area. Staged completion to 2020.

Notes on Operating Company Performance

1. For all Operating Companies, unless otherwise stated total contract values are shown in A$ for all projects (less than 95% complete), including joint ventures (JVs) and associates.
2. For long term contracts extending beyond five years, the total contract value shown includes the value of work completed to date plus five years' worth of work in hand.

OPERATING REVENUE ANALYSIS

For the six months ending:

GROUP BY COMPANY	30 JUNE 2014 $M		30 JUNE 2013 $M	
Leighton Contractors	**3,911**	**33%**	3,814	34%
Thiess	**3,463**	**29%**	3,213	28%
John Holland	**1,761**	**15%**	2,314	20%
Leighton Asia, India & Offshore	**1,715**	**15%**	1,404	12%
Habtoor Leighton Group	**261**	**2%**	240	2%
Commercial & Residential Property	**511**	**4%**	282	2%
Corporate/Eliminations	**234**	**2%**	218	2%
TOTAL	**11,856**	**100%**	11,485	100%

GROUP BY MARKET	30 JUNE 2014 $M		30 JUNE 2013 $M	
Infrastructure	**6,200**	**52%**	6,370	55%
Resources	**4,090**	**35%**	4,014	35%
Property	**1,332**	**11%**	883	8%
Corporate/Eliminations	**234**	**2%**	218	2%
TOTAL	**11,856**	**100%**	11,485	100%

GROUP BY ACTIVITY	30 JUNE 2014 $M		30 JUNE 2013 $M	
Construction	**7,675**	**65%**	7,312	64%
Contract Mining	**2,075**	**18%**	2,325	20%
Services	**1,361**	**11%**	1,348	12%
Development	**511**	**4%**	282	2%
Corporate/Eliminations	**234**	**2%**	218	2%
TOTAL	**11,856**	**100%**	11,485	100%

AUSTRALIA/PACIFIC BY MARKET	30 JUNE 2014 $M		30 JUNE 2013 $M	
Infrastructure	**5,397**	**57%**	5,464	58%
Resources	**3,094**	**33%**	3,117	33%
Property	**749**	**8%**	616	7%
Corporate/Eliminations	**234**	**2%**	218	2%
TOTAL	**9,474**	**100%**	9,415	100%

ASIA AND MIDDLE EAST BY COUNTRY	30 JUNE 2014 $M		30 JUNE 2013 $M	
Middle East	**358**	**15%**	343	17%
Indonesia	**504**	**21%**	730	34%
Hong Kong/Macau	**761**	**32%**	594	29%
India	**426**	**18%**	121	6%
Mongolia	**59**	**2%**	81	4%
Other	**274**	**12%**	201	10%
TOTAL	**2,382**	**100%**	2,070	100%

WORK IN HAND ANALYSIS

As at the end of the period:

GROUP BY COMPANY	30 JUNE 2014 $M		31 DECEMBER 2013 $M	
Leighton Contractors	**9,904**	**26%**	12,112	29%
Thiess	**10,757**	**28%**	12,415	29%
John Holland	**4,738**	**12%**	5,347	13%
Leighton Asia, India & Offshore	**8,461**	**22%**	8,644	20%
Habtoor Leighton Group	**2,119**	**6%**	1,262	3%
Commercial & Residential Property	**2,144**	**6%**	2,391	6%
TOTAL	**38,123**	**100%**	42,171	100%

GROUP BY MARKET	30 JUNE 2014 $M		31 DECEMBER 2013 $M	
Infrastructure	**17,665**	**47%**	18,782	44%
Resources	**14,615**	**38%**	16,785	40%
Property	**5,843**	**15%**	6,604	16%
TOTAL	**38,123**	**100%**	42,171	100%

GROUP BY ACTIVITY	30 JUNE 2014 $M		31 DECEMBER 2013 $M	
Construction	**18,238**	**48%**	19,369	46%
Contract Mining	**12,220**	**32%**	14,445	34%
Services	**5,521**	**14%**	5,966	14%
Development	**2,144**	**6%**	2,391	6%
TOTAL	**38,123**	**100%**	42,171	100%

AUSTRALIA/PACIFIC BY MARKET	30 JUNE 2014 $M		31 DECEMBER 2013 $M	
Infrastructure	**12,861**	**51%**	15,455	52%
Resources	**9,783**	**39%**	11,251	38%
Property	**2,606**	**10%**	3,187	10%
TOTAL	**25,250**	**100%**	29,893	100%

ASIA BY COUNTRY	30 JUNE 2014 $M		31 DECEMBER 2013 $M	
Middle East	**2,257**	**18%**	1,412	11%
Indonesia	**3,146**	**24%**	3,639	30%
Hong Kong/Macau	**4,567**	**36%**	4,062	33%
India	**782**	**6%**	935	8%
Mongolia	**1,080**	**8%**	1,173	9%
Other	**1,041**	**8%**	1,057	9%
TOTAL	**12,873**	**100%**	12,278	100%

Directors' Report

The Directors of Leighton Holdings Limited present their report for the half-year ended 30 June 2014 in respect of the Consolidated Entity constituted by the Company and the entities it controlled during the half year.

The Consolidated Entity's interim financial report for the half-year ended 30 June 2014 and the auditor's review report are presented on pages 2 to 32

The lead auditor's independence declaration is set out on page 33 and forms part of the Directors' Report for the half-year ended 30 June 2014.

A review of the operations of the Consolidated Entity and the results of those operations during the half-year (Management Commentary) are contained on pages 34 to 57 and form part of this report.

Information regarding Directors

The Directors of the Company at any time during or since the end of the half-year are:

Marcelino Fernández Verdes *Executive Chairman and Chief Executive Officer* An Executive Director and Chief Executive Officer since 13 March 2014 and a Non-executive Director since October 2012	**Pedro López Jiménez** A Non-executive Director since 13 March 2014
David P Robinson A Non-executive Director since December 1990 and alternate Director for Mr Pedro López Jiménez since 11 June 2014	**Trevor Gerber** An Independent Non-executive Director since 11 June 2014
Peter W Sassenfeld A Non-executive Director since November 2011	**Russell L Chenu** An Independent Non-executive Director since 11 June 2014
José-Luis del Valle Pérez A Non-executive Director since 13 March 2014	**Kirstin Ferguson** An Independent Non-executive Director since 10 July 2014

Alternate Directors

Robert L Seidler AM An Alternate Director for Mr Marcelino Fernández Verdes from June 2013 until 11 June 2014 and for Mr José-Luis del Valle Pérez and Mr Peter Sassenfeld since 11 June 2014	**David P Robinson** An Alternate Director for Mr Pedro López Jiménez since 11 June 2014
Pedro López Jiménez An Alternate Director for Mr Peter Sassenfeld from June 2013 until 11 June 2014	

Directors' Report (continued)

Retired Directors	
Hamish G Tyrwhitt *Chief Executive Officer* An Executive Director and Chief Executive Officer since August 2011 until 13 March 2014	**Vickki A McFadden** An Independent Non-executive Director since June 2013 until 19 May 2014
Peter A Gregg *Deputy Chief Executive Officer and Chief Financial Officer.* An Executive Director since December 2010 until 13 March 2014	**Robert D Humphris OAM** An Independent Non-executive Director since September 2004 and Chairman since March 2013 until 11 June 2014
Paula J Dwyer An Independent Non-executive Director since January 2012 and Deputy Chairman since March 2013 until 19 May 2014	**Michael J Hutchinson** An Independent Non-executive Director since June 2013 until 13 June 2014
Russell A Higgins AO An Independent Non-executive Director since June 2013 until 19 May 2014	

Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the interim financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Dated at Sydney this 27th day of July 2014.

Signed in accordance with a resolution of the Directors:

Marcelino Fernández Verdes
Executive Chairman and *Chief Executive Officer*

Russell Chenu
Director and Audit & Risk Committee Chairman

Leighton Holdings

ASX/Media Release

28 July 2014 **Leighton increases HY14 net margin to 2.7%, reiterates guidance**

Leighton Holdings today announced its results for the six months to 30 June 2014[i]:

- Total revenue[ii] of $11.9 billion, up on HY13
- EBITDA[iii] of $843 million. Comparable EBITDA[iv] of $945 million, up on HY13
- NPAT of $291 million. Underlying NPAT (UNPAT[v]) of $319 million, up on HY13
- Net margin (UNPAT to total revenue) of 2.7%, an absolute increase of 0.5% on HY13
- Gearing[vi] of 37.1%. Comparable gearing of 36.5%, improved from June 2013
- New contracts, extensions and variations[vii] of $7.8 billion and a strong pipeline:
  - Preferred bidder positions of $5 billion
  - 12 month tender pipeline 33% higher than at the FY13 result
  - Largest ever pipeline of tenders greater than $1 billion[viii] under preparation
- Interim dividend of 57 cents per share, 25% franked, an increase of 27% on HY13.

The Leighton Group reported an increase in total revenue during HY14 of 3% on HY13, driven primarily by growth in construction work, which rose 5% to $7.7 billion.

Executive Chairman and Chief Executive Officer Marcelino Fernández Verdes said: "I'm pleased to report the Leighton Group net margin again expanded during the period, continuing a steady improvement from 1.0% in HY12 to 2.7% in HY14. We expect to further increase net margin as we simplify the structure of the Group."

The Group's focus on capital management and the redeployment of mining fleet resulted in a reduction in capital expenditure of 22%.

Comparable gearing was 36.5% at 30 June 2014, an improvement from 44.7% at 30 June 2013.

Mr Fernández Verdes said: "Reducing working capital remains a focus. We are improving the approach to working capital management on new projects and seeking to strengthen the balance sheet through the options we are considering as part of the Strategic Review."

The Group maintained its strong market share during the period, securing $7.8 billion of new contracts, extensions and variations, and it has preferred bidder position on $5 billion in contracts, compared to $3 billion in June 2013.

Mr Fernández Verdes said: "Some $125 billion in new infrastructure project spending is expected by the end of the decade in Australia, including Federal Government commitments and the private and State investment that is expected to follow. Similarly, in our markets in Asia and the Middle East, governments continue spending on infrastructure. This expenditure will be underpinned by the emergence of new, more attractive PPP models, in which we will seek to take on roles as an equity participant, contractor and asset manager.

"We are already seeing the positive impact of the Federal Government's infrastructure initiatives, with our 12 month tender pipeline approximately 33% higher than the equivalent pipeline at the time of the FY13 result, and, looking further ahead, we have under preparation the largest pipeline of $1 billion-plus tenders in Leighton's history.

"We have made progress on our Strategic Review including the appointment of Managing Directors and the identification of executive teams, transition planning for the new organisational structures as well as for operational and legal matters, and the continued focus on the collection of receivables."

The Leighton Board determined to pay out 60% of UNPAT for HY14 and has approved a 57 cents per share, 25% franked interim dividend to be paid on 3 October 2014. This compares with a 45 cents per share, 50% franked interim dividend in HY13, an increase of 27%.

Leighton reiterates previously issued guidance for FY14 for UNPAT in the range of $540 million to $620 million and gearing in the range of 20% to 35% by 31 December 2014, subject to market conditions, unforeseen circumstances and the outcomes of the Strategic Review.

ENDS

Issued by Leighton Holdings Limited ABN 57 004 482 982 www.leighton.com.au

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[i] HY14 and HY13 are the results for the six months to 30 June 2014 and 30 June 2013 respectively. FY14 is the result for the 12 months to 31 December 2014.
[ii] Total revenue includes revenue from joint ventures and associates.
[iii] Earnings before interest, tax, depreciation and amortisation.
[iv] Comparable data is adjusted for the deconsolidation of the sale of 70.1% of the telecommunication assets (the 'Telco sale') in June 2013, the FleetCo initiative, and non-underlying items (v below). See reconciliation in Management Commentary.
[v] UNPAT is NPAT adjusted for non-underlying items including gains/losses on sale/acquisition of assets, impairments and restructuring costs ('non-underlying items').
[vi] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.
[vii] Net of foreign exchange.
[viii] Tenders with a value of $1 billion or more due for submission between now and 2018.

DISCIPLINE • INTEGRITY • SAFETY • SUCCESS

HALF YEAR 2014 RESULTS

Marcelino Fernández Verdes / Javier Loizaga

28 July 2014

HY14 Results - Key Highlights

Leighton Holdings

		Slide
P&L	• Reported revenue of $11.9b, up 3%, with construction underpinning performance • Reported UNPAT up, EBITDA and NPAT down • Comparable EBITDA, UNPAT and NPAT up • Higher interim dividend on consistent payout ratio • Reaffirmed UNPAT guidance	3
Balance Sheet, Debt and Gearing	• Reported net debt and gearing slightly up compared to HY13 • Comparable net debt and gearing significantly improved, as HY13 supported by telco sale • Asset growth underscores importance of focus on recovering receivables	5
Cash Flow	• $877m cash generated from operations, offset by $914m increase in net working capital • Reported cash generated from operations down on HY13, comparable improved • 22% reduction in capital expenditure with capital management and fleet redeployment	7
Work in Hand	• $5b of preferred bidder positions, $2b improvement on HY13 • 12 month tender pipeline up 33% on FY13 • Longer-term pipeline at record levels	9
Market	• Government funding to catalyse $125b+ in new infrastructure projects by 2020 • ~$50b estimate of new domestic PPPs by 2020 (~40% of Government's target) • Leighton positioning itself as equity participant, contractor and asset manager	9
Strategic Review	• Unique moment in Group's history • Capitalise on opportunities • Create sustainable growth in cash profits	10

Profit and Loss

Leighton Holdings

Highlights

Revenue	• Total revenue of $11.9b up 3% • Construction revenue of $7.7b up 5%, Mining revenue of $2.1b down 11%
EBITDA	• Reported EBITDA $843m, Comparable EBITDA $945m, up 2% - see bridge on slide 4
UNPAT Margin	• Margin expansion from 2.2% to 2.7%. Strategic Review to deliver more benefits
Interim dividend	• Higher interim dividend on 60% UNPAT payout ratio
Guidance	• Reaffirmed UNPAT guidance for $540m - $620m

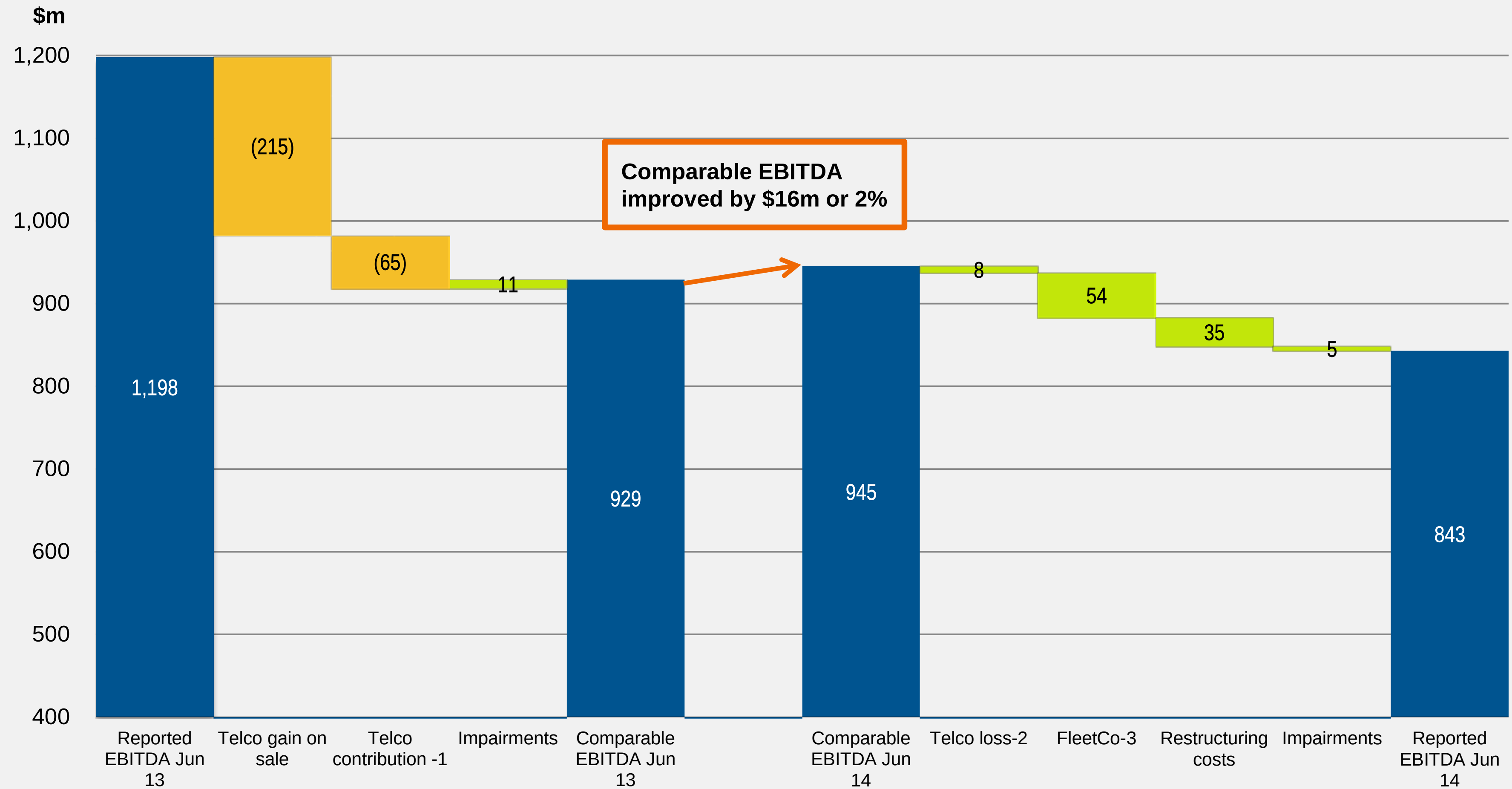
	Reported			Comparable[3]		
$'m	June 14	June 13	Movement	June 14	June 13	Movement
Total revenue[1]	11,856	11,485	3%	11,815	11,359	4%
EBITDA	843	1,198	(30)%	945	929	2%
UNPAT[2]	319	255	25%	327	211	55%
UNPAT margin	2.7%	2.2%	50 bps	2.8%	1.9%	90 bps
NPAT	291	366	(20)%	327	211	55%
Dividend (cps)	57.0	45.0	27%			

[1] Total revenue includes revenue from joint ventures and associates.

[2] UNPAT is NPAT adjusted for non-underlying items including gains/losses on sale/acquisition of assets, impairments and restructuring costs. Refer slide 13 for reconciliation.

[3] Comparable data is adjusted for the deconsolidation of Telco assets sold, the FleetCo initiative, and non-underlying items. Refer slide 4 for bridge and slide 14 for reconciliation.

EBITDA Bridge



[1] Telco contribution relates to 100% operating contribution in HY13.

[2] Telco loss relates to the Group's equity accounted share of the JV's losses in HY14, primarily due to debt refinancing costs.

[3] FleetCo relates to the refinancing of $0.5b of fleet from finance leases to operating leases late in FY13 and adjusts for the operating lease charges classified in EBITDA.

Balance Sheet and Debt

Leighton Holdings

Highlights

Debt and gearing	• Reported net debt and operating leases were $1,958m, $156m more than HY13 • Comparable net debt and operating leases were $1,923m, $493m less than HY13 – see bridge on slide 6 • Gearing was 37.1% and comparable gearing 36.5% • Reaffirmed year-end gearing target of 20%-35%
Ratings	• S&P reaffirmed investment grade BBB-/A-3 rating
Assets	• Asset growth underscores importance of focus on recovering receivables

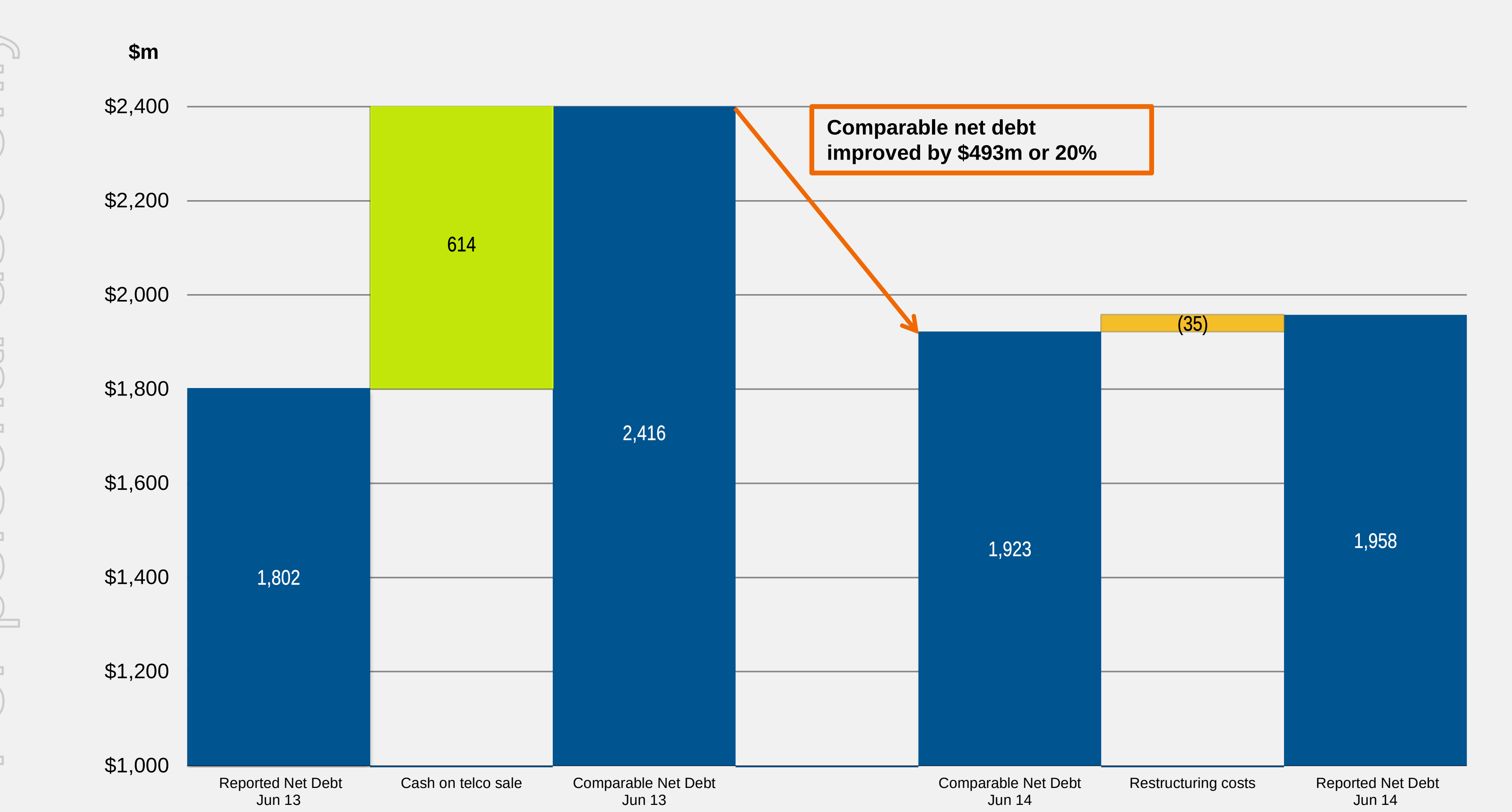
% $'m	June 14	Dec 13	June 13
Reported gearing[1]	37.1%	29.2%	36.4%
Comparable gearing[2]	36.5%	36.6%	44.7%
Reported net debt (including operating leases)	1,958	1,338	1,802
Comparable net debt (including operating leases)[2]	1,923	1,894	2,416

Reported $'m	June 14	Dec 13	June 13
Total assets	12,342	12,076	11,800
Total liabilities	9,026	8,830	8,658
Total shareholders' equity	3,316	3,246	3,142

[1] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.

[2] Comparable data is adjusted for the deconsolidation of Telco assets sold, the FleetCo initiative, and non-underlying items. Refer slide 6 for net debt bridge and slide 15 for reconciliation.

Net Debt Bridge



Cash Flow

Leighton Holdings

Highlights

Cash generated from operations	• $877m cash generated from operations • Offset by $914m increase in net working capital • Reported cash generated from operations was $50m less than HY13, comparable $90m improvement - see bridge on slide 8
Capital expenditure	• $126m or 22% reduction in capital expenditure with capital management and fleet redeployment

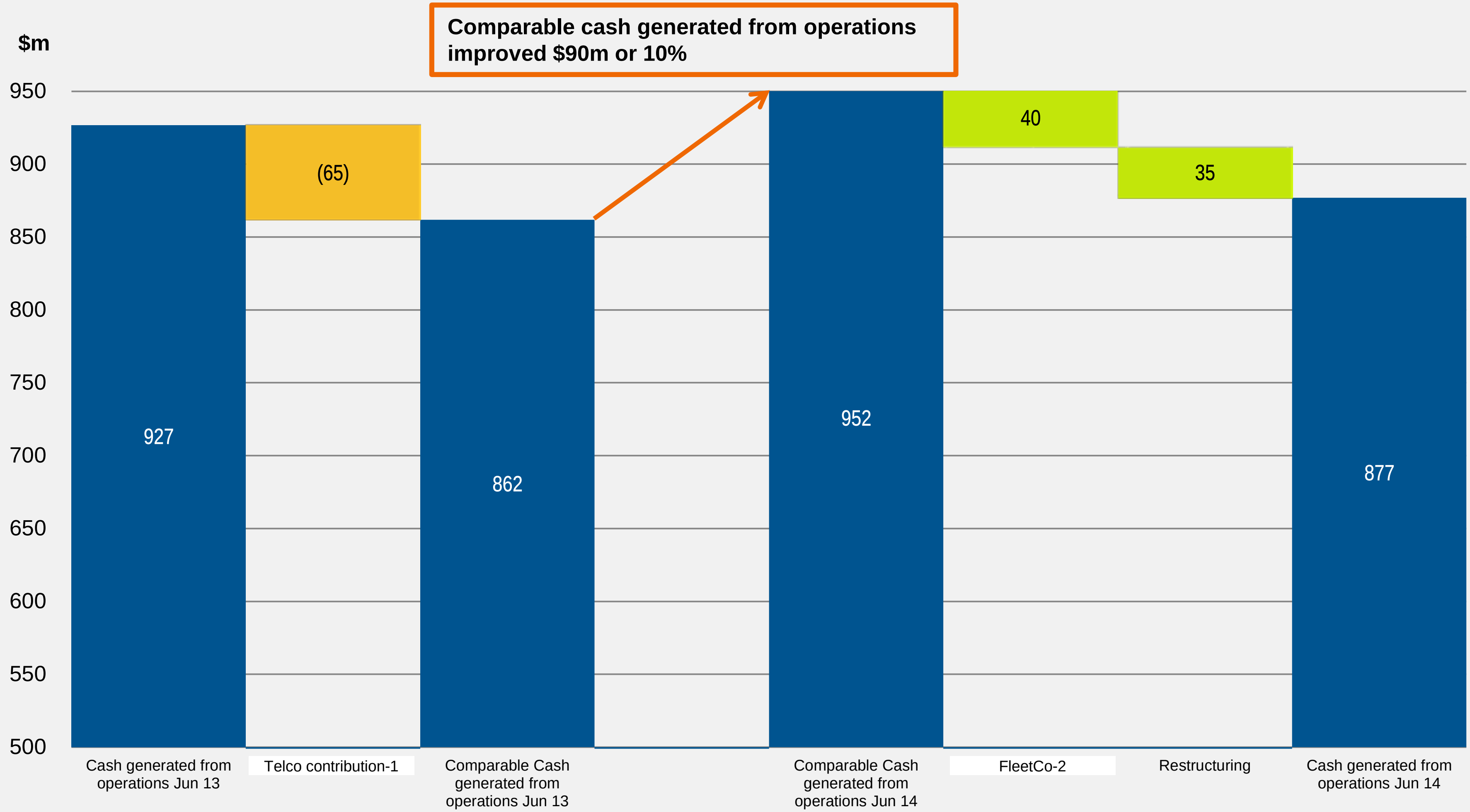
	Reported		Comparable[2]	
$'m	June 14	June 13	June 14	June 13
EBITDA	843	1,198	945	929
Cash generated from operations	877	927	952	862
Movement in net working capital[1]	(914)	(936)	(914)	(936)
Cash flow from operating activities	(37)	(9)	38	(74)
Capital expenditure [3]	(442)	(568)	(442)	(503)
Other	(82)	346	(82)	(268)
Cash flow from investing activities	(524)	(222)	(524)	(74)
Net proceeds from borrowings / finance leases	609	205	569	205
Other (Inc. dividends)	(184)	(201)	(184)	(201)
Cash flow from financing activities	425	4	385	4

[1] Movement in net working capital adjusts for the increases/decreases in assets and liabilities other than cash.

[2] Comparable data is adjusted for the deconsolidation of Telco assets sold, the FleetCo initiative, and non-underlying items. Refer slide 8 for cash generated from operations bridge and slide 16 and 17 for reconciliation.

[3] $442m of capex includes $119m refinancing of offshore vessels.

Cash Bridge – Cash Generated from Operations



[1] Telco contribution relates to 100% operating contribution in HY13.

[2] FleetCo relates to the refinancing of $0.5b of fleet from finance leases to operating leases late in FY13 and adjusts for the non-cash element (depreciation).

Work in Hand

Leighton Holdings

Highlights

Work in hand	• Broadly in line with historic trends • Solid contract awards/extensions of $7.8b
Preferred bidder position	• $5b of preferred bidder positions, up $2b on HY13
Tender pipeline	• 12 month tender pipeline up 33% on FY13 • Record longer-term pipeline for tenders over $1b • Reflects Government's infrastructure target of $125b investment by 2020
PPPs	• ~$50b estimate[1] of new domestic PPPs by 2020 (~40% of Government's target) • PPPs will enhance the Group's WiH position

Work in hand

$'b	HY14	HY13
31 December	42.2	43.5
Revenue delivered	(11.9)	(11.5)
New contracts, extensions, variations and F/X	7.8	8.1
30 June	38.1	40.1
Preferred bidder positions	5.0	3.1
Total WiH and preferred	43.1	43.2

[1] ANZ International & Institutional Banking Utilities and Infrastructure – Market Update, 11 March 2014.

Strategic Review

Leighton Holdings

Unique moment in Group's history	Capitalise on opportunities	Create sustainable growth in cash profits

Strengthening the balance sheet

- Maintain focus on recovering existing receivables
- Improve approach to working capital management on new projects
- Analyse strategic options (potential divestments or introducing partners)

Streamlining the operating model

- Group similar activities
- Review support functions and LHL structure
- Explore potential for additional sustainable cost savings

Improving project delivery

- Focus on risk management
- Encourage further development of entrepreneurial approach
- Reduce management layers

DISCIPLINE · INTEGRITY · SAFETY · SUCCESS

HALF YEAR 2014 RESULTS

Marcelino Fernández Verdes / Javier Loizaga

28 July 2014

Leighton Holdings

APPENDICES

NPAT and UNPAT Reconciliation

HY14 $'m	PBT	Tax	PAT	Minorities	NPAT
Reported	412	(128)	284	7	291
Restructuring costs	35	(11)	24	-	24
Property impairments	5	(1)	4	-	4
Underlying	452	(140)	312	7	319

HY13 $'m	PBT	Tax	PAT	Minorities	NPAT
Reported	553	(193)	360	6	366
Telco gain on sale	(215)	100	(115)	-	(115)
Property impairments	11	(3)	8	(4)	4
Underlying	349	(96)	253	2	255

Reported and Comparable P&L Reconciliation

HY14 $'m	Reported	Telco gain on sale	Telco contribution (loss)	FleetCo	Restructuring	Impairments	Comparable
Total revenue	11,856		(41)				11,815
EBITDA	843		8	54	35	5	945
UNPAT	319		8				327
NPAT	291		8		24	4	327

HY13 $'m	Reported	Telco gain on sale	Telco contribution (profit)	FleetCo	Restructuring	Impairments	Comparable
Total revenue	11,485		(126)				11,359
EBITDA	1,198	(215)	(65)			11	929
UNPAT	255		(44)				211
NPAT	366	(115)	(44)			4	211

Reported and Comparable Net Debt and Gearing Reconciliations

Leighton Holdings

HY14 $'m	Net debt and operating leases	Equity	Gearing %
Reported	1,958	3,316	37.1
Telco contribution (loss)		8	
Restructuring	(35)	24	
Impairments		4	
Comparable	1,923	3,352	36.5

FY13 $'m	Net debt and operating leases	Equity	Gearing %
Reported	1,338	3,246	29.2
Telco gain on sale	614	(115)	
LWIN loss on acquisition		78	
Telco contribution (profit)		(44)	
Restructuring	(58)	36	
Impairments		76	
Comparable	1,894	3,277	36.6

HY13 $'m	Net debt and operating leases	Equity	Gearing %
Reported	1,802	3,142	36.4
Telco gain on sale	614	(115)	
Telco contribution (profit)		(44)	
Impairments		4	
Comparable	2,416	2,987	44.7

Reported and Comparable Cash Flow Reconciliation

Leighton Holdings

HY14 $'m	Reported	Telco contribution (loss)	FleetCo	Restructuring	Impairments	Comparable
EBITDA	843	8	54	35	5	945
Cash generated from operations	877		40	35		952
Movement in net working capital	(914)					(914)
Cash flow from operating activities	(37)		40	35		38
Capital expenditure	(442)					(442)
Other	(82)					(82)
Cash flow from investing activities	(524)					(524)
Net proceeds from borrowings / finance leases	609		(40)			569
Other (Inc. dividends)	(184)					(184)
Cash flow from financing activities	425		(40)			385

Reported and Comparable Cash Flow Reconciliation

Leighton Holdings

HY13 $'m	Reported	Telco gain on sale	Telco contribution (profit)	Impairments	Comparable
EBITDA	1,198	(215)	(65)	11	929
Cash generated from operations	927		(65)		862
Movement in net working capital	(936)				(936)
Cash flow from operating activities	(9)		(65)		(74)
Capital expenditure	(568)		65		(503)
Other	346	(614)			(268)
Cash flow from investing activities	(222)	(614)	65		(771)
Net proceeds from borrowings / finance leases	205				205
Other (Inc. dividends)	(201)				(201)
Cash flow from financing activities	4				4