Ashley Moir
Company Secretary
Leighton Holdings Limited
ABN 57 004 482 982
472 Pacific Highway
St Leonards NSW 2065, Australia
PO Box 1002
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14 February 2011

Company Announcements Office
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 to 31 December 2010.

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

Also attached are copies of a Media Release dated 14 February 2011 and the CEO's Results Presentation for the half year to 31 December 2010.

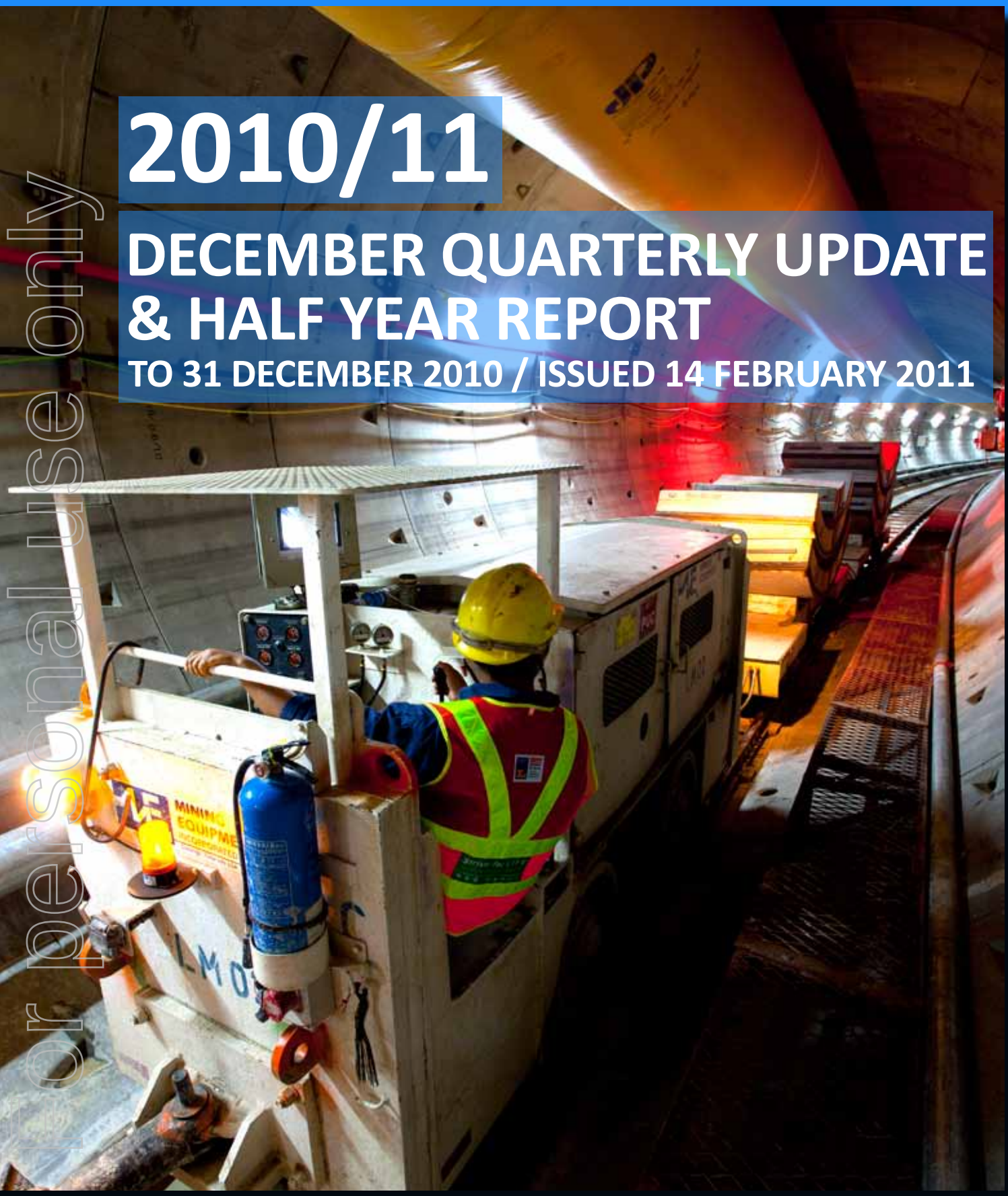
Yours faithfully,

A. J. MOIR
Company Secretary

2010/11

DECEMBER QUARTERLY UPDATE & HALF YEAR REPORT

TO 31 DECEMBER 2010 / ISSUED 14 FEBRUARY 2011



Leighton Holdings

2010/11

APPENDIX 4D & INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010
ISSUED 14 FEBRUARY 2011

For more information please contact:

David Stewart
Chief Executive Officer

Peter Gregg
Chief Financial Officer

Cover: Lai Chi Kok Transfer Scheme, Leighton Asia, Hong Kong

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Leighton Holdings

Results for Announcement to the Market

for the six months ended 31 December 2010

Name of Entity

LEIGHTON HOLDINGS LIMITED

				A$'000
Revenue - Group, joint ventures and associates	Up	8%	to	9,709,080
Revenue - joint ventures and associates	Up	18%	to	2,338,541
Revenue	Up	5%	to	7,370,539
Profit attributable to members of the parent entity	Down	25%	to	216,704

For a brief explanation of the figures reported above: refer to pages 4 to 22 of this document.

Dividends	Amount per security	Franked amount per security	
Interim dividend	60.0¢	60.0¢	(100%)
Previous corresponding period	65.0¢	65.0¢	(100%)

Record date for determining entitlements to the dividend:	18 March 2011
Date for payment of dividend:	31 March 2011

Consolidated Income Statement

for the six months ended 31 December 2010

	Note	Dec 2010 $'000	Dec 2009 $'000
Revenue	2	7,370,539	7,029,888
Expenses	3	(7,019,966)	(6,650,454)
Finance costs	4	(92,186)	(81,408)
Share of profits of associates and joint venture entities		66,105	87,705
Profit before tax		324,492	385,731
Income tax expense		(106,241)	(97,024)
Profit for the period		218,251	288,707
Attributable to:			
Members of the parent entity		216,704	288,882
Minority interest		1,547	(175)
Profit for the period		218,251	288,707
Dividends per share - Interim	6	60.0¢	65.0¢
Basic earnings per share		72.0¢	96.9¢
Diluted earnings per share		71.3¢	95.5¢

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

Consolidated Statement of Comprehensive Income

for the six months ended 31 December 2010

	Dec 2010 $'000	Dec 2009 $'000
Profit for the period	218,251	288,707
Other comprehensive income:		
- Foreign exchange translation differences (net of tax)	(135,706)	(98,454)
- Effective portion of changes in fair value of cash flow hedges (net of tax)	(4,883)	(14,118)
- Change in fair value of available-for-sale assets (net of tax)	(6,695)	(5,737)
- Change in value of associates' equity	151	6,333
Net gain/(loss) recognised directly in equity	(147,133)	(111,976)
Total comprehensive income for the period	71,118	176,731
Attributable to:		
Members of the parent entity	69,571	176,906
Minority interest	1,547	(175)
Total comprehensive income for the period	71,118	176,731

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

Consolidated Balance Sheet

as at 31 December 2010

	Note	Dec 2010 $'000	Jun 2010 $'000
Assets			
Cash and cash equivalents		1,167,500	1,313,716
Trade and other receivables		2,390,999	2,451,916
Current tax assets		60,589	36,941
Inventories		557,509	556,216
Investments accounted for using the equity method		1,671,843	1,782,997
Other investments		65,533	118,849
Deferred tax assets		259,089	346,667
Property, plant and equipment		2,019,073	2,033,834
Goodwill		124,738	124,738
Total assets		8,316,873	8,765,874
Liabilities			
Trade and other payables		3,660,943	3,791,712
Current tax liabilities		19,001	231,484
Provisions		522,529	504,169
Interest bearing liabilities	10	1,576,363	1,478,947
Interest bearing liabilities - limited recourse	10	117,025	191,420
Total liabilities		5,895,861	6,197,732
Net assets		2,421,012	2,568,142
Equity			
Share capital		1,263,824	1,232,879
Reserves		(181,138)	(40,504)
Retained earnings		1,333,365	1,372,296
Total equity attributable to equity holders of the parent		2,416,051	2,564,671
Minority interest		4,961	3,471
Total equity		2,421,012	2,568,142

The consolidated balance sheet 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 31 December 2010

	Share Capital $'000	Reserves $'000	Retained Earnings $'000	Attributable to Equity Holders $'000	Minority Interest $'000	Total Equity $'000
Total equity at 30 June 2009	1,171,826	47,959	1,119,521	2,339,306	(739)	2,338,567
Total comprehensive income	-	(111,976)	288,882	176,906	(175)	176,731
Transactions with owners in their capacity as owners:						
- Contributions of equity	16,648			16,648		16,648
- Dividends			(163,993)	(163,993)		(163,993)
- Share based payments		3,400		3,400		3,400
- Other					599	599
Total transactions with owners	16,648	3,400	(163,993)	(143,945)	599	(143,346)
Total equity at 31 December 2009	1,188,474	(60,617)	1,244,410	2,372,267	(315)	2,371,952
Total equity at 30 June 2010	1,232,879	(40,504)	1,372,296	2,564,671	3,471	2,568,142
Total comprehensive income	-	(147,133)	216,704	69,571	1,547	71,118
Transactions with owners in their capacity as owners:						
- Contributions of equity	30,945			30,945		30,945
- Dividends			(255,635)	(255,635)		(255,635)
- Share based payments		6,499		6,499		6,499
- Other					(57)	(57)
Total transactions with owners	30,945	6,499	(255,635)	(218,191)	(57)	(218,248)
Total equity at 31 December 2010	1,263,824	(181,138)	1,333,365	2,416,051	4,961	2,421,012

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 31 December 2010

	Dec 2010 $'000	Dec 2009 $'000
Cash flows from operating activities		
Cash receipts in the course of operations (including GST)	8,229,194	8,031,329
Cash payments in the course of operations (including GST)	(7,398,985)	(7,392,398)
Cash flows from operating activities	830,209	638,931
Dividends received	150	1,382
Interest received	9,686	9,617
Finance costs paid	(74,796)	(71,016)
Income taxes paid	(238,213)	(44,647)
Net cash from operating activities	527,036	534,267
Cash flows from investing activities		
Payments for plant and equipment	(484,524)	(381,419)
Proceeds from sale of property, plant and equipment	35,516	90,471
Payments for investments in controlled entities and businesses	-	(880)
Net cash from disposal of investments in controlled entities and businesses	(116,046)	-
Payments for other investments	(83,012)	-
Proceeds from sale of other investments	56,934	37,756
Net cash from investing activities	(591,132)	(254,072)
Cash flows from financing activities		
Proceeds from share issues	30,945	16,648
Proceeds from borrowings	352,901	409,294
Repayment of borrowings	(109,415)	(279,680)
Repayment of finance leases	(30,726)	-
Dividends paid	(255,635)	(163,993)
Net cash from financing activities	(11,930)	(17,731)
Net increase/(decrease) in cash held	(76,026)	262,464
Net cash at the beginning of the period	1,313,716	665,793
Effects of exchange rate fluctuations on cash held	(70,190)	(26,944)
Net cash at reporting date	1,167,500	901,313

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 31 December 2010

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 31 December 2010 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group") and the Consolidated Entity's interests in associates and jointly controlled entities.

The consolidated interim financial report is presented in Australian dollars and has been prepared on an historical cost basis, except for derivative financial instruments and available-for-sale assets that have been measured at fair value at reporting date.

The consolidated interim financial report was approved by the Directors on 14 February 2011.

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 annual financial report of the Group for the year ended 30 June 2010. 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 interim financial report have been rounded off to the nearest 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 annual financial report for the year ended 30 June 2010.

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 the judgments 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 annual financial report for the year ended 30 June 2010.

Notes continued

for the six months ended 31 December 2010

2. REVENUE

	Note	Dec 2010 $'000	Dec 2009 $'000
Construction contracting services		4,103,574	3,928,847
Mining contracting services		2,524,194	2,409,580
Property development revenue		33,522	46,143
Other services revenue		697,020	637,792
Revenue from external customers		7,358,310	7,022,362
Interest			
- Related parties		3,154	17
- Other parties		8,925	6,127
Dividends/distributions		150	1,382
Other revenue		12,229	7,526
Total revenue		7,370,539	7,029,888

3. EXPENSES

Materials		2,094,024	1,547,729
Subcontractors		1,608,984	1,716,637
Plant costs		573,892	659,636
Personnel costs		1,914,375	1,763,544
Depreciation of property, plant and equipment	4	448,350	411,665
Operating lease payments - plant and equipment		171,619	199,115
Operating lease payments - other		45,909	39,594
Foreign exchange (gains)/losses		(5,953)	465
Impairments	4	103,280	-
Net (gain)/loss on sale of assets	4	(281,051)	(21,768)
Professional and management fees		104,125	102,570
Property development - cost of goods sold		40,468	49,790
Other expenses		201,944	181,477
Total expenses		7,019,966	6,650,454

Notes continued

for the six months ended 31 December 2010

4. ITEMS INCLUDED IN PROFIT BEFORE TAX

	Note	Dec 2010 $'000	Dec 2009 $'000
Finance costs			
Related parties		13,433	1,076
Other parties		78,753	80,332
Total finance costs		92,186	81,408
Depreciation of property, plant and equipment			
Buildings		1,459	1,464
Plant and equipment		439,973	401,944
Leasehold land, buildings and improvements		6,123	7,031
Waste management assets		795	1,226
Total depreciation of property, plant and equipment		448,350	411,665
Net (gain)/loss on sale of assets			
Controlled entities	11	(259,422)	-
Other investments		(16,597)	(15,527)
Land and buildings		10	(339)
Plant and equipment		(5,042)	(5,902)
Total (gain)/loss on sale of assets		(281,051)	(21,768)
Impairments			
- Investments in infrastructure toll road companies		3,280	-
- Investments accounted for using the equity method	9	100,000	-
Total impairments		103,280	-

Notes continued

for the six months ended 31 December 2010

5. SEGMENT INFORMATION

	Thiess $'000	Leighton Contractors $'000	John Holland $'000	Al Habtoor Leighton Group $'000	Leighton Int'l $'000	Leighton Asia $'000	Leighton Properties $'000	Corporate $'000	Eliminations $'000	Total $'000
December 2010										
Revenue										
Segment revenue before interest	3,586,542	2,865,221	1,848,321	508,925	349,226	457,856	77,681	4,604	(1,375)	9,697,001
Interest revenue	9,033	-	-	-	-	-	-	3,046	-	12,079
Segment revenue	3,595,575	2,865,221	1,848,321	508,925	349,226	457,856	77,681	7,650	(1,375)	9,709,080
Inter-segment revenue	-	1,289	-	-	-	86	-	-	(1,375)	-
Segment joint venture and associate revenue	1,182,920	308,102	241,751	508,925	-	57,616	39,227	-	-	2,338,541
External revenue	2,412,655	2,555,830	1,606,570	-	349,226	400,154	38,454	7,650	-	7,370,539
Result										
Segment result before interest and impairments	101,007	151,913	23,195	(44,524)	269,320	38,926	(14,934)	(4,945)	-	519,958
Interest	-	(20,551)	(3,195)	(13,379)	(11,776)	(6,834)	(4,961)	(31,490)	-	(92,186)
Segment result before impairments	101,007	131,362	20,000	(57,903)	257,544	32,092	(19,895)	(36,435)	-	427,772
Impairments	-	(3,280)	-	(100,000)	-	-	-	-	-	(103,280)
Segment result	101,007	128,082	20,000	(157,903)	257,544	32,092	(19,895)	(36,435)	-	324,492
December 2009										
Revenue										
Segment revenue before interest	3,174,023	2,725,439	1,782,864	555,767	279,053	515,183	51,123	2,511	(79,838)	9,006,125
Interest revenue	-	-	1,129	-	-	-	-	5,015	-	6,144
Segment revenue	3,174,023	2,725,439	1,783,993	555,767	279,053	515,183	51,123	7,526	(79,838)	9,012,269
Inter-segment revenue	17,895	60,203	-	-	-	1,740	-	-	(79,838)	-
Segment joint venture and associate revenue	550,883	488,695	225,897	555,767	7,774	151,394	1,971	-	-	1,982,381
External revenue	2,605,245	2,176,541	1,558,096	-	271,279	362,049	49,152	7,526	-	7,029,888
Result										
Segment result before interest and impairments	171,060	126,264	108,579	13,013	24,417	49,664	(14,980)	(10,878)	-	467,139
Interest	(2,336)	(15,326)	-	(17,155)	(15,085)	(5,220)	(3,265)	(23,021)	-	(81,408)
Segment result before impairments	168,724	110,938	108,579	(4,142)	9,332	44,444	(18,245)	(33,899)	-	385,731
Impairments	-	-	-	-	-	-	-	-	-	-
Segment result	168,724	110,938	108,579	(4,142)	9,332	44,444	(18,245)	(33,899)	-	385,731

Notes continued

for the six months ended 31 December 2010

5. SEGMENT INFORMATION CONTINUED

Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Leighton CEO, 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
- Al Habtoor Leighton Group ("AHLG")
- Leighton International
- Leighton Asia
- Leighton Properties

The performance of each operating company forms the primary basis for all management reporting to the CODM. AHLG has been disclosed as a separate segment to Leighton International since 1 July 2010 as its performance is reported separately to the CODM. 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. The corporate segment represents the corporate head office, comprising 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:

- Interest capitalised on property developments held indirectly through joint ventures and associates; and
- 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.

6. DIVIDENDS

	Cents per share	$'000
2011 interim dividend		
Subsequent to reporting date the Company announced a 100% franked interim dividend in respect of the year ending 30 June 2011. The dividend is payable on 31 March 2011. This dividend has not been provided for in the balance sheet.	60.0	181,347
Dividends recognised in the reporting period to 31 December 2010		
2010 final ordinary dividend 100% franked paid on 30 September 2010	85.0	255,635
Dividends recognised in the reporting period to 30 June 2010		
2010 interim ordinary dividend 100% franked paid on 31 March 2010	65.0	195,193
2009 final ordinary dividend 100% franked paid on 30 September 2009	55.0	163,993
		359,186

Notes continued

for the six months ended 31 December 2010

7. ASSETS AND (LIABILITIES) EXPECTED TO BE REALISED/(SETTLED) WITHIN 12 MONTHS

	Dec 2010 $'000	Jun 2010 $'000
Cash and cash equivalents*	1,167,500	1,313,716
Trade and other receivables	2,266,491	2,398,548
Current tax assets	60,589	36,941
Inventories	385,564	375,867
Other investments	4,907	90,233
Property, plant and equipment	3,838	3,667
Total current assets	3,888,889	4,218,972
Trade and other payables	(3,302,259)	(3,358,662)
Current tax liabilities	(19,001)	(231,484)
Provisions	(268,616)	(262,335)
Interest bearing liabilities	(68,801)	(85,620)
Finance lease liabilities	(58,091)	(68,602)
Interest bearing liabilities - limited recourse	(117,025)	(191,420)
Total current liabilities	(3,833,793)	(4,198,123)

* *Cash and cash equivalents* includes AED 395 million, equivalent to $107,483 (30 June 2010: nil), which has been pledged as security against borrowings by Al Habtoor Leighton LLC ("AHLG") under a AED 500 million loan facility, equivalent to $136 million. This security is expected to be released within twelve months.

8. NET TANGIBLE ASSET BACKING

	Dec 2010	Jun 2010
Net tangible asset backing per ordinary share	$7.60	$8.13

Notes continued

for the six months ended 31 December 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates

Name of entity	Principal activity	Ownership Interest Dec 2010 %	Jun 2010 %
Al Habtoor Leighton LLC	Construction	45	45
Devine Limited	Development	49	49
Dunsborough Lakes Village Syndicate	Development	20	20
Macmahon Holdings Limited	Construction, Contract Mining	19	19
Metro Trains Melbourne Pty Ltd	Services	20	20
Oriental Pathways (Agra) Pvt Limited	Investment	-	49
Oriental Pathways (Indore) Pvt Limited	Investment	-	49
Sedgman Limited	Construction, Contract Mining	32	32

Al Habtoor Leighton LLC

During the six month period to 31 December 2010, the recoverable amount of the Group's investment in Al Habtoor Leighton LLC ("AHLG") decreased from US $1,170 million to US $845 million (equivalent to $1,376 million and $845 million). This resulted in an impairment of $100 million to the carrying value of the Group's investment. The decline in recoverable amount was as a result of a downward revision to forecast cash flow, reflecting AHLG's current performance and prevailing market conditions in the Middle East and North Africa region ("MENA"). The recoverable amount was determined using a value in use calculation.

The key assumptions used in the value in use calculation:

Discount rate: 15.7% (June 2010: 14.2%)

Growth rate: 3.0% (June 2010: 3.0%) for cash flows beyond five years. This rate does not exceed the expected long-term average growth rate for the MENA region.

Legacy project receivables: The economic downturn in the Gulf region continues to delay payment from clients, particularly for projects in progress at the time the Group invested in AHLG. It is assumed 66% of the legacy project receivables will be collected within twenty four months.

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 AHLG's management, risk adjusted downward by the Group. Cash flows beyond five years are extrapolated using the estimated growth rate.

The Group has also provided interest free loans of $114 million (June 2010: $38 million) maturing on 5 September 2012 which are included in trade and other receivables. Subsequent to reporting date, the Group provided a further interest free loan of $68 million.

Notes continued

for the six months ended 31 December 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Joint Ventures

		Ownership Interest	
Name of entity	Principal activity	Dec 2010 %	Jun 2010 %
400 George Street Partnership	Development	50	50
APN No.19 Pty Ltd and Leighton Properties (VIC) Pty Ltd	Development	50	50
Aspire Schools (Qld) Pty Limited	Construction, Services	50	50
Aspire Schools Financing (Qld) Pty Limited	Investment	50	50
Aspire Schools Financing Services (Qld) Pty Limited	Construction	50	50
Aspire Schools Holdings (Qld) Pty Limited	Investment	50	50
Auckland Road Maintenance	Services	50	50
Bac Devco Pty Limited	Development	33	33
Bankstown Airport Development Pty Limited	Development	50	50
Bayview Project Noosa Partnership	Development	50	50
BJB Joint Venture	Services	38	38
Brisbane Motorway Services Pty Limited	Services	50	50
APM Group (Aust) Pty Ltd & Broad Construction Services (NSW/VIC) Pty Ltd	Construction	45	-
China State Leighton Joint Venture	Construction	50	50
City West Property Holding Trust (Section 63 Trust)	Development	50	50
City West Property Holdings Pty Limited	Development	50	50
City West Property Investment (No.1) Trust	Development	50	50
City West Property Investment (No.2) Trust	Development	50	50
City West Property Investment (No.3) Trust	Development	50	50
City West Property Investment (No.4) Trust	Development	50	50
City West Property Investment (No.5) Trust	Development	50	50
City West Property Investment (No.6) Trust	Development	50	50
City West Property Investments (No.1) Pty Limited	Development	50	50
City West Property Investments (No.2) Pty Limited	Development	50	50
City West Property Investments (No.3) Pty Limited	Development	50	50
City West Property Investments (No.4) Pty Limited	Development	50	50
City West Property Investments (No.5) Pty Limited	Development	50	50
City West Property Investments (No.6) Pty Limited	Development	50	50
Cockatoo Iron Ore	Contract Mining	50	50
Cockatoo Mining Pty Ltd	Contract Mining	50	50
Coleman Rail Pty Ltd & John Holland Pty Ltd & York Civil Pty Ltd (Tracksure Rail Upgrade)	Construction	38	38
Conneq Infrastructure Services (Australia) Pty Ltd and John Holland Pty Ltd (formerly Bilfinger Berger Services (Australia) Pty Ltd & John Holland Pty Ltd)	Services	50	50
Copperstring Pty Ltd	Construction	50	-

Notes continued

for the six months ended 31 December 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Joint Ventures continued

		Ownership Interest	
Name of entity	Principal activity	Dec 2010 %	Jun 2010 %
Cotter Googong Bulk Transfer Joint Venture	Construction	50	50
Deep Blue Consortium Pty Ltd	Development	50	50
Degremont Thiess Services Joint Venture	Services	40	40
Folkestone/Leighton JV Pty Ltd	Development	50	50
Gammon - Leighton Joint Venture	Construction	50	-
Gateway Motorway Services Pty Limited	Services	50	50
Hamilton Harbour Developments Pty Ltd	Development	50	50
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Development	50	50
Hassall Street Pty Ltd	Development	50	50
Hassall Street Trust	Development	50	50
Hazell Brothers John Holland Joint Venture	Construction	50	50
Holland York Joint Venture	Construction	50	50
Hoxton Park Airport Development Pty Limited	Development	50	50
HPAL Freehold Pty Limited	Development	50	50
Infocus Infrastructure Management Pty Limited	Services	50	50
James Fielding Developments Pty Limited and Leighton Properties Pty Limited Partnership	Development	50	50
JM Joint Venture	Construction	50	50
JM JV SIA Joint Venture	Construction	80	80
John Holland Abigroup Contractors Joint Venture (Bulk Water)	Construction	50	50
John Holland Abigroup Contractors Joint Venture (Coffs Infrastructure)	Construction	50	50
John Holland BRW Joint Venture	Construction	50	50
John Holland Coleman Rail Joint Venture	Construction	50	50
John Holland Colin Joss Joint Venture	Construction	50	50
John Holland Downer EDI Engineering Power Joint Venture	Construction	65	65
John Holland Downer EDI Joint Venture	Construction	60	60
John Holland Fairbrother Joint Venture	Construction	50	50
John Holland Fulton Hogan Joint Venture	Construction	50	50
John Holland Laing O'Rourke Joint Venture	Construction	50	50
John Holland Macmahon Joint Venture (Bell Bay)	Construction	80	80
John Holland Macmahon Joint Venture (Roe and Tonkin Hwys)	Construction	50	50
John Holland Macmahon Joint Venture (Ross River Dam)	Construction	50	50
John Holland McConnell Dowell Joint Venture	Construction	50	50
John Holland Tenix Alliance Joint Venture	Construction	50	50
John Holland Thames Water Joint Venture	Construction	50	50
John Holland United Group Infrastructure Joint Venture	Construction	47	47

Notes continued

for the six months ended 31 December 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Joint Ventures continued

		Ownership Interest	
Name of entity	Principal activity	Dec 2010 %	Jun 2010 %
John Holland Veolia Water Australia Joint Venture (Blue Water)	Construction	74	74
John Holland Veolia Water Australia Joint Venture (Gold Coast Desalination Plant)	Construction	64	64
Kentz E & C Pty Ltd	Construction	50	50
Leighton Abigroup Joint Venture	Construction	50	50
Leighton Able Joint Venture	Construction	51	51
Leighton BMD JV	Construction	50	50
Leighton China State John Holland Joint Venture (City of Dreams)	Construction	70	70
Leighton China State Joint Venture (Wynn Resort)	Construction	50	50
Leighton China State Van Oord Joint Venture	Construction	45	45
Leighton Construction India (Private) Limited	Construction	50	50
Leighton Contractors & Baulderstone Hornibrook Bilfinger Berger Joint Venture	Construction	50	50
Leighton Contractors (India) Private Ltd	Construction	65	-
Leighton Hsin Chong Joint Venture	Construction	50	50
Leighton Kumagai Joint Venture (MetroRail)	Construction	55	55
Leighton Kumagai Joint Venture (Route 9 - Eagle's Nest Tunnel)	Construction	51	51
Leighton Kumagai Joint Venture (Wanchai East & North Point Trunk Sewerage)	Construction	51	51
Leighton Monnis Infrastructure JV LLC	Construction, Contract Mining	55	55
Leighton Offshore Middle East	Construction	73	73
Leighton Oriental Structural Engineers Joint Venture - In050A	Construction	-	50
Leighton Oriental Structural Engineers Joint Venture - In050B	Construction	-	50
Link 200 Joint Venture	Construction	48	48
Link 200 Station Joint Venture	Construction	60	60
Link 200 Tunnel Joint Venture	Construction	60	60
Macmahon Leighton Joint Venture	Construction	50	50
Manukau Motorway Extension	Construction	50	50
Moonamang Joint Venture Pty Ltd	Construction	90	90
Mulba Mia Leighton Broad Joint Venture	Construction	63	63
Ngarda Civil and Mining Pty Limited	Contract Mining	50	50
Ngarda Civil & Mining Pty Ltd & Leighton Contractors Pty Ltd	Construction	50	50
Northern Gateway Alliance	Construction	50	50
Norton Street Investments Pty Ltd	Development	45	45
Promet Engineers Pty Limited	Construction	50	50

Notes continued

for the six months ended 31 December 2010

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Joint Ventures continued

		Ownership Interest	
Name of entity	Principal activity	Dec 2010 %	Jun 2010 %
Rail Link Joint Venture	Construction	65	65
River Links Unincorporated Joint Venture	Construction	9	9
Roche Thiess Linfox Joint Venture	Contract Mining	44	44
Silcar Pty Limited	Services	50	50
Southern Gateway Alliance (Mandurah)	Construction	69	69
Taiwan Track Partners Joint Venture	Construction	28	28
Thiess Alstom Joint Venture	Construction	50	50
Thiess Black and Veatch Joint Venture	Construction	50	50
Thiess Decmil Kentz Joint Venture	Construction	33	33
Thiess Degremont Joint Venture	Construction	65	65
Thiess Degremont Nacap Joint Venture	Construction	33	33
Thiess Downer EDI Works Joint Venture	Construction	75	75
Thiess Hochtief Joint Venture	Construction	50	50
Thiess Sedgman Joint Venture	Construction	50	50
Thiess Services Arkwood Joint Venture	Services	50	50
Thiess Services Middle East LLC	Services	50	50
Thiess United Group Joint Venture	Construction	50	50
Townsville City Project Pty Ltd	Development	50	50
Townsville City Project Trust	Development	50	50
TSDI Pty Ltd	Services	50	50
Ubique Finance Pty Ltd	Construction	50	-
Viridian Noosa Pty Ltd	Development	50	50
Viridian Noosa Resort Management Pty Ltd	Development	50	50
Viridian Noosa Trust	Development	50	50
Wedgewood Road Hallam No.1 Pty Ltd	Development	50	50
Wedgewood Road Hallam Trust	Development	50	50
Westlink (Services) Pty Limited	Services	50	50

Notes continued

for the six months ended 31 December 2010

10. INTEREST BEARING LIABILITIES

	Dec 2010 $'000	Jun 2010 $'000
Interest bearing loans	1,297,020	1,155,828
Finance lease liabilities	279,343	323,119
Interest bearing liabilities	1,576,363	1,478,947
Limited recourse loans	7,025	62,008
Leighton Finance International Notes	110,000	129,412
Interest bearing liabilities - limited recourse	117,025	191,420

Interest Bearing Loans

Syndicated Loans

On 10 October 2008, Leighton Finance Limited, a wholly owned subsidiary of the Company, entered into a syndicated bank facility for $520 million, maturing on 10 October 2011. On 8 December 2010, the syndicated bank facility was Amended and Restated to $600 million, maturing on 8 December 2013. Amount outstanding as at 31 December 2010: nil (June 2010: nil).

On 14 September 2007 LMENA No.1 Pty Limited, a wholly owned subsidiary of the Company, entered into a syndicated bank loan for US$434 million loan maturing on 30 September 2012 to finance its investment in Al Habtoor Engineering Enterprises LLC. The loan was recourse only to the investment in Al Habtoor Leighton LLC. On 31 March 2010, the facility was Amended and Restated. The Amended and Restated facility is for US$368 million and is guaranteed by the Guarantor Group. Amount outstanding as at 31 December 2010: US$350 million (June 2010: US$366 million) equivalent to $350 million (June 2010: $431 million). Repayment instalments totalling US$38 million are due within 12 months of the reporting date.

Guaranteed Senior Notes

On 15 October 2008, Leighton Finance Limited, a wholly owned subsidiary of the Company, issued a total of US$280 million Guaranteed Senior Notes in three series:

- Series A Notes: US$111 million Guaranteed Senior Notes at the rate of 6.91% maturing on 15 October 2013
- Series B Notes: US$90 million Guaranteed Senior Notes at the rate of 7.19% maturing on 15 October 2015
- Series C Notes: US$79 million Guaranteed Senior Notes at the rate of 7.66% maturing on 15 October 2018

Interest on the above notes will be paid semi-annually on the 15th day of April and October in each year. Amount outstanding as at 31 December 2010: $278 million (June 2010: $329 million).

Notes continued

for the six months ended 31 December 2010

10. INTEREST BEARING LIABILITIES CONTINUED

On 21 July 2010, Leighton Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, issued a total of US$350 million Guaranteed Senior Notes in three series:

- Series A Notes: US$90 million Guaranteed Senior Notes at the rate of 4.51% maturing on 21 July 2015
- Series B Notes: US$145 million Guaranteed Senior Notes at the rate of 5.22 % maturing on 21 July 2017
- Series C Notes: US$115 million Guaranteed Senior Notes at the rate of 5.78 % maturing on 21 July 2020

Interest on the above notes will be paid semi-annually on the 21st day of January and July in each year. Amount outstanding as at 31 December 2010: $348 million (June 2010: nil).

Medium Term Notes

Leighton Finance Limited, a wholly owned subsidiary of the Company, issued a total of $280 million Medium Term Notes on the following dates:

- 28 July 2009: $230 million
- 12 August 2009: $50 million

The Notes bear interest at the rate of 9.5% and mature on 28 July 2014.

Other unsecured loans outstanding as at 31 December 2010: $41 million (June 2010: $116 million).

Finance Lease Liabilities

The Group has leased mining plant and equipment in Australia and Indonesia under finance leases that expire within five 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. Amount outstanding as at 31 December 2010: $7 million (June 2010: $62 million).

Leighton Finance International Notes

On 16 May 2006, Leighton Finance International Limited (the "Issuer"), a wholly owned subsidiary of the Company, issued US$110 million of 5-Year Fixed-Rate Guaranteed Notes ("Leighton Finance International Notes").

Leighton Finance International Notes will mature on 16 May 2011 unless previously redeemed or purchased and cancelled and are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in Australia or Indonesia.

PT Thiess Contractors Indonesia and PT Leighton Contractors Indonesia, both wholly owned subsidiaries of the Company, jointly and severally guarantee the obligations of Leighton Finance International Limited and Noteholders have no recourse to other Group companies.

Notes continued

for the six months ended 31 December 2010

11. DISPOSAL OF CONTROLLED ENTITY

On 24 December 2010 the Group sold 35% of Leighton Contractors (India) Private Limited ("Leighton India") to Welspun Infra Projects Private Limited ("Welspun") and entered into a joint venture arrangement with Welspun to pursue opportunities in the Indian construction market. As the Group no longer controls Leighton India the transaction has been recorded as a disposal of a controlled entity at fair value and the acquisition of an interest in a joint venture entity. Fair value of the controlled entity is determined by the consideration received for the interest sold. Total cash consideration was $104 million of which $96 million is payable by 31 March 2011 with the balance payable on achievement of certain performance hurdles. The non cash consideration of $194 million is reflected in the fair value of the acquired interest in the joint venture entity.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since 30 June 2010.

13 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date the Group:

- declared an interim dividend of 60 cents 100% franked;
- provided a further $29 million in cash collateral for amounts drawn by AHLG on a loan facility (refer to Note 7: *Assets and liabilities expected to be realised/(settled) within 12 months*); and
- provided a further interest free loan of $68 million to AHLG.

The January 2011 Queensland floods had no material impact on the Group's assets. The financial effect on the Group's operations is yet to be fully determined.

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 4 to 22, 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 31 December 2010 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 14th day of February 2011.

Signed in accordance with a resolution of Directors:

D G Stewart
Director

D A Mortimer AO
Chairman

Independent auditor's review report to the members of Leighton Holdings Limited

We have reviewed the accompanying consolidated interim financial report of Leighton Holdings Limited, which comprises the consolidated interim balance sheet as at 31 December 2010, consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

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 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 31 December 2010 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 31 December 2010 and of its performance for the interim period ended on that date; and
b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A W Young
Partner

Sydney
14 February 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: The Directors of Leighton Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

2. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A W Young
Partner

Sydney
14 February 2011

2010/11

DECEMBER QUARTERLY UPDATE & HALF YEAR REPORT

TO 31 DECEMBER 2010 / ISSUED 14 FEBRUARY 2011

Leighton Holdings Limited
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Leighton Holdings

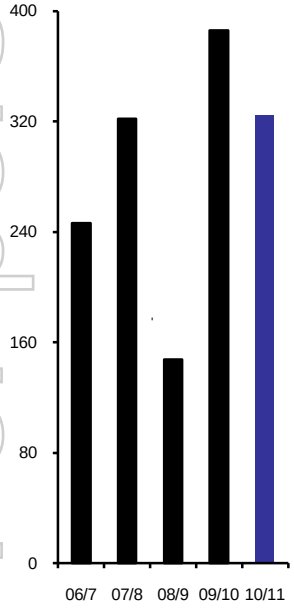
Financial Highlights

		31 Dec 2010 $'000	31 Dec 2009 $'000	% Change
Revenue	- Group	**7,370,539**	7,029,888	5%
	- Joint ventures and associates	**2,338,541**	1,982,381	18%
Total revenue #		**9,709,080**	9,012,269	8%
New contracts, extensions & variations		**16,053,823**	11,741,612	37%
Value of work in hand #		**45,641,461**	38,434,469	19%
Profit before tax		**324,492**	385,731	(16%)
Income tax expense		**(106,241)**	(97,024)	9%
Profit after tax		**218,251**	288,707	(24%)
Profit attributable to minority interests		**(1,547)**	175	
Profit attributable to members		**216,704**	**288,882**	(25%)
Earnings per ordinary share		**72.0¢**	96.9¢	(26%)
Dividends per ordinary share		**60.0¢**	65.0¢	(8%)

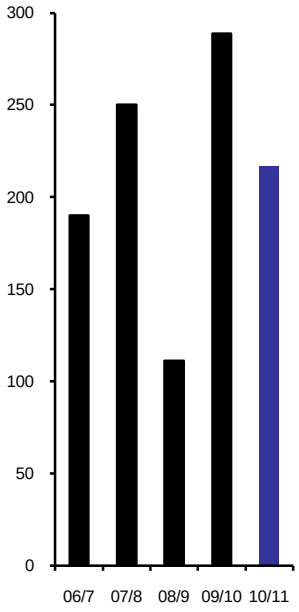
	31 Dec 2010 $'000	30 June 2010 $'000	% Change
Total capital and reserves	**2,421,012**	2,568,142	(6%)
Total assets	**8,316,873**	8,765,874	(5%)
Cash and cash equivalents	**1,167,500**	1,313,716	(11%)
Interest bearing liabilities	**1,693,388**	1,670,367	1%
Undrawn cash facilities and guarantees	**1,293,818**	1,318,619	(2%)

Includes the Group's share of Joint Ventures and Associates

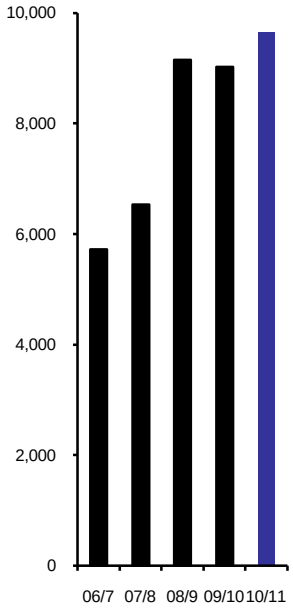
Key Performance Indicators for the Half Year period to 31 December



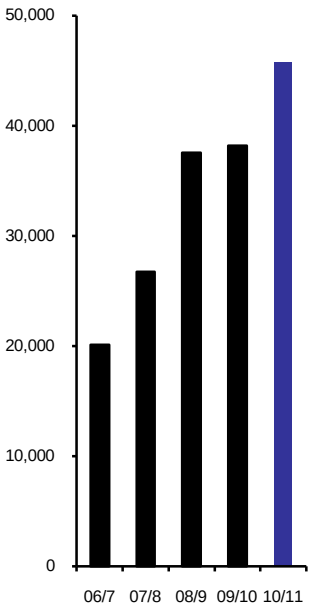
$M
Profit Before Tax



$M
Profit After Tax



$M
Total Revenue#



$M
Work in Hand#

Includes the Group's share of Joint Ventures and Associates

December Quarterly Update

Financial Performance

The directors are disappointed to report that the Group's net profit after tax and minority interests for the half year was down by 25% to $217 million versus $289 million last year. Gains from the sale of 35% of our Indian business and the formation of a joint venture entity with Welspun were overshadowed by ongoing difficult conditions in Middle East construction and Australian property markets; cost overruns at the Airport Link project in Queensland and the high value of the Australian dollar.

At 31 December the Group's work in hand reached a outstanding level of $45.6 billion with a record $16.1 billion worth of new work, extensions and variations during the period.

The work in hand is 10% higher than the $41.5 billion reported at 30 June 2010 and 19% higher than the $38.4 billion reported at 31 December 2009. The value of work in hand was negatively impacted by approximately $2.2 billion due to the strong Australian currency. Long term, the Group has some $10 billion worth of work extending beyond the 5 year period.

Since December we have won $2.5 billion in new contracts and in addition the Group currently has approximately $4 billion in contracts where it is in a preferred position. The Group also has over $8 billion worth of work which are highly likely to be awarded in the next 12 months.

In the Middle East, a slowing in the amount of new work won and delays in receiving payment for work done has impacted trading results. These difficult conditions resulted in an operating loss of $58 million and a pre-tax impairment of $100 million to the carrying value of the Group's 45% investment in the Habtoor Leighton Group.

Total Group revenue, including joint ventures and associates, was up 8% to $9.7 billion versus $9.0 billion last year. Revenue from joint ventures and associates increased by 18% to $2.3 billion due primarily to the ramp up of the Victorian Desalination Project.

The profit impact from the Queensland floods and excessive wet weather in Indonesia in the period to 31 December 2010 was approximately $40 million and, combined with other major wet weather events in the second half, is expected to impact on the Group's full year results by some $100 million for the full year.

During the period, the Australian dollar continued to rise against the US dollar. The average rate used at 31 December 2010 was 100 cents compared with 90 cents in the previous corresponding period and 85 cents at 30 June 2010. On an equivalent exchange rate basis total revenue would have been $180 million higher.

The Group's work in hand comprises 70% in Australia and the Pacific and 30% from other offshore markets. Major construction projects awarded included an $814 million contract at the Gorgon LNG development in Western Australia, the $757 million Hunter Expressway in New South Wales, and a US$733 million offshore Crude Oil Export Facility project in Iraq.

New mining work in Asia included a further $700 million extension at the UHG coal mine in Mongolia and a $5.5 billion, 22-year contract ($877 million over next 5 years) for mining operations at the Pakri Bawardih coal mine in India.

Services work remained at high levels with two 5-year maintenance contracts for electricity distribution networks in Queensland secured during the period.

The group has significant tendering opportunities across all the business units. The preferred positions includes the Royal Adelaide Hospital PPP project, management of the NSW Country Link Regional Rail Network, and the Group's three Australian construction companies are separately shortlisted for the next stage of the $4.3 billion Regional Rail Link development in Victoria.

The Group's cash flow remained strong with some $830 million earned from operating activities, a substantial increase on the previous half. Net cash from operating activities was similar to the previous period at $527 million.

The Group continues to maintain a strong capital base. After asset sales and impairments, shareholders' equity was $2.4 billion, gross cash was almost $1.2 billion and available long and short term debt facilities were $725 million. Gearing, including off balance sheet leases, was steady at 38% and the Group retains sufficient capacity within its funding covenants.

The Group's major revenue-generating markets were infrastructure $5.6 billion, resources $3.4 billion and property $751 million. The Group's major activities in these markets were construction $6.1 billion, contract mining $2.5 billion and services $994 million.

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

Governance

On 1 January 2011, David Stewart became CEO and a Director of Leighton Holdings Limited following the retirement of Wal King from the position and from the board. Peter Gregg, CFO, was re-appointed to the board of Leighton Holdings Limited on 23 December 2011.

During the period, the Group's 54.5% shareholder, HOCHTIEF AG, was subject to a takeover offer by Actividades de Construccion Servicios SA (ACS). On 3 February 2011, ACS announced that it had secured the necessary 30% threshold under the terms of the offer and would proceed to increase its shareholding above 50% through on market purchases. ACS has provided Leighton Holdings with a formal undertaking which has been released to the market.

Safety

For the rolling 12 months to 31 December 2010, the Group's Total Recordable Injury Frequency Rate (TRIFR)

per million man-hours worked improved from 17.1 to 15.5 in Australia and declined from 2.9 to 3.1 in our offshore operations. The Group's Lost Time Injury Severity Rate (LTISR) per million man-hours worked improved from 36.9 to 25.7 in Australia, and from 50.9 to 36.4 in our offshore operations.

Despite these generally improved statistics, and a reduction in Class 1 incidents, Directors regret to report that two fatalities occurred during the period; one in Australia and one in our offshore operations. These incidents have been fully investigated by the relevant operating companies and the Board remains committed to working with management to achieve real and sustained improvement in the Group's performance in this critical area.

Operational Performance

The Group reported an operating result before tax for the period of $324 million, down 16% on the previous year operating result of $386 million before tax. In Australia, the operating result was adversely impacted by reduced profitability from the Airport Link project, the slower recovery of the property market, and unfavourable weather conditions in Queensland and Victoria.

In offshore markets, strong contributions from Hong Kong, and Mongolia were offset by difficult conditions in the Middle East which showed little improvement and severe wet weather in Indonesia. The overall result from our international operations was reduced by the strength of the Australian dollar.

Thiess

With the exception of the Airport Link project, Thiess' performance was generally strong across construction, services and contract mining operations. Bad weather in Indonesia and Victoria and the unprecedented flooding in Queensland adversely impacted projects. Further unseasonal heavy rains and flood events in the second half will impact full year earnings.

Thiess earned a segment result for the half year to 31 December 2010 of $101 million, down 40% from December 2009 due to weather and Airport Link. The result was earned from revenue of $3.6 billion, up 12.5% (versus $3.2 billion in the comparable half).

Thiess' work in hand rose by 1% to $16.2 billion at December 2010 versus $16.1 billion at 31 December 2009. In addition, Thiess has work in hand beyond 5 years of $6 billion from Services and mining.

The $4.2 billion Thiess John Holland Airport Link project experienced access, design and engineering difficulties that increased the projected cost at completion. This was the main contributor to the reduced profit guidance announced in November 2010. The JV intends to pursue claims with respect to these increased costs and delays.

In November 2010, the eastern bridge of the Airport Flyover opened to traffic a year earlier than planned, easing congestion in the airport precinct. The western end is due to open in early 2011. The project is now almost 70% complete and on track for completion in mid-2012.

The other major project being undertaken by Thiess, the $3.5 billion Victorian Desalination Plant, progressed well despite poor weather conditions and a brief industrial dispute. This complex project remains on schedule with construction, testing and handover on a tight timetable for completion by the end of 2011.

Economic and social infrastructure continues to be a significant part of Thiess' portfolio. The design and construction contract for the Hunter Expressway alliance in New South Wales was finalised at $757 million and work has now commenced on the 13.3km stretch of four-lane divided highway. Good progress was made on the $558 million M80 Ring Road upgrade in Victoria and a new $217 million contract was awarded to the Thiess McConnell Dowell JV to construct the Seaford to Adelaide rail link in South Australia. The Abigroup Thiess JV was also shortlisted for the Deer Park to West Werribee section of the $4.3 billion Regional Rail Link project in Victoria.

Despite recent heavy rainfall in Queensland and other parts of the country, the need to manage relatively scarce water resources remains a high priority. Thiess was awarded a $105 million contract to upgrade the Goodna Water Reclamation Plant in Ipswich and the $311 million Hinze Dam stage 3 project near the Gold Coast reached practical completion.

In the health sector, the Royal North Shore Hospital redevelopment in Sydney made rapid progress and is now more than 38% complete. Work on the $93 million Townsville Hospital Expansion remains on track.

Construction continued on the $123 million King George Central building, a 27-storey office tower at 145 Ann Street in Brisbane's CBD for Leighton Properties and the $374 million Lotus Glen correctional centre at Mareeba, Queensland.

The provision of resources related infrastructure continues to generate a good level of opportunities. In January 2011, Thiess secured a $136 million contract for early works for QGC's Coal Stream Gas upstream infrastructure in the Surat Basin in Queensland. In Western Australia, good progress was made on the site preparation contract for the Gorgon LNG project and the construction of the Gorgon Village on Barrow Island for Chevron Australia.

Mining operations generally performed up to expectations and a number of new contracts were secured in Australia and offshore. In Australia, Thiess secured a $1 billion extension to the Mt Owen Coal Mine in New South Wales for Xstrata and, post reporting period, was awarded a $1.3 billion, 6-year extension at the Burton Coal Mine in Queensland by Peabody Energy.

In Indonesia, unseasonal heavy rains in the last few months affected production of coal which has had an adverse financial impact.

In India, the 90% owned Thiess Minecs JV won a landmark $5.5 billion, 22-year mine development and coal mining contract from NTPC, the nation's largest electricity generator. The first stage, a $67 million infrastructure contract, is underway with planning and mining revenue over the first 5 years is expected to be over $800 million.

Thiess Services made another solid contribution with continued good performances on the Hunter River

Remediation Project in New South Wales for BHP Billiton and the South East Water alliance in Victoria. New work won includes network construction and maintenance services contracts with Ergon Energy and Energex in Queensland.

Leighton Contractors

Infrastructure, contract mining and telecommunications were the main drivers of revenue and profit for Leighton Contractors to December 2010. All divisions produced a solid first half and work in hand rose to record levels.

Leighton Contractors earned a strong segment result of $128 million before tax for the half year, up 15% (versus $111 million in the half to December 2009). Revenue has increased by 7% from $2.7 billion to $2.9 billion. Leighton Contractors' work in hand rose by 39% to $12.3 billion as at December 2010 versus $8.8 billion at 31 December 2009.

Leighton Contractors was awarded a number of major highway projects during the period including the $131 million Great Eastern Highway upgrade in Western Australia, the $466 million Hills M2 Motorway upgrade in New South Wales, and a $120 million section of the M80 Ring Road upgrade in Victoria.

In Queensland, work on the Eastern Busway stage 2 proceeded according to program and the $1.7 billion upgrade of the Gateway Bridges neared completion which is expected in mid 2011. In New South Wales, the Ballina Bypass and Kempsey Bypass achieved significant milestones. The duplication of the Pacific Highway between Sapphire and Woolgoolga is scheduled for completion in late 2013.

Although no new rail projects were awarded during the period, Leighton Contractors, in JV with Baulderstone, was shortlisted for the new section of the $4.3 billion Regional Rail Link in Victoria.

In New South Wales, work on the Hunter Valley rail corridor proceeded ahead of program and the Richmond line upgrade was on schedule. The Westall Rail Upgrade in Melbourne's outer suburbs is also proceeding according to program.

The Coal Connect rail project in Queensland's Bowen Basin continued without any major disruptions due to inclement weather. However the RGP5 rail duplication project for BHP Billiton in Western Australia's Pilbara region, undertaken in joint venture with Macmahon, proved to be challenging but is substantially complete.

The energy sector continues to offer good opportunities in conventional and renewable forms. Leighton Contractors was awarded an $814 million contract to deliver the civil and underground works package for the Gorgon LNG project in Western Australia, and satisfactory progress was achieved on the $768 million Gorgon jetty and marine structures project.

In Victoria, a consortium comprising Leighton Contractors and Vestas was selected to deliver the $1 billion Macarthur Wind Farm development. Project completion is scheduled for 2013 and the value to Leighton Contractors will be in the order of $290 million.

In December 2010, a Leighton Contractors-led consortium was selected as the preferred proponent for the New Royal Adelaide Hospital. The $1.7 billion state-of-the-art hospital will be delivered as a Public Private Partnership (PPP) under the State Government's Partnerships SA model. The consortium will undertake the financing, design, construction and operation of the non-clinical services of the hospital for approximately 35 years. Work will commence in 2011 and completion is proposed for 2016.

Brisbane remained the largest market for property related building work. Good progress was made on 111 Eagle Street with only minor delays incurred due to the recent floods. The new Science and Technology Precinct and Community Hub Project at the Queensland University of Technology was also relatively unaffected.

Leighton Contractors' Telecommunications Division reported strong operating performances from Nextgen Networks and Visionstream. The $256 million Regional Backbone Blackspots Program which is deploying nearly 6,000km of new backbone broadband infrastructure for regional Australia, is tracking well having completed 3,000km of construction. Opportunities associated with the Federal Government's NBN project, data centre development projects, and a submarine cable from Singapore to Perth are being pursued.

The global demand for resources remains strong, especially coal and iron ore. Volumes from Queensland coal operations were solid considering the high rainfall experienced during the period. A $162 million, 2-year mining contract was awarded by Anglo American at the Dawson Mine in the Bowen Basin. Under the contract, Leighton Contractors will undertake surface mining at the existing pit and a new Greenfield operation at Dawson North.

Output from HWE Mining-operated iron ore mines in the Pilbara region of Western Australia increased in line with client expectations. Operations at Yandi, Area C and Orebody 23/25, all BHP Billiton projects, proceeded according to plan.

In New Zealand, work continued on the Newmarket Viaduct and the Manukau Motorway was substantially completed. Performance at the Rotowara and Favona coal mines was in line with expectations.

John Holland

John Holland secured a record level of new work and recorded good performances from all divisions, particularly construction and rail, but the results were impacted by difficulties associated with the Airport Link contract in Brisbane.

John Holland however earned a segment result of $20 million for the half year to December 2010, down 82% (versus $109 million in the half to December 2009) from revenue of $1.85 billion, up 4%. John Holland's work in hand increased by 29% to a record high level of $7.1 billion at December 2010 against $5.5 billion at December 2009.

Tunnelling on the Airport Link project continued to be a key focus of the construction program. Currently, over 9,000 metres of tunnels have been excavated, which is around 75% of the total 12,000 metres. Operations were temporarily suspended in January 2011 during the Brisbane floods, but quickly returned to work. The tunnels

did not flood, although above ground operations were disrupted due to surface water.

John Holland reinforced its position as the leading rail contractor in Australia with the award of two major projects in New South Wales. The company was selected as the preferred proponent for the management of the Country Rail Network by the Country Rail Infrastructure Authority. The contract is expected to deliver revenue of approximately $1.5 billion over the next 10 years.

John Holland was also awarded a $530 million design and construction contract for the South West Rail Link between Glenfield South and Leppington in Sydney. Work on the 10.5 km of new track will commence in early 2011 and is expected to be completed in 2015.

In addition, John Holland in JV with Fulton Hogan and Coleman Rail, was shortlisted on the next section of the $4.3 billion Regional Rail Link project in Victoria. The final contract is expected to be awarded in late 2011.

Construction and maintenance on other rail projects continued to perform well. The $6 billion Metro Trains Melbourne Consortium, which operates and maintains Melbourne's metropolitan passenger train franchise, satisfied all key performance indicators. The Hunter 8 Alliance and the Middlemount Loop projects, both in New South Wales, and the South Morang Rail Extension in Victoria made solid contributions.

John Holland's broad-base of infrastructure and construction expertise helped it secure a range of new projects in ports, water treatment, roads, health and defence. Highlights include a $276 million new port facility in Western Australia; a JV to construct the $545 million North-South Transport Corridor in South Australia; a JV with Leighton Asia and Veolia for the $561 million Hong Kong Sludge Treatment Facility; a $152 million contract to design and construct the New Albany Health Campus in Western Australia; and a $109 million contract for works at the Singleton Army Base in New South Wales.

A number of projects in Melbourne made good progress during the period. Strengthening works on the Westgate Bridge neared completion, while the Melbourne Airport Terminal Expansion and the Northern Sewerage project performed as expected.

In Queensland, the Darra to Springfield contract to deliver road and rail links remained on track despite heavy rains and is expected to be completed in 2011. In Tasmania, work on the new 220KV transmission line at Wadamanna and the Brighton Bypass remained on schedule.

Opportunities in the resources market remain a key focus for John Holland. During the period, the company was awarded a $348 million mining services contract at the Jellinbah Coal Mine and a $148 million contract for mining operations at the Oak Park and Lake Lindsay coal mines in Queensland. Mining operations at Isaac Plains experienced heavy rainfall. Further heavy rainfall and flooding in Queensland could impact full year contributions from these projects.

In other resources related work, construction of the new alumina refinery processing facilities for Worsley Alumina in Western Australia made good progress as did construction of the onshore processing facilities and pipelines for Apache Energy's Devil Creek Development Project, also in Western Australia.

Leighton Asia

Reflecting the high levels of work in Hong Kong, Indonesia and Mongolia, Leighton Asia made a solid contribution to revenue and profit.

Leighton Asia earned a segment result of $32 million for December 2010, down 27% (versus $44 million in the half to December 2009) from revenue of $458 million, which was down 11% (versus $515 million in the comparable half).

Leighton Asia's work in hand rose by 51% to $5.6 billion at December 2010 versus $3.7 billion at 31 December 2009 and has an additional $1.6 billion worth of work beyond 5 years. Much of the gain was due to increased levels on long-term contract mining in Indonesia and Mongolia.

The Hong Kong Government's focus on infrastructure investment is delivering a consistent pipeline of new projects. During the half year, Leighton Asia won its second project on the Guangzhou – Shenzen - Hong Kong Express Rail Line (XRL) for the MTR Corporation, a $277 million contract to construct the 311m West Kowloon Terminus Approach Tunnel and the 121m Track Fan Tunnel.

Leighton Asia, in JV with Veolia and John Holland, was awarded a $561 million contract for the design, testing and commissioning of a new sludge treatment facility in Hong Kong. This will be the biggest sewage sludge incineration facility ever built and will generate its own energy, being self-sustaining and virtually self-sufficient.

The company also secured a $167 million contract to construct the Central Interchange of the Central to Wanchai Bypass, which continues Leighton Asia's involvement along the Central-Wanchai waterfront, where the company is currently constructing the Central Reclamation Phase III project.

The Ocean Park project reached substantial completion in December and handover of the theme park to the client has been achieved. Construction of the North Lantau Hospital continues in accordance with program.

In Indonesia, the performances on most coal mines remained acceptable with heavy rainfall recorded over the period. Output levels from the Wahana coal mine were a highlight, and operations at MSJ, Martabe and Toka Tindung met expectations.

Mongolia is enduring a particularly harsh winter that presents challenges to the continuous operation of plant and equipment. However, operations remained on track. The UHG coal mine achieved all coal production targets and will continue its ramp up in 2011. The Khushuut coal mine also performed well as did preliminary works at the Ulan Ovoo coal mine.

Construction of a $28 million coal haul road is expected to commence in early 2011 once design and procurement are complete. The US$298 million contract to construct the Ukhaa Khudag to Gashuun Sukhait freight railway in the South Gobi region is also expected to commence physical works in 2011.

Mining operations at the Masbate gold mine in the Philippines performed well, as did construction of the Zuellig building project where mechanical and electrical plant installation has commenced.

Leighton International

Leighton International reported a segment result of $258 million for the half year to 31 December 2010 (versus $9 million in the previous corresponding period) from revenue of $349 million (versus $279 million in the comparable half). This was boosted by the net gain before tax of $259 million ($202 million after tax) resulting from the sale in December 2010 of 35% of Leighton India to a private company within the Welspun Group; Welspun Infra Projects Pvt Ltd. Bringing a local partner into the business is a strategic move to capitalise on the numerous PPP and infrastructure opportunities that are emerging in India. Welspun also brings significant local market knowledge and its own pipeline of construction work.

Work in hand was $1.4 billion at 31 December 2010 versus $747 million in the comparable half.

In January 2011, agreement was reached to sell the stakes in two Indian toll roads to our equity partner OSE. The sale is around our current book value and will free up valuable working capital for the Leighton International and Leighton India operations

Engineering, procurement and construction of the US$585 million Chenani – Nashri tunnel commenced as did Season 3 of the US$673 million pipeline replacement project for Oil & Natural Gas Corp. Leighton India also secured two port projects in India with a combined value of US$81 million and work is proceeding to plan. The Ramanujan IT Park, a development project for Tata Realty and Infrastructure, is now more than 50% complete.

During the period, the offshore division secured a US$733 million engineering, procurement and construction contract to install three single point moorings and 120 km of pipeline in the Arabian Gulf off Iraq. The 18 month project has commenced and is making good progress.

In Malaysia, construction of 330km of rail double tracking between Ipoh and Padang Besar continued to perform well and is more than a third complete.

Habtoor Leighton Group (Leighton 45% share)

Continued difficult trading conditions in the Middle East continued, resulting in a significant loss being recorded for the half year to 31 December 2010.

The Habtoor Leighton Group (HLG) reported an operating loss of $45 million which, after Leighton's carrying costs, resulted in a segment loss of $58 million for the Middle East. The lack of new work and losses on pre-acquisition projects resulted in Leighton Holdings recognising a $100 million pre-tax impairment on its 45% stake in HLG. Additionally, movements in the exchange rate and the operating losses for the period saw the carrying value of this investment reduced to $845 million.

HLG's revenue was $509 million for the half year, down 8% with work in hand strong at $2.1 billion, down 29%. The award of new projects by clients continues to be slow and protracted.

Although negotiations for outstanding payments on pre-acquisition projects made some progress, no significant payments were received. This resulted in further depletion of working capital over the period. HLG secured additional working capital facilities from the banking sector of US$136 million and was supported by shareholder loans.

Despite difficult trading conditions, Leighton Holdings remains committed to the business and the transformation of HLG into a multi-disciplinary contractor with broad portfolio of markets and activities.

Bidding activity remained at high levels, but the award of new work continued to be very slow throughout the region. Only two significant new projects were secured during the half – the US$284 million Khalifa Port in Abu Dhabi, and the US$191 million Daman building project in Dubai. In January the Qusahwira Building and Services package was awarded for $140 million.

In Abu Dhabi, the US$333 million Sorbonne University was handed over to the client on time and the Al Zayed University and the Capital Gate building projects will be completed in the next 6 months. Progress at the St Regis Resort on Saadiyat Island was steady.

HLG is building a strong presence in countries surrounding the UAE, including Kuwait where an HLG consortium remains in contention for the US$2.6 billion Subiya Causeway. In Saudi Arabia, the company is completing its first project, the ITCC building, and is bidding on selected opportunities.

The world class US$756 million Al Shaqab equestrian centre in Qatar is nearing completion. The main stadium is larger than the MCG and will become one of the world's premier equestrian facilities.

The 2022 FIFA World Cup in Qatar is a promising development for the region. The World Cup is expected to generate more than US$100 billion worth on investment in infrastructure and building work, which must be completed well before the actual event. The combination of hard deadlines and high volumes of work should help drive demand for contracting services across the region and speed up the award of new work. The pipeline for these projects should begin to flow in 12-18 months time.

Leighton Properties

Leighton Properties recorded a segment loss of $20 million for the half year to 31 December 2010 versus a loss of $18 million to December 2009. The total value of Leighton Properties' portfolio has an approximate end value of $4 billion over the next 5 years.

Property markets in Australia showed signs of recovery by the end of 2010 although sales and development in the industrial and tourism sectors remained weak. The high Australian dollar compared to the US dollar, limited the amount of offshore investment and impacted tourism development.

Commercial office enquiries have improved however and Leighton Properties has secured 2 major tenants for its office development at Parramatta, NSW. Eclipse Tower at 60 Station St commenced construction in December 2010. It will be a 19 level, 25,000sqm commercial tower targeting a 5 Star Green Star design rating.

Across the residential sector, underlying demand continues to show strength, particularly in apartments, however this is expected to be tempered by rising interest rates and recent natural disasters in Queensland and Victoria. Leighton Properties sites and residential display suites at Hamilton Harbour and Mosaic at Fortitude Valley were not impacted by floodwaters and pre-sales for these developments are expected to remain solid.

The HQ North Tower in Brisbane is now 100% leased and operating well, with major tenants AECOM and Tech One.

Leighton Properties entered into an agreement with the Ipswich City Council for the development of the Ipswich Town Centre. Leighton Properties was also selected as the preferred developer of the Boggo Road mixed use precinct in Brisbane.

Construction of the King George Central building in Ann Street in Brisbane and the $210 million Hamilton Harbour Stages 1 & 2 residential development on the Brisbane River, in JV with Devine, were unaffected by flooding in Queensland and are progressing well. Pre-sales for Stage 3 of Hamilton Harbour are well underway.

Balance Sheet

As at 31 December 2010, total assets were $8.3 billion and net assets were $2.4 billion. During the period the Group acquired plant and equipment worth $484 million. The total book value of plant and equipment, both on and off balance sheet is approximately $3.2 billion, with $2 billion owned and $1 billion under operating leases.

Gross cash was $1.2 billion with $127 million of short term borrowings. Limited recourse borrowings stand at $117 million and undrawn cash facilities and guarantees increased to a total of $1.3 billion.

The Group successfully completed a US$350 million private placement in July 2010. The issue further diversified the Group's funding sources at lower rates. The proceeds of the placement were used to support the Group's working capital requirements.

In December our existing $520 million Syndicated working capital facility was increased to $600 million and the maturity date was extended from October 2011 to December 2013

Investments, Acquisitions and Sales

The sale of a 35% stake in Leighton India to the Welspun Group in December 2010, delivered a pre-tax, one-off gain of US$259 million which will include US$104 million in cash. This sale was premised on building a strategic partnership that could help Leighton capitalise on the huge opportunities in the Indian infrastructure sector.

Leighton International has agreed to sell its 49% stakes in the Indore and Agra toll-roads in India to Oriental Structural Engineers (OSE) for approximately US$40 million which was in line with book value.

Thiess and John Holland sold their 3.3% stake in Connecteast on market for a profit.

Group Prospects

Outlook for the Full Year

For the 2010/11 financial year the Group expects to report full year revenue of almost $20 billion and net profit after tax of around $480 million. The final result and full year dividend are however subject to market and operating conditions, including weather condition in Australia and overseas, for the remainder of this financial year.

Long-Term Outlook

Markets and Outlook

The Australian economy performed well for most of 2010, but declined towards year end resulting in lower real GDP growth estimates of around 2.6% for the year. The outlook for 2011 remains positive, with GDP growth of 3% or higher generally expected. The recent cyclone and floods in Queensland will have a negative economic effect in the first quarter of 2011, but thereafter, the rebuilding, clean-up and repair activities will be a positive for the economy. However, funding for major infrastructure projects may be delayed or diverted to reconstruction programs.

Meanwhile, strong demand for commodities, notably from China and India, continues to support robust capital investment and positive growth in Australian economic output. The current unemployment rate of around 5% is lower than a year ago and well below other advanced economies. Unemployment is expected to continue falling in 2011, trending down towards 4% by early 2012, a 37-year low. The Federal Government recently relaxed restrictions around the 457 Visa program that should ease pressure on sourcing skilled labour. Inflation is currently within the RBA target range at below 3% per annum.

The world economy is forecast to continue growing solidly during 2011. Global equity markets continue to rise, bank lending conditions have become less tight and the volume of world trade has returned to pre-crisis levels. Growth in private sector demand is strengthening and is well positioned to take up the slack left by a gradual removal of Government stimulus programs.

World economic growth will continue to be led by the emerging markets. The IMF is forecasting 6.5% growth in emerging and developing economies in 2011, compared with 2.5% growth in the advanced economies. Whilst some uncertainty remains for nations suffering high sovereign debt positions, the general consensus is that the global economy will expand at around 4 % in 2011.

In accordance with the overall economic outlook, the global construction market is expected to grow solidly in 2011 after a period of decline following the global financial crisis.

Australia remains the Group's predominant earnings base, however, we are well positioned to access the strong growth prospects of Asia and emerging markets. The Group is also exploring contract mining opportunities in parts of Africa on a limited basis.

Infrastructure - Australia

Infrastructure construction in Australia has experienced extraordinary growth over the past decade. Increased

government capital works funding, a series of large PPP road projects and big investments in minerals-related infrastructure have all contributed to the quantum leap in activity.

From the very high 2010 level, further growth is expected in transport and utilities infrastructure work during 2011 and 2012. Offsetting this however, will be a decline in public building work, mainly as a result of the conclusion of the Building the Education Revolution school building program.

Transport infrastructure is expected to rise a further 4% to 5% in 2011, from the record 2010 level, with further growth also forecast for 2012. Particularly large increases are expected in rail and port construction, with smaller percentage increases forecast for road and bridge works as some major projects wind down.

In the utilities sector, construction is set to continue its growth path in 2011, as electricity construction keeps rising sharply, gas pipeline construction enters a very strong period and telecommunications work climbs sharply from a cyclical low. Water and wastewater construction should remain quite high for another year or so, before some large projects are completed.

The main drivers of growth in infrastructure construction during 2011and 2012 will be:

- A multi-billion dollar reconstruction and repair program following the Queensland and Victorian floods,
- Continued large Government road programs, including the next phase of projects on the Pacific Highway and the Hunter Expressway in New South Wales, the M80 Ring Road upgrade in Melbourne and major motorway projects in Queensland,
- An increased level of funding for passenger rail projects, including the $2.4 billion Gold Coast Light Rail and the $1 billion Springfield line in Queensland, the $4.3 billion Regional Rail Link in Victoria, the $2.1 billion South West Rail Link and the ongoing $2 billion Clearways program in Sydney,
- Large scale investments in iron ore and coal rail and port infrastructure are planned for the Pilbara and Mid-West regions of Western Australia and in the Queensland coal fields. Major projects include Rio Tinto's $3.1 billion Cape Lambert port and rail upgrade, the $1 billion LNG jetty for the Gorgon LNG project, the $4 billion Oakajee Port and Rail project in WA, the $3.6 billion Abbot Point X110 expansion in Queensland, and the new coal terminal at Wiggins Island, Port of Gladstone.
- A large rise in gas pipeline construction is being driven by the development of coal seam gas, major new offshore gas developments and additions to the national pipeline network,
- Rising telecommunications construction, as a result of the $36 billion National Broadband Network and the return of other delayed investment.
- Education building, which increased more than three-fold over the last two years (2009 and 2010) is now dropping back sharply as the BER program is completed. Other areas of public building work however, are expected to increase in 2011, including health facilities. Health sector opportunities over the coming few years include:
    - Gold Coast University Hospital ($1.6 billion),
    - Fiona Stanley Hospital, Perth ($1.7 billion),
    - New Queensland Children's Hospital ($1.4 billion),
    - New Royal Adelaide Hospital ($1.6 billion),
    - Sunshine Coast University Hospital ($1.8 billion), and
    - New Children's Hospital – Western Australia ($1.1 billion).

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

Resources

The boom in Australia's mining sector has entered a period of renewed strength, which is expected to continue throughout 2011 and beyond.

Global commodity demand and prices have surged since mid-2009, interrupted by a modest set-back in mid-2010. The outlook for global industrial production and construction remains positive for the next few years. Strong growth is forecast to continue in the developing world, which now drives the majority of growth in commodities demand. As a result, the demand side of commodity markets will remain supportive of further large increases in commodity production and investment in new capacity.

Iron ore demand continues to increase strongly, as a result of a large increase in steel production in China, the United States, Europe and Japan. Consequently, 2011 is expected to see strong growth in demand for iron ore and coking coal. A 10% rise in Australia's iron ore export volumes is expected in 2011, with further growth in the year following. This underpins strong prospects for contract mining work in the iron ore sector.

In the short term, coal exports from Queensland will likely be around 15 million tonnes lower than previously anticipated between December 2010 and March 2011, as a result of the floods, and metallurgical coal prices will react by increasing significantly. This drop in production will be temporary however and does not affect the strong medium and long term outlook for production and contract mining activity in the coal sector.

Thermal coal production in Australia is also forecast to rise sharply in 2011, boosted by the completion of new coal mines, expanded port capacity in New South Wales and strong increases in demand from China and India.

The strength of commodity demand and prices has driven an unprecedented surge in new resources sector construction, and associated infrastructure works, over the past decade. This boom in resources construction is expected to continue throughout 2011 and beyond.

The value of new construction work commenced in the resources sector increased more than three-fold in the 2009/10 financial year, helped by the commencement of the $40 billion Gorgon LNG project. The value of resources sector construction work done is expected to rise, in real terms, by 20% in 2011 and by a total of 70% over the next three years.

This next phase of the Australian mining investment boom is expected to feature the following major areas of construction:

- Development of major offshore gas fields in Western Australia plus new LNG processing plants,
- The continued development of coal seam gas fields, plus multi-billion dollar plants converting coal seam gas to LNG, based in Gladstone in Queensland,
- The development of new thermal coal operations in Queensland, combined with big investments in additional coking coal capacity,
- A large phase of Western Australian iron ore development, in the Pilbara and also in the rapidly developing Mid-West region, and
- Development of uranium mines in South Australia (most notably the $9 billion Olympic Dam expansion) and in Western Australia.

Property

Commercial and industrial property construction is expected to continue to improve during 2011/12. Absorption of office space, guest arrivals in the hotel sector and retail turnover are all now rising and will set the scene for a rebound in building commencements during 2011 and the following two years. A real increase of 13% in the value of commercial and industrial building commencements is expected in 2011.

Residential building commencements rebounded by 20% in 2010, as a result of two Commonwealth Government stimulus measures; the First Home Owners Grant Boost Scheme, and the Social Housing Initiative.

In 2011, housing dwelling starts are expected to decline by 8 or 9% as a result of the completion of these schemes. Thereafter, two years of growth are expected during 2012 and 2013, driven by the need for additional housing and growth in investor and changeover buyer demand for dwellings.

Asia and the Gulf

The Asia-China driven commodity price boom will continue to be a driver of new resource linked infrastructure. In addition the growing middle class populations in India and China will stimulate demand for other infrastructure and social facilities.

In Hong Kong, the construction industry was estimated to be worth US$6.6bn in 2010 and is forecast to rise to US$8.4bn by 2014. Infrastructure spending in Hong Kong is Government driven with a key objective to enhance transport links with mainland China. Recently awarded projects include, for example, the Mass Transit Railway, a Sludge Treatment Facility, the MTR Express Rail Link, the Central Wanchai bypass. Upcoming projects to be bid include the Hong Kong – Macau bridge and the Kai Tai Airport expansion. Leighton Asia is a major competitor in Hong Hong's infrastructure market.

The Indian economy grew at 8.4% in 2010 and is expected to grow at 8.5% in 2011. The need for infrastructure to support this growing economy is recognised by Government and is a key priority. A variety of government policy initiatives are underway and are expected to support additional investment in India. Construction is forecast to account for over 8% of GDP by 2012. Leighton International recently created a Joint Venture with the Welspun Group which will further enhance its capability to grow the business in India. The ongoing development of oil and gas projects in India continues to provide opportunities.

Indonesia provides a solid activity base for the group primarily in the contract mining of coal. Indonesia's coal exports are estimated to have increased by 11% in 2010 and are forecast to rise by a further 4% in 2011. This growth is expected to be driven by strong demand from India and also from other parts of Asia.

Indonesia's surprisingly strong GDP growth in 2010 is expected to continue in 2011, with expansion forecast at 8%. This growth will give the government more resources to invest in infrastructure. The government is promoting investment in utilities, especially electricity.

Another growth area is green industries, particularly geothermal energy. The Indonesian Government is planning US$20 billion of investment in this sector by 2025 and has improved regulations to attract other investors.

Mongolia sits on vast quantities of untapped mineral wealth and mining is set to transform the economy with significant activity already underway. The Mongolian Government is currently exploring options for the development of part of the Tavan Tolgoi reserves which will require significant infrastructure to allow the coal to be exported. Tavan Tolgoi is estimated to hold at between 5 billion and 6.5 billion tons of coal. Mongolian Mining Corporation (MMC) is the biggest exporter of coking coal and raised US$650 million in a Hong Kong initial public offering in October. It was the first Mongolian-owned company to float in Hong Kong. Leighton Asia has been awarded additional contract extensions at MMC's UHG mine.

Economic growth in the Middle East is linked closely to the oil market which, in turn, helps to fuel the level of construction activity. The West Texas Intermediate oil price rebounded from a low of less than US$40/bbl in early 2009 to well over US$80/bbl in early 2010. Oil prices fell back in mid-2010, but have now rebounded. World oil prices are expected to rise steadily over 2011, average around US$95/bbl, as a result of growth in world oil demand, slower growth in non-OPEC oil supply, and continued production restraint by members of OPEC.

Middle East economic growth rebounded in 2010 to around 4% on average across the region (up from around 2% in 2009). The positive outlook for oil prices and demand underpin healthy prospects for the oil exporting economies of this region during 2011.

Qatar's construction sector holds substantial potential over the medium term, catalysed by projects related to the hosting of the 2022 FIFA World Cup. Strong potential is expected in Saudi Arabia and this market is estimated to be in excess of $20 billion in 2010 growing to $30 billion by 2014. Government is committed to upgrading infrastructure which will also stimulate the addition of new jobs. The Government awarded $16 billion of new construction work in the first half of 2010 and the Ninth Development Plan includes around $400 billion of construction funding between 2010 and 2014.

Summary

The Leighton Group remains well placed with a record level of work in hand, a strong balance sheet and a solid outlook for its core markets. Australian infrastructure and resources, as well as most of Asia, are continuing to grow and Australian property and the Middle East have bottomed. This positive outlook should continue to support the longer term outlook for the Group.

Investments

Engineering & Infrastructure

- **AquaSure**: Thiess has a 5.2% share of the consortium that will finance, design, build, operate and maintain the $3.5 billion Victorian Desalination Project.
- **RiverCity Motorway**: Leighton Contractors has an 8.4% share in the company that owns, operates and maintains the CLEM7 Motorway in Brisbane.
- **BrisConnections**: Thiess and John Holland will invest $200 million in 2014 in the consortium that will own, operate and maintain the Airport Link Project in Brisbane.
- **Aspire Schools:** Leighton Contractors has a 50% share of the consortium that will finance, design, construct and maintain over 30 years, 7 schools in South East Queensland.
- **Cross City Motorway**: Leighton Contractors has 6% of the company that owns, operates and maintains the Cross City Tunnel in Sydney.

Mining and Resources

- **Burton Coal Mine**: Thiess holds a 5% investment in the Burton Coal Mine in Queensland.
- **Cockatoo Island Project**: HWE Mining is a 50:50 joint venture owner of an iron ore mine in Western Australia.

Listed Entities

- **Devine Limited**: Leighton Holdings owns 49.7% of the listed residential property development company which is headquartered in Brisbane.
- **Sedgman Limited:** Thiess owns 31.9% of the listed resources engineering company.
- **Macmahon Holdings Limited**: Leighton Holdings owns 19% of the listed engineering and mining contracting company.

Operational Analysis

Operating Revenue

Group by Company	Dec 2010 $M	Dec 2010 (%)	Dec 2009 $M	Dec 2009 (%)
Thiess	**3,596**	**(37)**	3,174	(35)
Leighton Contractors	**2,865**	**(29)**	2,725	(30)
John Holland	**1,848**	**(19)**	1,784	(20)
Habtoor Leighton	**509**	**(5)**	556	(6)
Leighton Asia	**458**	**(5)**	515	(6)
Leighton International	**349**	**(4)**	279	(3)
Leighton Properties	**78**	**(1)**	51	(1)
Corporate/Eliminations	**6**	**(0)**	-72	(-1)
TOTAL	**9,709**	**(100)**	9,012	(100)

Group by Market	Dec 2010 $M	Dec 2010 (%)	Dec 2009 $M	Dec 2009 (%)
Infrastructure	**5,577**	**(57)**	5,224	(58)
Resources	**3,375**	**(35)**	2,624	(29)
Property	**751**	**(8)**	1,236	(14)
Corporate/Eliminations	**6**	**(0)**	-72	(-1)
TOTAL	**9,709**	**(100)**	9,012	(100)

Group By Activity	Dec 2010 $M	Dec 2010 (%)	Dec 2009 $M	Dec 2009 (%)
Construction	**6,114**	**(63)**	5,730	(63)
Contract Mining	**2,517**	**(26)**	2,410	(27)
Services	**994**	**(10)**	893	(10)
Development	**78**	**(1)**	51	(1)
Corporate/Eliminations	**6**	**(0)**	-72	(-1)
TOTAL	**9,709**	**(100)**	9,012	(100)

Australia/Pacific by Market	Dec 2010 $M	Dec 2010 (%)	Dec 2009 $M	Dec 2009 (%)
Infrastructure	**4,937**	**(61)**	4,678	(64)
Resources	**2,792**	**(35)**	2,005	(28)
Property	**319**	**(4)**	636	(9)
Corporate/Eliminations	**6**	**(0)**	-72	(-1)
TOTAL	**8,054**	**(100)**	7,247	(100)

Asia and Middle East by Country	Dec 2010 $M	Dec 2010 (%)	Dec 2009 $M	Dec 2009 (%)
Indonesia	**520**	**(31)**	586	(33)
Middle East	**624**	**(38)**	556	(32)
India	**170**	**(10)**	201	(11)
Hong Kong/Macau	**179**	**(11)**	287	(16)
Mongolia	**46**	**(3)**	20	(1)
Other	**116**	**(7)**	115	(7)
TOTAL	**1,655**	**(100)**	1,765	(100)

Note 1: Operating revenue includes the Group's share of joint venture and associates revenue.

Note 2: See Note 5 Segment information on page 12 of the Appendix 4D & Interim Financial Report for greater detail.

Work in Hand

Group by Company	Dec 2010 $M	Dec 2010 (%)	June 2010 $M	June 2010 (%)
Thiess	**16,257**	**(36)**	16,261	(39)
Leighton Contractors	**12,296**	**(27)**	9,797	(24)
John Holland	**7,053**	**(15)**	5,302	(13)
Habtoor Leighton	**2,126**	**(5)**	2,426	(6)
Leighton Asia	**5,601**	**(12)**	6,001	(14)
Leighton International	**1,383**	**(3)**	1,189	(3)
Leighton Properties	**925**	**(2)**	565	(1)
TOTAL	**45,641**	**(100)**	41,541	(100)

Group by Market	Dec 2010 $M	Dec 2010 (%)	June 2010 $M	June 2010 (%)
Infrastructure	**19,533**	**(43)**	17,910	(43)
Resources	**23,061**	**(50)**	20,151	(49)
Property	**3,047**	**(7)**	3,480	(8)
TOTAL	**45,641**	**(100)**	41,541	(100)

Group By Activity	Dec 2010 $M	Dec 2010 (%)	June 2010 $M	June 2010 (%)
Construction	**19,561**	**(43)**	18,645	(45)
Contract Mining	**19,178**	**(42)**	17,399	(42)
Services	**5,977**	**(13)**	4,932	(12)
Development	**925**	**(2)**	565	(1)
TOTAL	**45,641**	**(100)**	41,541	(100)

Australia/Pacific by Market	Dec 2010 $M	Dec 2010 (%)	June 2010 $M	June 2010 (%)
Infrastructure	**16,391**	**(52)**	15,492	(58)
Resources	**14,076**	**(44)**	10,227	(38)
Property	**1,327**	**(4)**	1,112	(4)
TOTAL	**31,794**	**(100)**	26,831	(100)

Asia and Middle East by Country	Dec 2010 $M	Dec 2010 (%)	June 2010 $M	June 2010 (%)
Indonesia	**6,355**	**(46)**	8,096	(55)
Middle East	**2,744**	**(20)**	2,426	(17)
India	**1,452**	**(10)**	946	(6)
Hong Kong/Macau	**1,120**	**(8)**	877	(6)
Mongolia	**1,496**	**(11)**	1,674	(11)
Other	**680**	**(5)**	691	(5)
TOTAL	**13,847**	**(100)**	14,710	(100)

Note 1: Work in hand includes the Group's share of work in hand from joint ventures and associates.

Note 2: Work in hand only includes work for 5 years from the reporting date. The value of long-term contracts running past Dec 2015 is not included.

Significant Current Contracts and Property Developments

- Total contract values are shown in A$ for all projects (less than 95% complete), including joint ventures (JVs) and associates, with the figures in brackets indicating the operating company's share of the contract.
- 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.

Thiess

- $877m for design, construction and mining at the Pakri Barwadih coal mine, India, for NTPC Ltd. (total value $5.5 billion over 22 years)
- $757m for construction of 13km of 4-lane divided road for the new Hunter Expressway Connection, NSW, for RTA.
- $217m ($109m) for extension of 5.5km of dual track heavy rail from Noarlunga Interchange south to Seaford, SA, for Dept of Transport Energy and Infrastructure.
- $210m alliance for project management and civil works for installation of a 132kV transmission cable, Sydney, NSW, for Energy Australia.
- $136m for construction package to provide upstream processing facilities, Chinchilla, QLD, for QGC.
- $105m to demolish and rebuild Goodna Stage 4A sewerage treatment plant, Goodna, QLD, for Ipswich Water.
- $65m for training and access management system project early works, Moranbah, QLD, for BMA Coal.
- $4.2bn ($2.1bn) for the construction of the Airport Link tollroad, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade, Brisbane, QLD, for BrisConnections.
- $3.5bn ($2.49bn) to design and construct the Victorian Desalination Plant, Wonthaggi, VIC, for the Department of Sustainability and Environment.
- $3.35bn for mining operations at the Mt Owen coal mine, Singleton, NSW, for Xstrata.
- $2.63bn for mining operations at the Collinsville coal mine, Collinsville, QLD, for the Collinsville Coal Company.
- $2.2bn for mining operations at the Burton coal mine, Glenden, QLD, for Peabody Energy Australia.
- $921m for mining operations at the Prominent Hill copper-gold mine, SA, for Oz Minerals.
- $780m for mining operations at the Curragh North coal project, Blackwater, QLD, for Wesfarmers Curragh Pty Ltd.
- $740m for mining services at the Lake Vermont coal mine, Dysart, QLD, for Lake Vermont Resources.
- $729m for the construction of the Royal North Shore Hospital Redevelopment, Sydney, NSW, for Infrashore.
- $562m ($187m) for engineering, procurement and construction of the Gorgon Village, Barrow Island, WA, for Chevron Australia.
- $558m to upgrade the Tulla-Sydney section of the M80 Ring Road, Tullamarine, VIC, for VicRoads.
- $558m for mining services at the Wilpinjong coal mine, Wollar, NSW, for Peabody Energy Australia.
- $541m for site preparation and temporary construction facilities at the Gorgon LNG Project, Barrow Island, WA, for Chevron Australia.
- $503m for mining and coal processing at the Tarong coal project, Kingaroy, QLD, for Tarong Energy Corporation Limited.
- $374m to design and construct the Lotus Glen Correctional Centre, Mareeba, QLD, for Queensland Corrective Services.
- $311m to design and construct Stage 3 of the Hinze Dam upgrade, Advancetown, QLD, for the Gold Coast City Council.
- $239m for mining operations at South Walker Creek Mine, Bowen Basin, QLD, for BHP Mitsui Coal Pty Ltd.
- $123m for the construction of King George Central, Brisbane, QLD, for Leighton Properties.
- $108m for earthworks at the new alumina refinery facilities, WA, for Worsley Alumina.
- $93m for the construction of the Townsville Hospital Upgrade, QLD, for Queensland Health.
- $92m ($46m) to design and construct the northern section of the Brighton Bypass, Tasmania, for the Dept of Infrastructure, Energy and Resources.
- $92m ($46m) for Berth 10 reconstruction and deepening works at the Fremantle Inner Harbour, WA, for the Fremantle Port Authority.
- $62m to develop and construct wastewater infrastructure, Ipswich, QLD, for Queensland Urban Utilities.

PT Thiess Contractors Indonesia

- US$3.85bn for contract mining at the Senakin and Satui coal mines, South Kalimantan, Indonesia, for PT Arutmin Indonesia.
- US$2.56bn for mining services and related works at the KPC (Sangatta) coal mine, East Kalimantan, Indonesia, for Kaltim Prima Coal.
- US$654m for mining services at the Bayan FKP coal mine, East Kalimantan, Indonesia, for Gunung Bayan Pratama Coal PT.

Thiess Services

- $73m for inspection and maintenance services on a distribution and sub-transmission electricity network, QLD for Ergon Energy.
- $350m ($175m) for provision of telepower and network building facility management services, nationwide for Telstra.
- $755m alliance for the provision of operations, maintenance and construction services in suburban Melbourne, Victoria, for South East Water.
- $487m ($243m) for provision of specialist, installation and maintenance, broadband and access services, QLD & NSW, for Telstra.
- $401m for the excavation, decontamination and disposal of sediment from the Hunter River, Newcastle, NSW, for BHP Billiton.
- $307m contract to provide maintenance services to Melbourne Water, Victoria.
- $266m ($133m) to design and construct the Telepower Network, Aust Wide, Telstra.

Note: ■ **Indicates new project secured between 1 July 2010 - 31 December 2010**
▪ Indicates significant on-going project

- $256m for the operation of waste transfer stations and landfills, Brisbane, QLD, for the Brisbane City Council.
- $214m ($107m) for the provision of maintenance and asset management services, Victoria, for BlueScope Steel.
- $197m ($79m) to operate & maintain the Victorian Desalination Plant, Wonthaggi, VIC, for Aquasure.
- $189m ($94m) for provision of telepower and network building facility management services to Telstra. Services provided by special purpose JV between Silcar and Transfield Services, Aust Wide, for Telstra.
- $185m for the collection of waste and recyclables and operation of a materials recycling facility, Gosford & Wyong, NSW, for the Gosford & Wyong Councils.
- $171m alliance for the operation and maintenance of water infrastructure, north of the Swan River, Perth, WA, for the Water Corporation.
- $89m ($44m) for the transport & processing of waste, Abu Dhabi, United Arab Emirates, for the Abu Dhabi Government
- $86m the operation and maintenance of Airport Link Tunnel, Brisbane, QLD, for Brisconnections
- $80m for water, waste water and stormwater maintenance services, Auckland, New Zealand, provided to Auckland City Metro Water Ltd.
- $60m for facility management at the new Royal North Shore Hospital, Sydney, NSW, for InfraShore Consortium.
- $59m for domestic waste collection, Wollongong, NSW, for the Wollongong City Council.
- $58m for distribution, network construction, maintenance and management services, South Country WA, Metropolitan Perth & Geraldton, Western Australia, for Western Power.
- $54m for electrical distribution, construction and maintenance work, Brisbane Metro & North Coast, QLD, for Energex
- $51m for waste collection and recycling, Casey, Victoria, for the Casey City Council

Hunter Valley Earthmoving

- $66m for mining operations at the Westside coal mine, Newcastle, NSW, for Oceanic Coal Australia Ltd.

Leighton Contractors

- $814m for construction of civil and underground Services for the Gorgon Project, Barrow Island, WA, for Chevron Australia.
- $466m contract to upgrade the M2, Sydney, NSW, for Hills Motorway Ltd & Hills Motorway Mgt Ltd.
- $290m engineering, procurement and construction contract to deliver a 420mw windfarm, VIC, for Macarthur Wind Farm P/L.
- $162m open cut coal mining contract, QLD, for Anglo Coal (Dawson Management) Pty Ltd.
- $131m ($98m) JV contract to widen the Great Eastern Highway in Perth from four to six lanes between Kooyong Road and Tonking Highway, WA, for WA - Main Roads.
- $120m contract to design and construct 4.1km of existing freeway from the south of Tilburn Road to Furlong Road, Melbourne, VIC, for VicRoads.
- $1.72bn ($862m) JV to design, construct and upgrade the Gateway Bridge, QLD, for QLD Motorways.
- $768m to design and construct jetty and marine structures for the Gorgon LNG project, Barrow Island, WA, for Chevron Australia.
- $527m alliance to design and construct the Ballina Bypass, NSW, for the RTA.
- $476m ($238m) to design and construct the Pacific Highway - Sapphire to Woolgoolga Upgrade, NSW, for the RTA.
- $443m alliance to design and construct the Kingsgrove to Revesby Rail Quadruplication (K2RQ), NSW, for the Transport Infrastructure Development Corp.
- $345m to design and construct the Kempsey Bypass as part of the Kempsey to Eungai Upgrade Project, NSW, for the RTA.
- $336m to design and construct a commercial office tower at 111 Eagle St, Brisbane, QLD, for GPT Funds Management.
- $336m for the development of the Coal Connect rail link, Newlands, QLD, for Queensland Rail.
- $336m for mining services at the Duralie coal mine, Gloucester, NSW, for Duralie Coal.
- $309m for contract mining services at the Peak Downs coal mine Mackay, QLD, for BM Alliance Coal Operations.
- $301m for contract mining services at the Sonoma coal mine Collinsville, QLD, for Sonama Mine Management.
- $281m ($242m) alliance for the construction of the Eastern Busway Stage II, Brisbane, QLD, for the Department of Main Roads.
- $260m ($99m) alliance to construct an additional track between Quakers Hill and a relocated Schofield station on the Richmond Line, NSW, for the Transport Infrastructure Development Corporation.
- $250m alliance to design and construct 132kv substations, Sydney, NSW, for Energy Australia.
- $230m ($115m) to construct housing and infrastructure for indigenous communities (SIHIP), Darwin, NT & Perth, WA for the Australian, WA & NT Governments.
- $214m alliance for bypass and road construction works at Tarcutta on the Hume Highway, NSW, for the RTA.
- $191m for site preparation works at the PNG LNG Project, PNG, for Chiyoda.
- $150m alliance to upgrade the rail line in the Upper Hunter Valley, Sydney, NSW, for the Australian Rail Track Corporation.
- $133m for the operations and maintenance of the Eastern Distributor Motorway, NSW, for Airport Motorway.
- $104m for contract mining services at the Moorvale coal mine, Coppabella, QLD, for Macarthur Coal P/L.
- $96m ($48m) JV to operate and maintain the CLEM 7 tollroad, QLD, for the RiverCity Motorway Consortium.
- $92m ($46m) JV for facilities management of Westpac's Headquarters, NSW, for Westpac.
- $89m alliance to provide maintenance services for the Auckland road network, NZ, for Auckland City Council.
- $67m ($60m) to construct Phase 1 of the road and irrigation channels, Ord River, WA, for the Land Authority of Western Australia Government.
- $64m for construction works at the Newmarket Viaduct, Auckland, NZ, for NZ Transport Agency.
- $52m for the operation and maintenance of the Cross City Tunnel, Sydney, NSW, for Cross City Motorway.

Note: ■ **Indicates new project secured between 1 July 2010 - 31 December 2010**
▪ Indicates significant on-going project

HWE Mining

- $3.56bn for contract mining services at the Area C iron ore mine, near Newman, WA, for BHP Billiton.
- $2.05bn for contract mining services at the Yandi iron ore mine, near Newman, WA, for BHP Billiton.
- $717m for contract mining operations at the SMR Magnet iron ore mine, Whyalla, SA, for OneSteel Manufacturing.
- $497m for contract mining services at the Orebody 23/25 iron ore mine, Newman, WA, for BHP Billiton.
- $459m contract to load and haul ore and waste from the St Ives gold mine, Kambalda, WA, for St Ives Gold Mining Company.
- $276m ($138m) for contract mining services at the Cockatoo Island iron ore mine, WA, for Portman Mining.
- $215m for mining operations at the Challenger gold mine, north-west of Adelaide, SA, for Dominion Mining.
- $190m for mining services at the Woodie Woodie manganese mine, Pilbara region, WA for Pilbara Manganese Pty Ltd.
- $190m mining services at the Rotowaro coal mine, Huntley, North Island, NZ, for Solid Energy New Zealand.
- $138m for mining operations at the Favona gold mine, Waihi, North Island, NZ, for Newmont.
- $45m for mining services at the Wattle Dam gold mine, WA, for Ramelius Resources.

Broad

- $318m ($159) for the design and construction of seven new state schools, South East QLD, for Aspire Schools.
- $230m ($57m) to construct housing and infrastructure for indigenous communities (SIHIP), Darwin, NT & Perth, WA, for the Australian, WA & NT Governments.
- $64m to construct 320 cell blocks for prisoner accommodation, WA, for the Department of Housing and Works.

Telecommunications

- $581m contract to provide telecommunication field services, Auckland, NZ, for Chorus (Telecom New Zealand).
- $256m to provide fibre construction, design and project management to the Regional Backbone Blackspots Program (RBBP), for the Department of Broadband Communications & the Digital Economy.
- $67m to operate and maintain an emergency alerting system, across various areas, Vic, for the Department of Justice.

John Holland

- $630m to operate, manage, maintain and upgrade country railway lines across NSW for the Country Rail Infrastructure Authority.
- $561m ($90m) for design and construction of sludge treatment facilities at Tuen Mun, Hong Kong, for VE-VES (HK) Ltd.
- $545m ($218m) to deliver a new 4.8 kilometre highway corridor, including 2.8 kilometres of elevated roadway, Adelaide, SA, for Department for Transport, Energy and Infrastructure.
- $530m to construct 10.5 kilometres of new twin track electrified rail line from Glenfield to Leppington, including new passenger stations and a stabling yard, Sydney, NSW for Transport Construction Authority.
- $348m for mining operations at the Jellinbah Plains coal mine, QLD, for Jellinbah Resources Pty Ltd.
- $276m for expansion of port facilities, Cape Lambert, WA, for Hamersley Iron Pty Ltd.
- $152m for the redevelopment and expansion of the Albany hospital, WA, for the Department of Treasury & Finance.
- $148m for mining operations at the Oak Park and Lake Lindsey coal mines, Middlemount, QLD, for Anglo Coal (Capcoal Management) Pty Ltd.
- $109m to construct facilities and supporting infrastructure for the Singleton Military Area, NSW, for Department of Defence.
- $86m ($43m) for the upgrade of the Murrumbidgee irrigation network, including sub-catchment redevelopment and integrated horticulture supply, NSW for Murrumbidgee Irrigation Council.
- $79m to construct a 20 storey commercial office block, NSW, for Hassall Street Pty Ltd.
- $76m to supply and construct Stage 2AA of the inbound and outbound structural and mechanical works, Kooragang Island, NSW, for Newcastle Coal Infrastructure Group.
- $59m for expansion and refurbishment of existing morgue facilties, Melbourne, VIC, for Department of Justice.
- $41m to construct 4.5 km of 1200 mm and 800 mm sewers with cross connections to an existing sewer, Eight Mile Plains, QLD, for Queensland Urban Utilities.
- $6.05bn ($1.21bn) to operate and maintain the metropolitan rail network, Melbourne, VIC, for the Department of Transport.
- $4.2bn ($2.1bn) for the construction of the Airport Link tollroad, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade, Brisbane, QLD, for BrisConnections.
- $488m ($244m) alliance to construct water infrastructure, Canberra, ACT, for ACTEW Corporation.
- $303m alliance to strengthen the Westgate Bridge, Melbourne, VIC, for Vic Roads.
- $293m for mining operations at the Isaac Plains coal mine, Moranbah, QLD, for Isaac Plains Coal Management.
- $282m to construct Stage 1 of the Northern Sewerage project, Melbourne suburbs, VIC, for Melbourne Water.
- $271 m alliance to construct rail works between Maitland and Whittingham, NSW, for the Australian Rail Track Corporation.
- $260m for the delivery of the South Morang Rail Extension Project, VIC, for the Victorian Government.
- $228m to construct the Melbourne Airport terminal expansion, VIC, for Australia Pacific Airports.
- $210m for the construction of new alumina refinery processing facilities, Collie, WA, for Worsley Alumina.
- $199m for the construction and refurbishment of schools, Perth, WA, for the Government of WA.
- $198m to design, procure and install 120 turnouts over 3 years, NSW, for Rail Corporation.
- $190m to construct onshore processing facilities and pipelines for the Devil Creek Development Project, WA, for Apache Energy.
- $166m for the replacement of sewers, Melbourne suburbs, VIC, for Melbourne Water.
- $160m ($60m) JV for the delivery of trackwork upgrade to the Adelaide metropolitan passenger rail

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▪ Indicates significant on-going project

network, Adelaide, SA, for the Department of Transport, Energy & Infrastructure.

- $149m to maintain rail infrastructures, WA, for WestNet Rail.
- $146m alliance to develop water storage, treatment and recycling infrastructure, Barwon Region, Vic, for Barwon Region Water Corporation.
- $134m ($67m) JV for duplication of more than 50 kilometres of main line track between Cowra and Yandi Mine, WA, for BHP Billiton.
- $131m alliance to construct the Western Highway Realignment, Bacchus Marsh, VIC, for VicRoads.
- $128m to construct Stage 2 of the Northern Sewerage project, Yarra Valley, VIC, for Yarra Valley Water.
- $104m ($57m) JV to construct the Brighton Bypass - Southern, TAS, for the Department of Infrastructure, Energy and Resources.
- $97m to construct the Middlemount coal rail loop, QLD, for Middlemount Coal.
- $88m ($44m) to construct extra facilities and infrastructure as part of Stage 1 of the Kapooka project, Kapooka, NSW, for the Department of Defence.
- $82m to construct new facilities and the refurbishment of existing working accommodation, training, and storage accommodation, Sth East QLD, for the Department of Defence.
- $76m for the construction of a new 220KV transmission line at Wadamanna, TAS, for Transend.
- $75m to construct a new heavy maintenance facility, Melbourne, VIC, for Department of Transport.
- $70m to construct 19km of pipeline from Mardi to Mangrove dam, Central Coast, NSW, for the Wyong Shire Council.
- $67m to construct additional facilities at the Cessnock Correctional Centre, Newcastle, NSW, for the Department of Corrective Services.
- $55m management contract for sewerage services (the PSP Alliance), Sydney, NSW, for Sydney Water.
- $49m to construct the new western grandstand at Energy Australia Stadium, Newcastle, NSW, for Hunter Venues.
- $48m to construct an emergency department, 70 bed public ward and 12 new theatres, WA, for Joondalup Hospital Pty Ltd.
- $48m management contract to deliver track, station upgrade and signalling works at Liverpool station, NSW, for TIDC
- $46m to construct 21 buildings including stores and warehouse, QLD, for Department of Defence.
- $46m to construct new working accommodation facilities and associated infrastructure to support additional Rifle Flight groups, NT, for Department of Defence.

Leighton Asia

- $561m ($135m) to design and construct the sludge treatment facilities at Tuen Mun, Hong Kong, for VE-VES (HK) Ltd.
- $277m ($139m) to construct a cut and cover approach tunnel for the West Kowloon Terminus, Hong Kong, for MTR Corporation Ltd.
- $167m to construct a cut and cover tunnel adjoining the Central Wanchai Bypass west portal, Hong Kong, for the Hong Kong Government Highways Department.
- $156m for mining operations at Martabe gold mine, Indonesia, for PT Mahakam Sumber Jaya.
- $28m to design and construct a paved coal haul road in Mongolia for SouthGobi Sands LLC.
- US$2.17bn for mining operations at the Wahana coal mine, Indonesia, for PT Wahana Baratama Mining.
- US$1.04bn for mining services at the Ukhaakhudag (UHG) coal mine, Mongolia, for Energy Resources LLC.
- US$1.02bn for mining operations at MSJ coal mine, Indonesia, for PT Mahakam Sumber Jaya.
- US$434m ($326m) for construction of express rail tunnels and associated ventilation and access structures between Tse Uk Tseun and Shek Yam, Hong Kong, for MTR Corporation Limited.
- US$410m ($185m) for the construction of Phase 3 of the Central Reclamation project, Hong Kong, for the Civil Engineering & Development Department of the Hong Kong Government.
- US$298m to design and build the Ukhaa Khudag to Gashuun Sukhait freight railway in the South Gobi region of Mongolia, for Energy Resources Rail LLC.
- US$288m for mining operations at the Masbate gold mine, Philippines, for the Philippines Gold Processing & Refining Corporation.
- US$286m ($229m) JV for the construction of Stage 2A of the Harbour Area Treatment Scheme, Hong Kong, for the Drainage Service Department of the Hong Kong Government.
- US$258m ($129m) for installation, deep excavation and protection works for the Central Reclamation project, Hong Kong, for the Civil Engineering & Development Department of the Hong Kong Government.
- US$202m ($103m) to design and construct an eight-storey, 160 bed hospital block and associated works, Hong Kong, for the Architectural Services Department of the Hong Kong Government.
- US$198m contract to develop and operate the Khushuut coal mine, Western Mongolia, for Mongolia Energy Corporation.
- US$150m to construct drainage tunnels at the Lai Chi Kok Transfer Scheme, Hong Kong, for the Drainage Service Department of the Hong Kong Government.
- US$119m for mining operations at the Toka Tindung gold mine, Indonesia, for PT Meares Soputan Mining/Archipelago Resources Pty.
- US$80m for the construction of a 34 office floor A-grade office tower and a 5 level basement car park, Manila, the Philippines, for Bridgebury Realty Corporation-Zuellig Group.
- US$63m to construct a Conrad Resort and Spa, Koh Samui, Thailand, for Hillcrest Resorts (Samui) Co. Ltd.

Leighton International

- US$733m to install 3 single point moorings and 120 km of oil pipelines, Iraq, for the South Oil Company.
- US$66m for engineering & procurement, deliver and commissioning of a single point mooring system, , Tanzania, for the Tanzania Ports Authority.
- US$41m (US$27m) to develop a multi-purpose berth to handle clean cargo, India, for the Paradip Port Trust.
- US$673m (US$437m) to construct a pipeline replacement project India, for Oil & Natural Gas Corp.
- US$585m (US$380m) for engineering, procurement and construction of 2 lane road tunnel, Jammu, Northern India, for IL&FS Transportation Networks Ltd.
- US$166m for the installation of approx 330km of double rail track between Ipoh and Padang Besar, Malaysia, for the MMC Gamuda Joint Venture.

Note: ■ **Indicates new project secured between 1 July 2010 - 31 December 2010**
▪ Indicates significant on-going project

- US$87m (US$57m) for the installation of marine facilities off the Bhogat Terminal for the Mangala Development Pipeline Project, India, for Cairn Energy.
- US$81m (US$53m) to construct the Ramanujan IT Park, Chennai, India, for Tata Realty and Infrastructure.
- US$78m for decommissioning and disposal of stored hazardous waste, Lahat, Perak, Malaysia, for GSM Consultancy (M) Sdn Bhd.

Al Habtoor Leighton Group

- US$284m (US$128m) for the construction of roads and services for the Khalifa Port, Abu Dhabi, UAE, for the Abu Dhabi Ports Company (ADPC).
- US$191m (US$86m) for the construction of hotel, office and residential towers at DIFC, Dubai, UAE, for Daman Real Estate Capital Partners.
- US$2.41bn (US$1.085bn) for the construction of the Dubai Pearl, Dubai, UAE, for Pearl Dubai FZ LLC.
- US$756m (US$340m) for the construction of the Al Shaqab Equestrian Centre, Doha, Qatar, for the Qatar Foundation for Education, Science & Community.
- US$485m (US$218m) for the construction of the Al Bustan mixed use development, Abu Dhabi, UAE, for the Al Hamid Group.
- US$813m (US$183m) for the construction of the Zayed University, Abu Dhabi, UAE, for Mubadala Development PJSC.
- US$389m (US$175m) for the construction of Ritz-Carlton Abu Dhabi, Grand Canal, UAE, for Abu Dhabi National Hotels.
- US$376m (US$169m) for the construction of the City Centre expansion at Doha, Qatar, for the Al Rayyan Tourism Investment Company.
- US$351m (US$158m) for the construction of the Al Ghurair city expansion, Dubai, UAE, for Al Ghurair Centre LLC.
- US$351m (US$158m) for the construction of the Jafza Convention Centre, Dubai, UAE, for the Jebel Ali Free Zone Authority.
- US$333m (US$150m) for the construction of the P9 mixed use development, Abu Dhabi, UAE, for East & West International Group.
- US$302m (US$136m) for the construction of Khalifa Port and industrial zone, Abu Dhabi, UAE, for the Abu Dhabi Ports Company (ADPC).
- US$300m (US$135m) for the construction of the ADNEC Capital Gate building, Abu Dhabi, UAE, for the Abu Dhabi National Exhibition Company.
- US$550m (US$124m) for the construction of the St Regis Hotel, Abu Dhabi, UAE, for the Tourism Development and Investment Company.
- US$443m (US$120m) for the construction of the Dubai Tower, Qatar, for Dubai International Properties.
- US$422m (US$95m) for the construction of the 72 storey Landmark Tower, Abu Dhabi, UAE, for the Department of Presidential Affairs.
- US$206m (US$93m) for the construction of the Duhail and Umm Qarn water reservoirs, Qatar, for Qatar General Electricity & Water Corporation.
- US$112m (US$50m) to construct the Arzanah Medical Centre, Abu Dhabi, UAE, for Medical Holding Company LLC – Mubadala.
- US$104m (US$47m) for the construction of the Iris Bay commercial development, Dubai, UAE, for Sheth Estate (International) Ltd.
- US$104m (US$47m) for the construction of the Samriya Tower, Qatar, for Sheikh Faisal Bin Qassam Al Thani.
- US$98m (US$44m) for the construction of the Faisal Tower, Qatar, for Sheikh Faisal Bin Qassem Al Thani.

Leighton Properties

- Hassall St (60 Station St): A 50% owner and joint venture development partner for a commercial building in Parramatta, Sydney has commenced construction.
- 486 Pacific Hwy: A strategic commercial office building which will be redeveloped in St Leonards, Sydney.
- Kingscliff: An agreement to develop an eco-tourism resort in on the water in northern New South Wales.
- Section 63 in Canberra: A planned 4-building phased commercial development worth over $400 million in which Leighton Properties are a 50% owner and joint venture development partner.
- HQ North Tower: A 50% owner of a $200 million 33,000sqm commercial office tower on Wickham Street in Fortitude Valley, Brisbane.
- Beckmans Green: An owner and developer of a residential land subdivision at Noosaville, Queensland.
- King George Central: A $210m commercial office tower at 145 Ann Street in Brisbane which has been sold to Commonwealth Property Office Fund (CPA). The development is managed by Leighton Properties.
- Hamilton Harbour: Leighton Properties and Devine jointly own and are constructing a staged mixed use residential and office precinct development in Hamilton, Brisbane with an overall value of $500 million
- Mosaic: Leighton Properties holds an option on a site to develop 200 residential apartments in Church Street, Fortitude Valley, Brisbane.
- Townsville: Leighton Properties and Devine jointly own a site where a mixed use residential and office precinct is proposed for development.
- Bay Road Cheltenham: Strata units in Melbourne which Leighton Properties developed.
- 567 Collins Street: Leighton Properties is a 50% joint venture development partner of a site where a commercial building is proposed in Melbourne.
- Hallam: Leighton Properties is a 50% owner and joint venture development partner of a site where industrial lots are being sold in Melbourne.
- Deer Park: Leighton Properties is a joint venture development partner of an industrial site on 76 hectares in Victoria.
- Cranbourne West: Owner and developer of a 120 hectare industrial site on Westernport Hwy, in Melbourne.

Note: ■ **Indicates new project secured between 1 July 2010 - 31 December 2010**
▪ Indicates significant on-going project

Directors' Report

The Directors of Leighton Holdings Limited present their report for the half-year ended 31 December 2010 in respect of the Consolidated Entity constituted by the Company and the entities it controlled during the half-year. A review of the operations of the Consolidated Entity and the results of those operations during the half-year are contained on pages 27 to 44 and form part of this report.

The Consolidated Entity's interim financial report for the half-year ended 31 December 2010 and the auditor's review report are presented on pages 3 to 24.

Information regarding Directors

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

David A Mortimer AO *Chairman* An Independent Non-executive Director since 1997.	**Dr Peter M Noė** *Deputy Chairman* A Non-executive Director since 2003.
David G Stewart *Chief Executive* Appointed an Executive Director and Chief Executive on 1 January 2011.	**Peter A Gregg** An Independent Non-executive Director from 2006 until he resigned from the Board in October 2009 to take up the role as CFO of the Company. Appointed an Executive Director on 23 December 2010.
Achim Drescher An Independent Non-executive Director since 1996.	**Robert D Humphris OAM** An Independent Non-executive Director since 2004.
Stephen P Johns An Independent Non-executive Director since 2009.	**Dr Burkhard Lohr** A Non-executive Director since May 2008.
Dr Herbert H Lűtkestratkőtter A Non-executive Director since 2007.	**Ian J Macfarlane AC** An Independent Non-executive Director since 2007.
Wayne G Osborn An Independent Non-executive Director since 2008.	**David P Robinson** A Non-executive Director since 1990.

Alternate Directors:	**Retired Directors:**
Robert L Seidler An Alternate Director for Dr Herbert Lűtkestratkőtter since July 2007. Previously an Alternate Director for Dr Hans-Peter Keitel from 2003 until July 2007.	**Dieter S Adamsas** An Executive Director from 1988 to 30 June 2007. A Non-executive Director from 1 July 2009 until his resignation from the Board on 4 November 2010.
Dr Karl Reinitzhuber An alternate Director for Dr Peter Noė since April 2009.	**Wallace M King AO** An Executive Director from 1975. Chief Executive since 1987. Resigned from the Board and as CEO on 31 December 2010.

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the half-year ended 31 December 2010.

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 thousand dollars, unless otherwise stated.

Dated at Sydney this 14th day of February 2011.

Signed in accordance with a resolution of the Directors:

D G Stewart Chief Executive	D A Mortimer AO Chairman

Leighton Holdings

Media Release

14 February 2011 **Leighton reports $217m profit and record $45.6bn of work in hand at half year**

The directors of Leighton Holdings Limited today announced that the Group had reported a profit attributable to members of $217m for the 6 months to December 2010, down 25% from $289m last year. Gains on the sale of 35% of Leighton India were overshadowed by ongoing difficult conditions in Middle East construction and Australian property markets; cost overruns at the Airport Link project in Queensland; wet weather in Queensland and Indonesia; and the high value of the Australian dollar.

Chief Executive, Mr David Stewart, said that whilst this result is disappointing and we are unable to control weather conditions, we have approached our challenges in a typical proactive Leighton manner.

“Work in hand has grown to record levels despite the lingering impacts of the Global Financial Crisis and some tightness in certain markets, but demand for our construction, mining and O&M services continues to grow,” said Mr Stewart.

“Total Group revenue, including joint ventures and associates, was up 8% to $9.7bn versus $9.0bn last year and our major revenue-generating markets were infrastructure $5.6 billion, resources $3.4 billion and property $751 million.

“At 31 December, the Group’s work in hand reached an outstanding level of $45.6bn with a record $16.1bn worth of new work, extensions and variations awarded during the period. The work in hand is now 10% higher than the $41.5bn reported at 30 June 2010 and 19% higher than the $38.4bn reported at 31 December 2009, even though the value of our overseas work in hand was negatively impacted by approximately $2.2bn due to the strong Australian currency,” said Mr Stewart.

“The lack of new work and losses on pre-acquisition projects resulted in Leighton recognising a $100m impairment on its 45% stake in the Habtoor Leighton Group (HLG).

“The carrying value of this investment has been written down to a book value of $845m. This compares to a business valuation of around $1.4bn at 30 June 2010. The book value, which is compared to a discounted cash flow (DCF) valuation, has been reduced by the impact of the impairment, operating losses incurred in the 6 months and the strong Australian dollar,” said Mr Stewart.

“We have increased our level of provisioning for receivables at the HLG level and continue to work closely with our partners to progress the recovery of outstanding monies. Despite difficult trading conditions, we are committed to HLG and its transformation into a multi-disciplinary contractor with a broad portfolio of markets and activities. Tendering activity remains strong.

“The financial performance of Airport Link announced in November 2010 was obviously a disappointment but the project remains on track for completion in the middle of next year. We have encountered access, design and engineering difficulties, all of which have delayed the works and increased projected costs to complete.

"We have also experienced difficulties getting approvals from various authorities and with the designers, where we have incurred additional time and costs. The project is receiving an intense amount of scrutiny from our management team and we have allocated extra resources to the project and are closely monitoring its performance," said Mr Stewart.

"Queensland's wet weather has adversely impacted some of the Group's mining projects and we lost time on some construction projects but nothing we cannot manage. We estimate that Queensland flooding and excess wet weather in Indonesia has probably cost the Group around $40m for the half year and we estimate a $100m impact for the full year (these are estimated pre-tax numbers).

"I have undertaken a management restructure at LHL which involves tightening reporting lines and creating a senior executive team that includes; Bill Wild as Deputy CEO, who is operationally focused; Peter Gregg as CFO who leads finance, tax, strategy and IT; and Stephen Sasse, GM Organisational Strategy, who brings a focus to HR across the Group.

"Peter Gregg is leading an initiative to target a reduction in overhead costs which will have an ongoing benefit to the Group. Additionally, we are restricting capex with a freeze on discretionary spending. These measures are aimed at improving our margin with the objective of getting back to the sort of Return on Equity that we have traditionally earned," said Mr Stewart.

"A highlight for the period was the sale of 35% of Leighton India and formation of a strategic joint venture with the Welspun Group. Bringing a local partner into the business is a significant move to capitalise on the numerous PPP and infrastructure opportunities that are emerging in India and Welspun brings significant local market knowledge, contacts and its own pipeline of construction work.

"With the sale of the Indian business we are re-structuring Leighton International with Malaysia and Singapore to report to Leighton Asia, and Bill Wild to be responsible for offshore oil & gas and the re-structured Indian operations. David Savage will retire during the course of the year; I want to thank David for his contribution to the Group over his tenure and wish him well for the future," said Mr Stewart.

"We are also undertaking a strategic review of some of the investments that we hold.

"The safety of our workforce remains an absolute priority and we continue to improve our performance in this area. I am absolutely committed to this objective and I will ensure that the same accountabilities and metrics that apply to me are applied across the Leighton Group.

"While we have issues to deal with, which we are, Leighton has a record $45.6bn of work in hand and most of our major markets – Australian infrastructure and resources, and most of Asia - are very positive," said Mr Stewart.

"Since December 2010, we have been awarded an additional $2.5bn in new work and the Group currently has approximately $4bn in contracts where it is in a preferred position. We also have over $8bn worth of projects that are highly likely to be awarded in the next 12 months.

"I have a tried and tested management team backed by a very experienced group of Managing Directors at our seven Operating Companies. We are bringing a rigorous approach to the existing - and any new – businesses and are focused on reducing costs and increasing margins so as to return Leighton to its historic performance levels," he said.

"For the 2010/11 financial year, the Group expects to report full year revenue of almost $20bn and net profit after tax of around $480m. The final result and full year dividend are however subject to market and operating conditions, including weather, for the remainder of this financial year.

"In the longer term, the Leighton Group remains well placed with a record level of work in hand, a strong balance sheet and a solid outlook for its core markets," said Mr Stewart.

ENDS

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

Further information:

MR DAVID STEWART Chief Executive Officer T (02) 9925 6077 or

MR PETER GREGG Chief Financial Officer T (02) 9925 6048

LEIGHTON HOLDINGS LIMITED, founded in Australia in 1949, is the parent company of one of the world's major project development and contracting organisations. We are also the world's largest contract miner. Listed on the Australian Stock Exchange since 1962, Leighton Holdings is a top 30 company by market capitalisation and has its head office in Sydney, Australia. Leighton Holdings owns seven diverse and independent operating companies: Leighton Contractors, Thiess, Leighton International, Habtoor Leighton Group, John Holland, Leighton Asia and Leighton Properties. These operating companies provide development, construction, contract mining, and operation and maintenance services to the infrastructure, resources and property markets. They operate in more than 20 countries throughout Australia, Asia and the Middle East from headquarters in Australia, Hong Kong, Kuala Lumpur and Dubai. These operating companies directly employ around 49,802 employees and each function autonomously with its own Board and Managing Director.

Half Year Results Presentation

February 2011

Leighton Holdings

Presentation Outline

Key Messages and Results Overview

Challenges and Strategy

Financials

Outlook and Summary

Appendix – Operating Company performance

Key Messages and Results Overview

Key Messages

- Work in hand at record levels
- Demand for our services is growing
- Some challenges which are being addressed
  - Middle East, Airport Link, Property
- Refocusing the organisation and created a Senior Exec Group to work with Operating Company MD's
  - CEO, Deputy CEO, CFO, GM Organisational Strategy
- Restructuring Leighton International
- Undertaking a strategic review of our investment strategy
- Safety an absolute priority

Financial Highlights for the Period

	Dec 10 ($m)	Dec 09 ($m)	% change
Total revenue	9,709	9,012	8
New contracts, extensions and variations	16,054	11,742	37
Value of work in hand	45,641	38,434	19
Profit before tax	324	386	(16)
Profit after tax*	217	289	(25)
Dividends per ordinary share	60c	65c	(8)

* Attributable to members of the parent entity

Challenges and Strategy

Zayed University,
Abu Dhabi, Habtoor Leighton Group

Response to Issues at Habtoor Leighton Group

- Increased provisioning within HLG from AED600m to AED1bn
- Working closely with partners on recovery
- Injected bank funding supported by shareholder loans
- Committed to new markets strategy
- Continue to monitor market and investment value

Airport Link
Qld, Thiess/John Holland

Airport Link
Qld, Thiess/John Holland

Airport Link
Qld, Thiess/John Holland

Airport Link
Qld, Thiess/John Holland

Victorian Desalination Project
Vic, Thiess

Victorian Desalination Project
Vic, Thiess

Victorian Desalination Project
Vic, Thiess

Approach to Major Projects

- Heightened scrutiny from Senior Management
- Extra reviews of cost to complete and program
- Appointed dedicated Claims Manager

Eclipse Tower
NSW, Leighton Properties

Approach to Leighton Properties

- Undertaking strategic review
- Exiting legacy projects and reducing funds employed
- Reducing overheads

Moorvale Coal Mine,
Qld, Leighton Contractors

Review Investments

- Reviewing underperforming investments
- Approx $300m invested

Organisational Structure at Leighton Group

- Experienced management team
- Management restructure undertaken
  - Tightened LHL reporting lines
  - Operating Company MD's to report to CEO
- Refocusing the organisation with Senior Exec Team
  - David Stewart, CEO
  - Bill Wild, Deputy CEO
  - Peter Gregg, CFO
  - Stephen Sasse, GM Organisational Strategy

Cost Control and Capex

- Cost management
  - Instigating major review of overheads
- Capital expenditure
  - Freezing discretionary capital

Geographic Presence and Structure

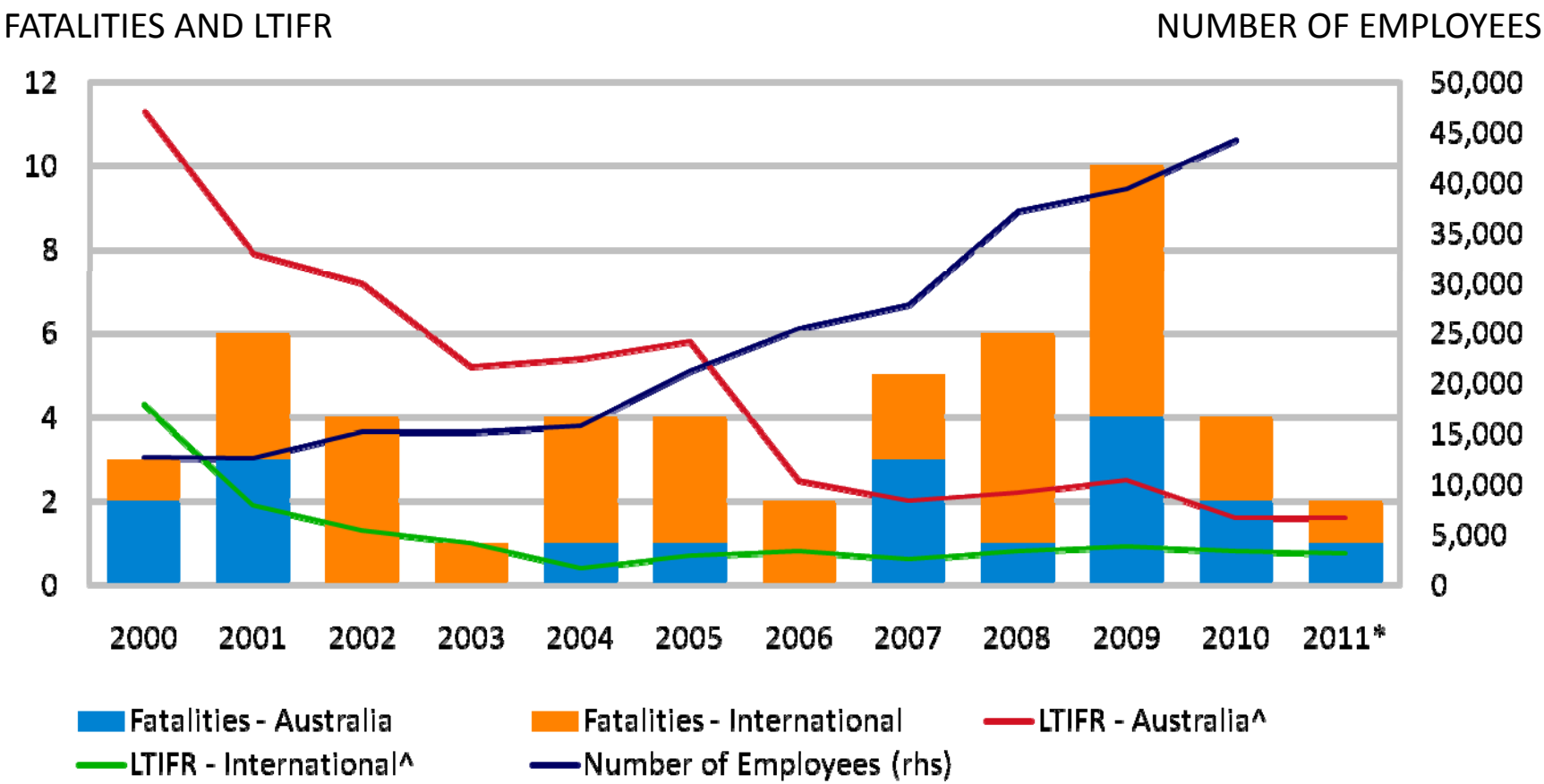
- Reviewing geographic presence
  - Considered approach to entry into new markets
- Re-focussed Leighton International
  - Malaysia and Singapore to report to Leighton Asia
  - Offshore oil and gas, and India to report to Bill Wild
  - David Savage to retire June 2011

ACS Takeover of Hochtief to Provide Opportunities

- ACS likely to gain control of Hochtief
- Hochtief has been a stable shareholder
- Enshrined governance arrangements with ACS
- Expect to work closely with ACS

Safety is an Absolute Priority

We strive to ensure employees return home each day in the same health and condition as when they arrived at work

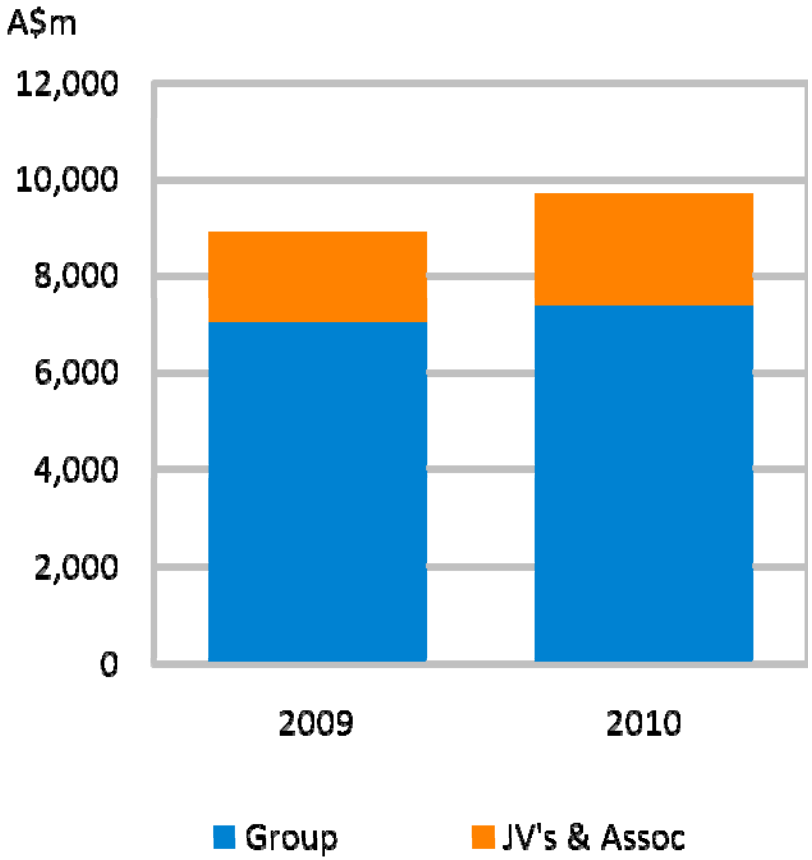


LTIFR – Lost Time Injury Frequency Rate per million Man-hours Worked * For Half Year to 31 Dec 2010 ^ 12 month rolling average

Financial Statements

Revenue Growth mainly from JV's and Assoc's

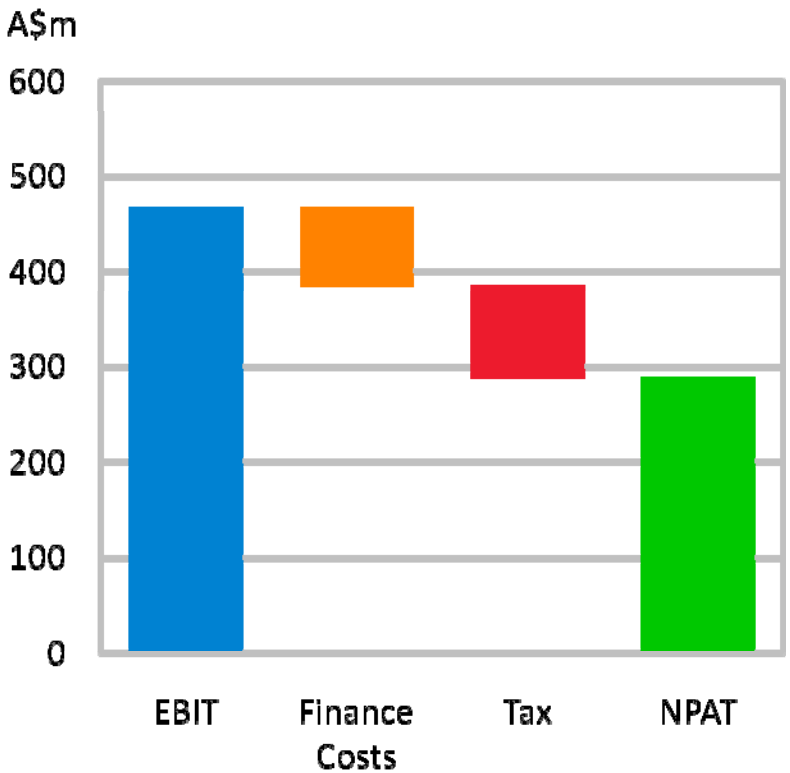
REVENUE - BY GROUP AND JOINT VENTURES & ASSOCIATES



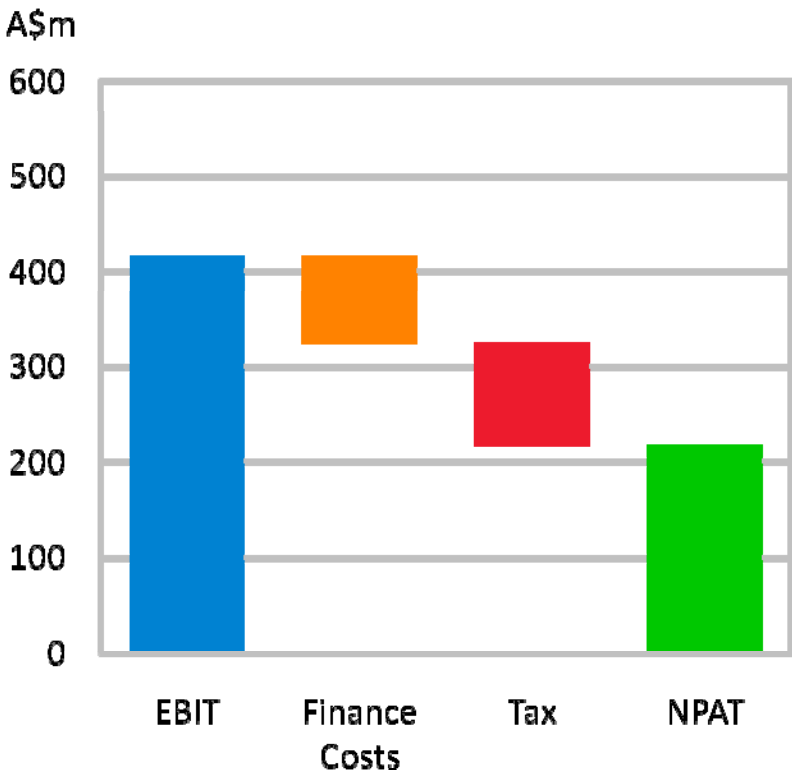
- Total revenue up 8%
- Negative FX impact of $180m
- Group revenue up 5%
- JV & Associates up 18%
- Dividend down 8% to 60 cps fully franked

Profit Before and After Tax

DEC 2009

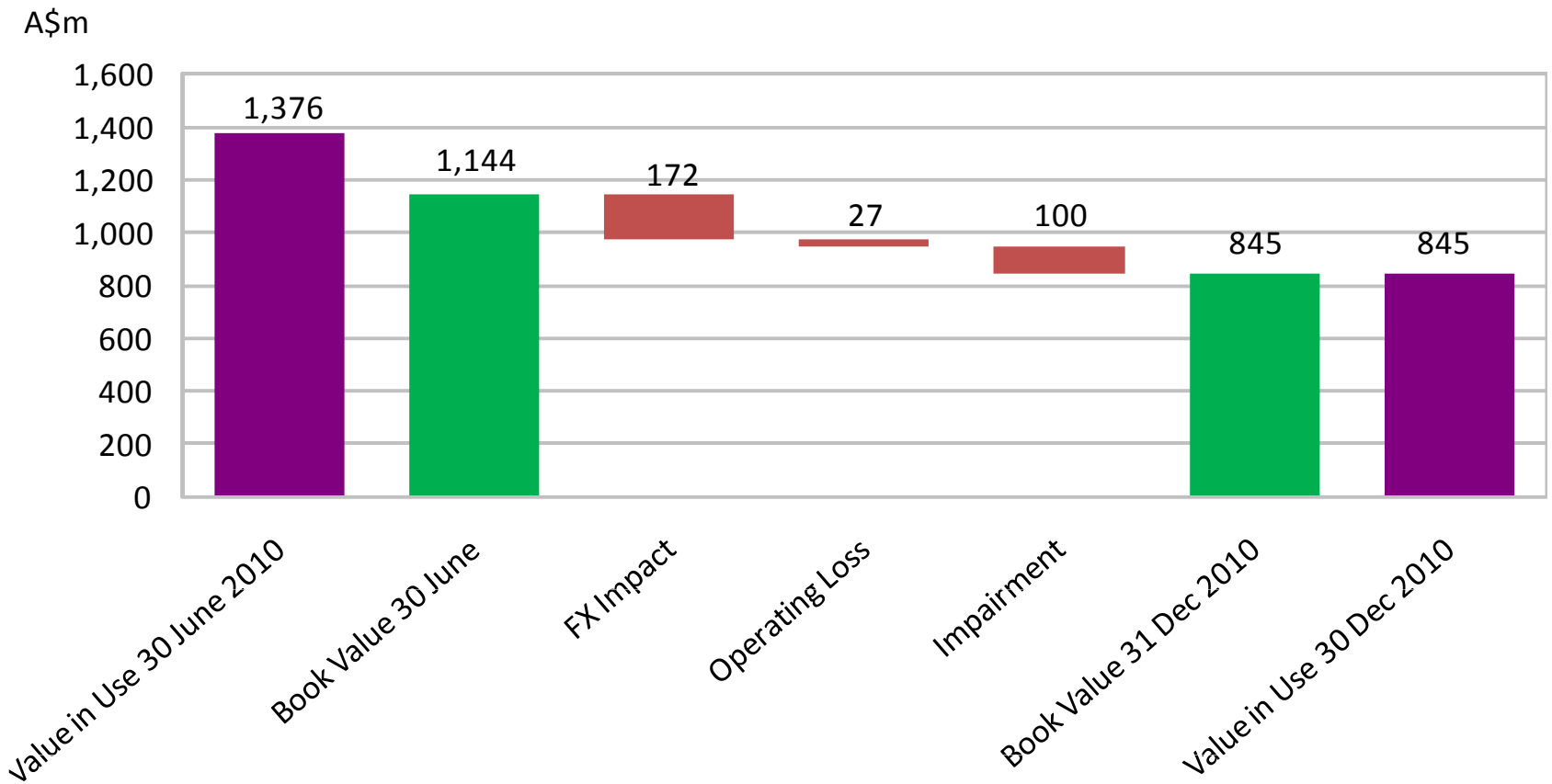


DEC 2010



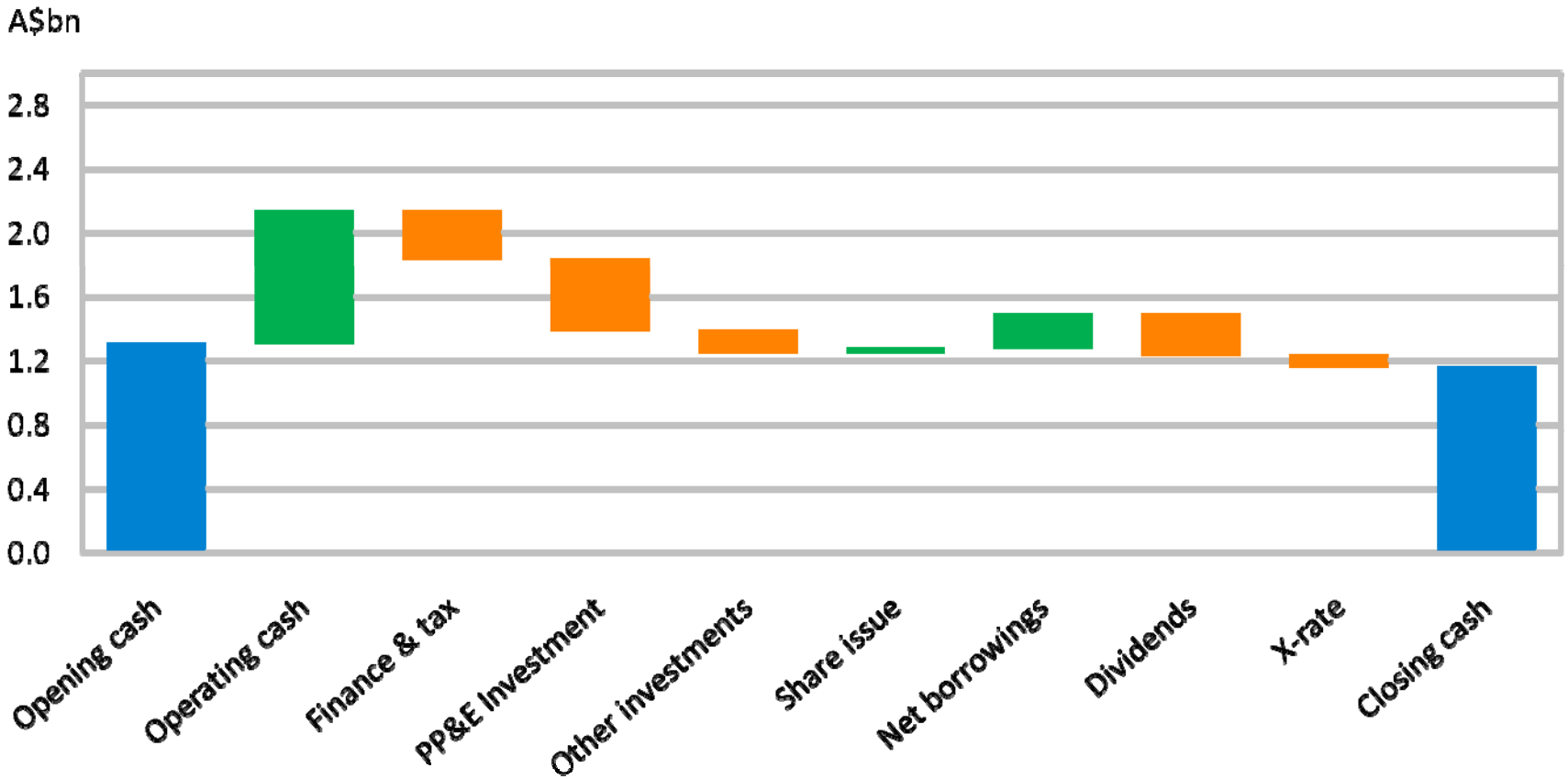
HLG Impairment Reconciliation

REDUCTION IN BOOK VALUE AND NEW 'VALUE IN USE' AT 31 DEC 2010



Solid Operating Cash Flow

JULY 2010 - DEC 2010 CASH FLOW RECONCILIATION



Balance Sheet – Healthy Cash Levels Maintained

Assets	Dec 2010 ($'000)	June 2010 ($'000)	% change
Cash & cash equivalents	1,167,500	1,313,716	(11)
Trade & other receivables	2,390,999	2,451,916	(2)
Current tax assets	60,589	36,941	64
Inventories	557,509	556,216	0
Investments – equity accounted	1,671,843	1,782,997	(6)
Other investments	65,533	118,849	(45)
Deferred tax assets	259,089	346,667	(25)
Property, plant & equipment	2,019,073	2,033,834	(1)
Goodwill	124,738	124,738	0
Total Assets	**8,316,873**	**8,765,874**	**(5)**

Liabilities – Relatively Steady for Period

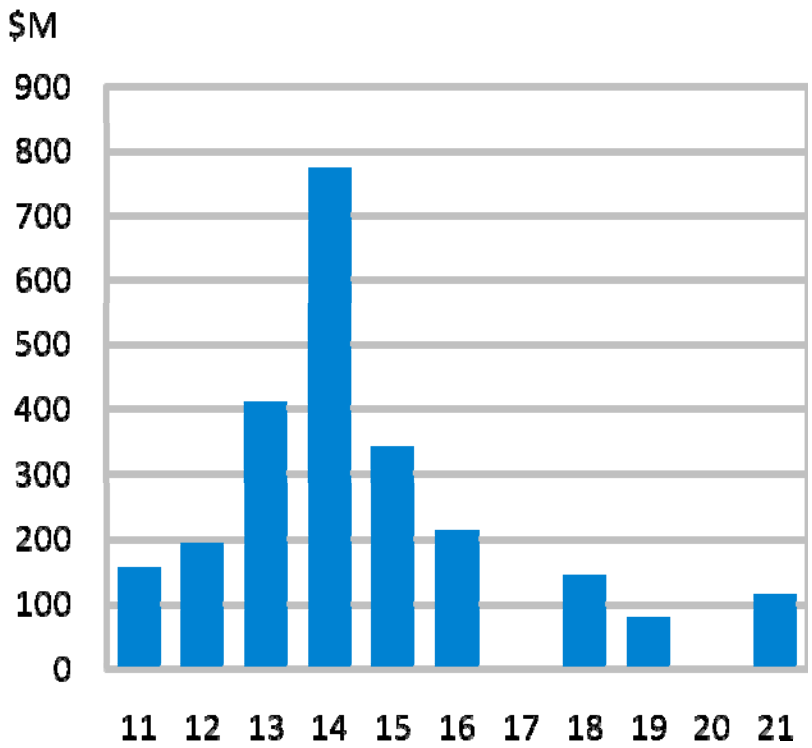
Liabilities	Dec 2010 ($'000)	June 2010 ($'000)	% change
Trade & other payables	3,660,943	3,791,712	(3)
Current tax liabilities	19,001	231,484	(92)
Provisions	522,529	504,169	4
Interest bearing loans	1,576,363	1,478,947	7
Interest bearing limited recourse loans	117,025	191,420	(39)
Total	**5,895,861**	**6,197,732**	**(5)**
Net Assets	**2,421,012**	**2,568,142**	**(6)**

Debt Portfolio Remains Solid

	Limit	Term	Maturity
Term Debt			
LMENA Syndicated bank loan	US$349m	5 years	Sept 2012
Indonesian bond	US$110m	5 years	May 2011
Medium Term Notes	A$280m	5 years	July 2014
US Private Placement	US$280m	5, 7, 10 years	Oct 2013, 2015, 2018
US Private Placement	US$350m	5, 7, 10 years	July 2015, 2017, 2020
Finance leases	US$279m	Up to 5 years	2011-2015
Working Capital			
Syndicated loan	A$600m	3 years	Dec 2013
Bilateral facilities	A$125m	1 year	Oct 2011
Bonding/Guarantees			
Aggregate facilities	A$3,706m	1-3 years	2011-2013

Debt Maturity Profile

CALENDER YEAR DEBT REPAYMENTS



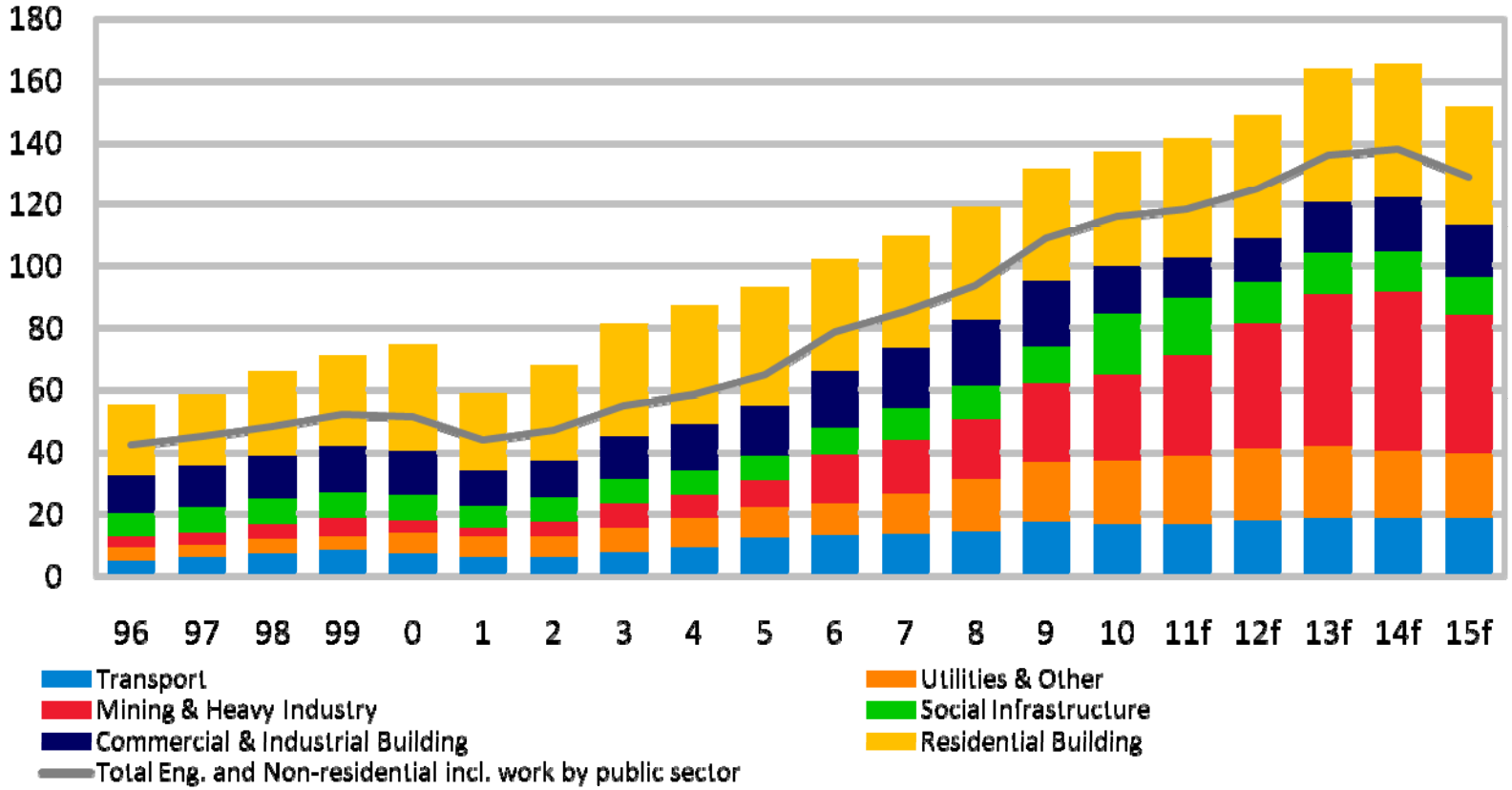
- Restructured to longer term debt
- US$110m Indonesian bond maturing this year
- Gearing currently at 39%
- The debt maturity profile is robust

Outlook and Summary

Australian Infrastructure Market

TOTAL CONSTRUCTION VALUE OF WORK DONE BY PRIVATE SECTOR

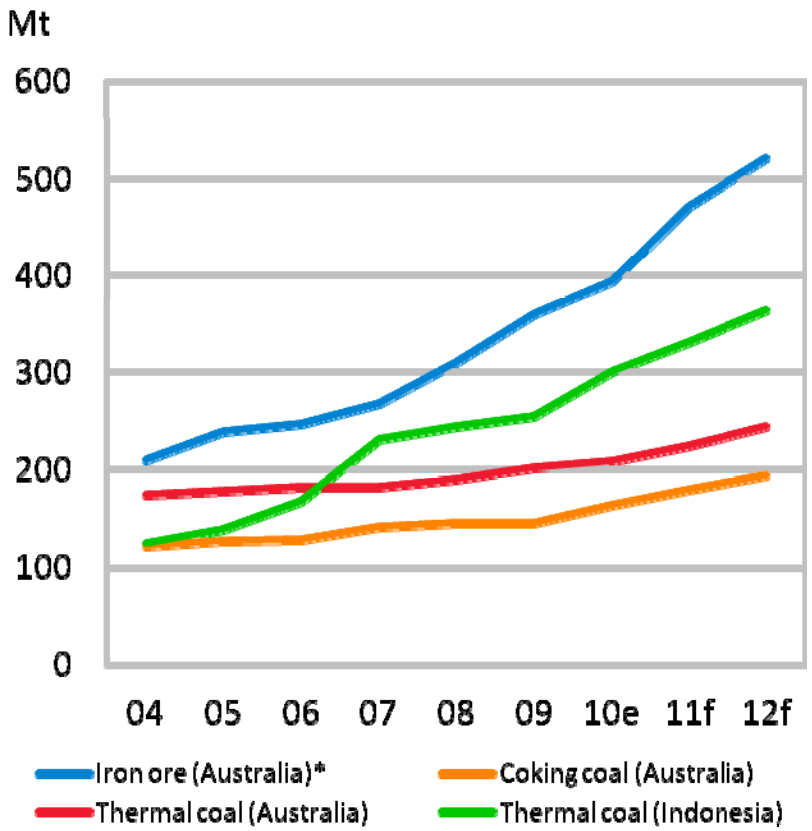
$bn (constant 07/08 prices)



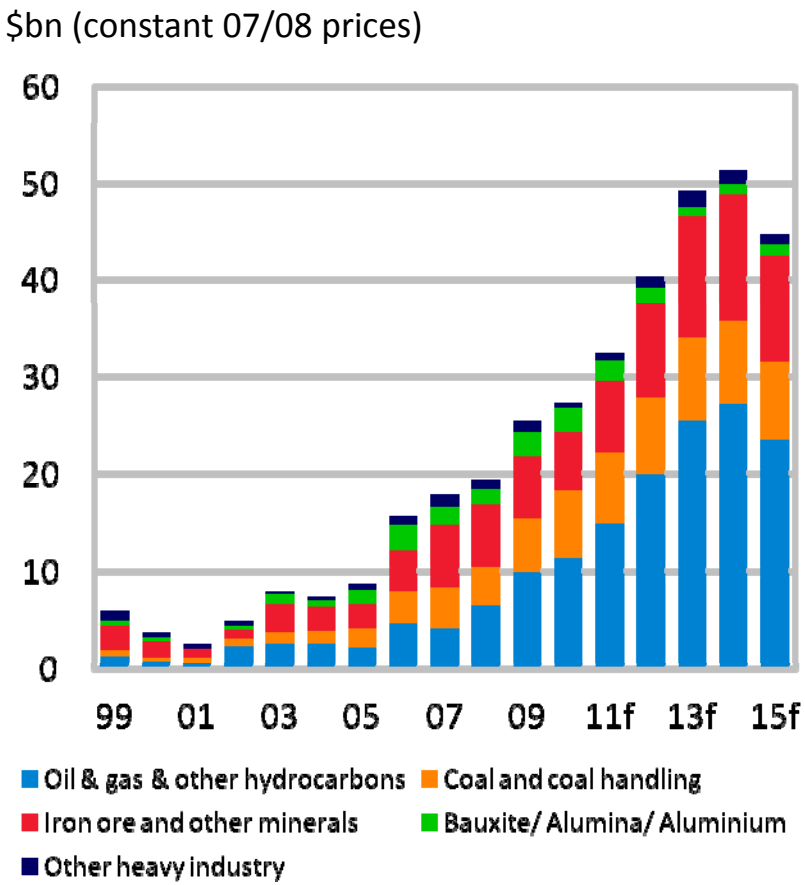
Source Note: Macromonitor Jan. 2011. Total value of work done by the Private sector. Year end June.

Australian Resources Market

COMMODITY PRODUCTION VOLUMES



TOTAL MINING AND HEAVY INDUSTRY VALUE OF WORK DONE



* Iron ore (Australia) is exports only, although exports account for almost all production

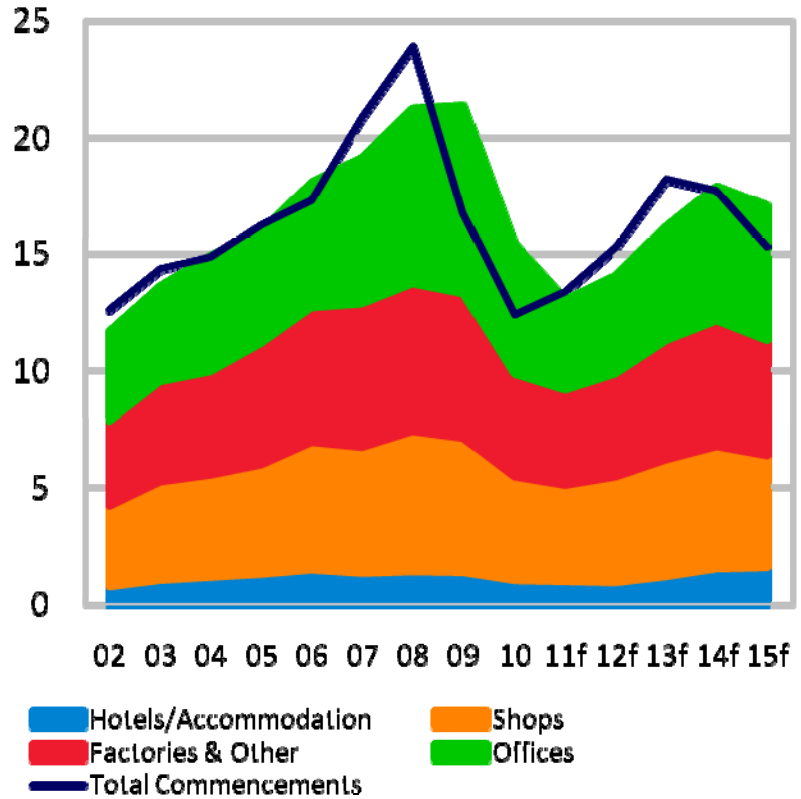
Source: ABARE Dec 2010; Wood McKenzie Dec 2010; Macquarie Research Dec 2010

Source: Macromonitor December 2010. Year end June

Australian Property Market

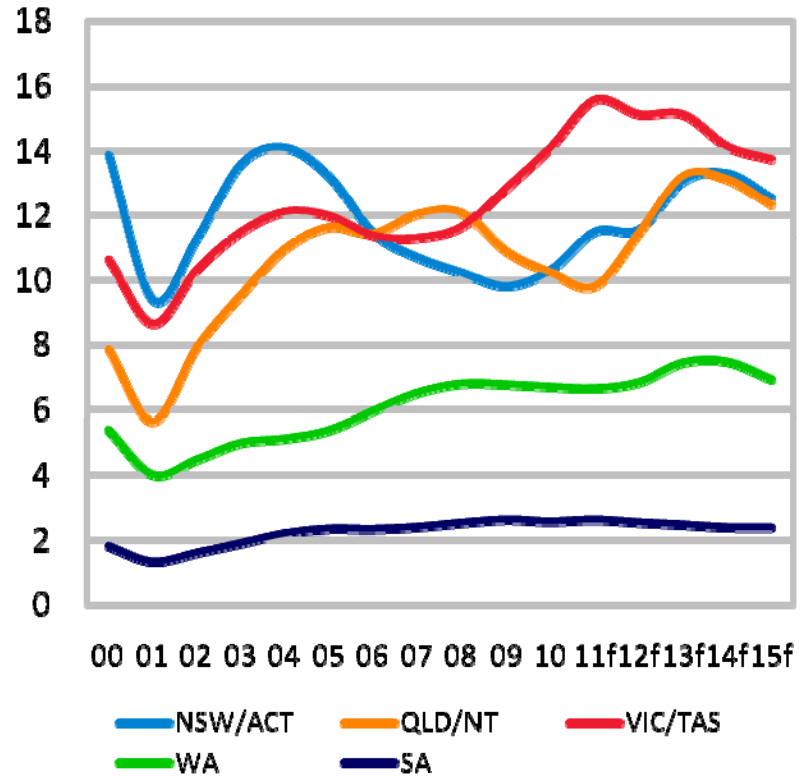
COMMERCIAL AND INDUSTRIAL PROPERTY VALUE OF WORK DONE AND COMMENCED

$bn (constant 07/08 prices)



RESIDENTIAL PROPERTY VALUE OF WORK DONE

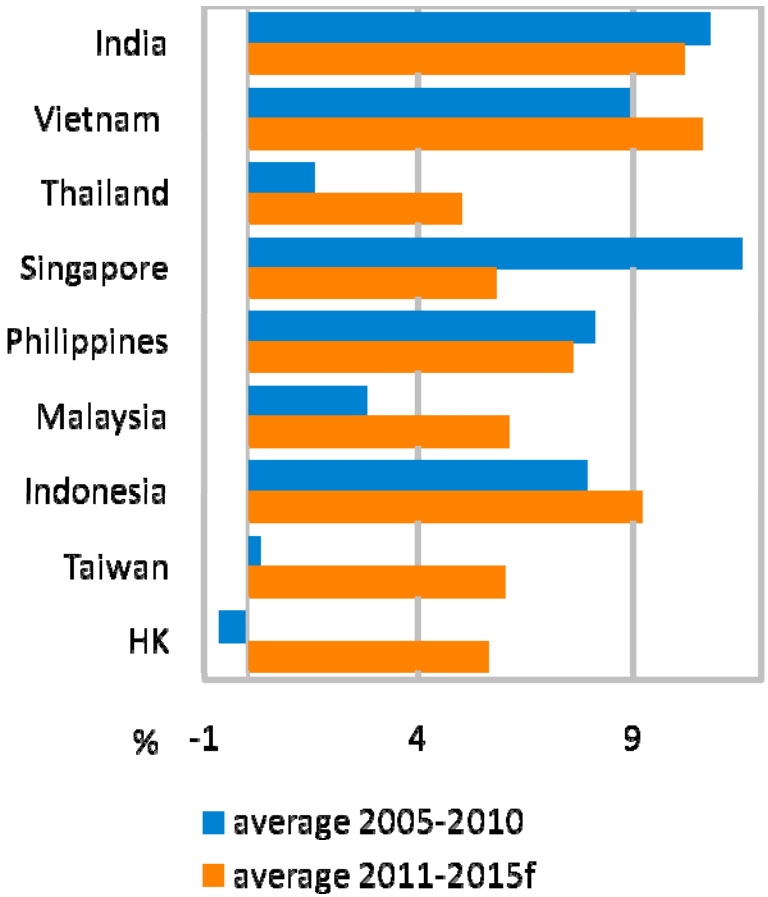
$bn (constant 07/08 prices)



Source: Macromonitor, Australian Construction Outlook Jan 2011. Year end June.

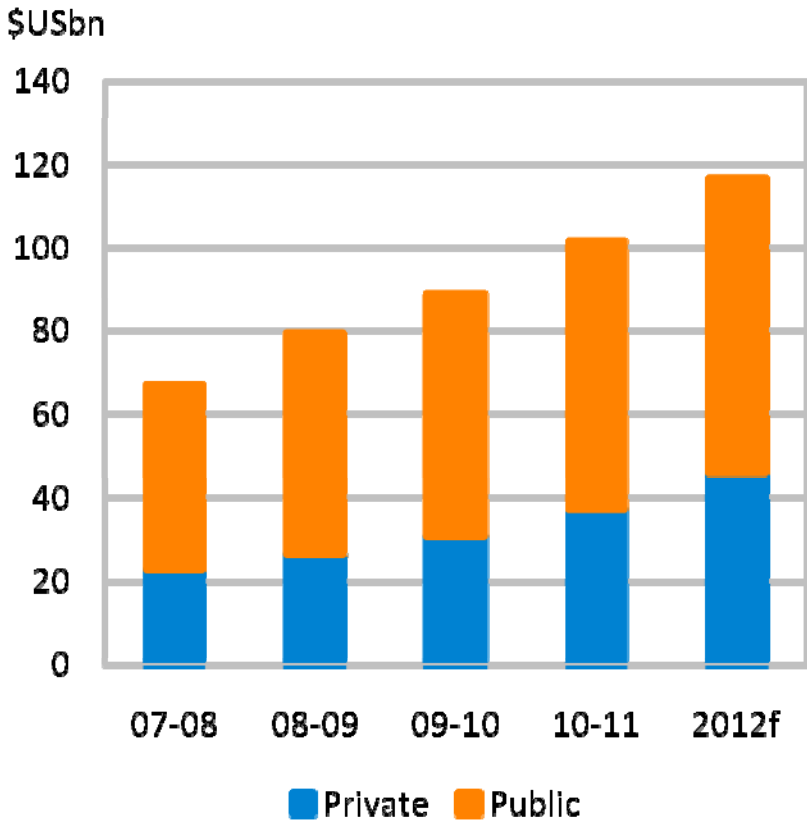
Asian Construction Markets

REAL GROWTH IN CONSTRUCTION OUTPUT



Source: IMA Asia, Q4 2009 Forecasts

INDIA'S INFRASTRUCTURE CONSTRUCTION



Note: FX: 1 US$= 46.7 INR

Source: Government of India; IEPR; Year end March

Summary

- Disappointing result – working through issues
- Record $45.6bn of work in hand
- Most of our major markets are very positive
- Margin in hand supports outlook
- Experienced management team focused on reducing costs
- Disciplined approach to be applied
- Expect full year NPAT of around A$480m

Half Year Results Presentation

February 2011

Leighton Holdings

Appendix - Operational Company Performance

Summary Of Operating Company Performance

KEY OPERATING COMPANY METRICS IN A$M

A$m	Thiess	LCPL	JHG	LAL	LIL	HLG	LPPL
Dec 2010							
Work in hand	16,257	12,296	7,053	5,601	1,383	2,126	925
Revenue	3,596	2,865	1,848	458	349	509	78
Segment result	101	128	20	32	258	(158)	(20)
Dec 2009							
Work in hand	16,060	8,827	5,486	3,700	747	2,979	636
Revenue	3,174	2,725	1,784	515	279	556	51
Segment result	169	111	109	44	9	(4)	(18)

Source Note: ASX Report and 4D

Thiess' Operational Performance

Key metrics	Dec 2010* ($'m)	June 2010 ($'m)	June 2009 ($'m)
Work in hand	16,257	16,261	14,783
Revenue	3,596	6,643	5,492
Segment result	101	425	183

- Work in hand up 3% from previous Dec
- Revenue up by 12%
- Segment result impacted by write-down on Airport Link
- Floods adversely impacted mining
- Solid result and on track for a strong result before impairments

* Half Year to 31 Dec

Leighton Contractors' Operational Performance

Key metrics	Dec 2010* ($'m)	June 2010 ($'m)	June 2009 ($'m)
Work in hand	12,296	9,797	9,466
Revenue	2,865	5,272	5,726
Segment result	128	271	258

- Work in hand up strongly
- Revenue up by 7% for the half
- Award of new $1.7bn Royal Adelaide Hospital a highlight
- New MD appointed
- On track for improved result

* Half Year to 31 Dec

John Holland's Operational Performance

Key metrics	Dec 2010* ($'m)	June 2010 ($'m)	June 2009 ($'m)
Work in hand	7,053	5,302	4,936
Revenue	1,848	3,621	3,702
Segment result	20	180	150

- Record level of work in hand secured
- Segment result impacted by write-down on Airport Link
- New rail work awarded in NSW
- Good underlying result forecast but impacted by Airport Link

* Half Year to 31 Dec

HLG's Operational Performance

Key metrics	Dec 2010* ($'m)	Dec 2009 ($'m)
Work in hand	2,126	2,979
Revenue	509	556
Segment result	(158)	(4)

- Reported an operating loss
- Award of new projects remains slow
- Impairment of $100m taken by Leighton Holdings impacted segment result
- Carrying value approx $1bn
- Will continue to monitor

* Half Year to 31 Dec

Leighton Asia's Operational Performance

Key metrics	Dec 2010* ($'m)	June 2010 ($'m)	June 2009 ($'m)
Work in hand	5,601	6,001	3,178
Revenue	458	1,149	677
Segment result	32	88	16

- Work in hand maintained at high levels but impacted by currency
- New mining work awarded in Mongolia and Indonesia
- On track for another strong result

* Half Year to 31 Dec

Leighton International's Operational Performance

Key metrics	Dec 2010* ($'m)	Dec 2009 ($'m)
Work in hand	1,383	747
Revenue	349	279
Segment result	258	9

- Solid performance in first half
- A highlight was the sale of 35% of the Indian business to Welspun
- Also agreed to sell stakes in 2 toll roads
- Strategic review of business undertaken and responsibilities will be re-allocated

* Half Year to 31 Dec

Leighton Properties' Operational Performance

Key metrics	Dec 2010* ($'m)	June 2010 ($'m)	June 2009 ($'m)
Work in hand	925	565	444
Revenue	78	211	384
Segment result	(20)	(73)	(59)

- Tough year and another loss reported
- Dealing with legacy projects
- Approx $370m of funds employed but $100m of legacy issues being dealt with
- Undertaking a strategic review

* Half Year to 31 Dec

Half Year Results Presentation

February 2011

Leighton Holdings