NOTICE OF ANNUAL GENERAL MEETING 2005
Leighton Holdings Limited
ABN 57 004 482 982
To: The Shareholders
Notice is hereby given that the Annual General Meeting of the members of Leighton Holdings Limited will be held at the Four Seasons Hotel Sydney at 199 George Street, Sydney, on Thursday 10 November 2005, at 10.00 am. A separate Notice of Meeting and Proxy Form is enclosed. During the course of the meeting, a short presentation on the Group’s operations will be given by Wal King AO, Chief Executive Officer. All present are invited to join the Directors for light refreshments after the meeting.

WHO ARE WE?
Leighton Holdings Limited is the parent company of Australia’s largest project development and contracting group. Founded in Victoria in 1949, the organisation has grown from a small, privately owned civil engineering firm into a dynamic group that includes Thiess, John Holland, Leighton Contractors, Leighton Asia (Northern), Leighton Asia (Southern) and Leighton Properties. With 21,270 employees, the Group’s operations are spread all around the Asia-Pacific region on projects in Australia, Hong Kong, Indonesia, Malaysia, Singapore, Philippines, Thailand, Vietnam, China, Taiwan, Sri Lanka, Macau, India, Arabian Gulf, the near Pacific and New Zealand. Leighton Holdings is listed on the Australian Stock Exchange and has its head office in Sydney.

WHAT DO WE DO?
Leighton Group companies offer a broad range of project development and contracting services and skills to public and private sector clients across a wide range of industries. Project development skills – community infrastructure, property or resources-based – and project management of construction and property developments complement the Group’s contracting activities. These activities include engineering and building construction, contract mining, environmental services, operations and maintenance, and facilities management. Key resources include an experienced, long-serving management team, a strong balance sheet and the largest fleet of mobile plant and equipment in Australia.
THE LEIGHTON GROUP HAS REBOUNDED STRONGLY TO REPORT A RECORD PROFIT RESULT. WE HAVE ALSO CAPITALISED ON THE UPSWING IN THE AUSTRALIAN ENGINEERING AND RESOURCES MARKETS TO SECURE A NUMBER OF NEW CONTRACTS, BOOSTING WORK IN HAND TO A RECORD $15.5 BILLION. OUR FOCUS IS NOW ON SUCCESSFULLY CONVERTING THAT WORK INTO PROFIT.
# KEY STATISTICS

<table>
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<tr>
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<th>2005 $'000</th>
<th>2004 $'000</th>
<th>% change</th>
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<tbody>
<tr>
<td>Operating Revenue - Group</td>
<td>6,257,771</td>
<td>4,834,376</td>
<td>+29</td>
</tr>
<tr>
<td>- Joint Ventures</td>
<td>1,321,650</td>
<td>1,077,548</td>
<td>+23</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>123,605</td>
<td>91,900</td>
<td>+34</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>7,703,026</td>
<td>6,003,824</td>
<td>+28</td>
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<tr>
<td>New Contracts, Extensions &amp; Variations</td>
<td>9,755,712</td>
<td>9,575,434</td>
<td>+2</td>
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<tr>
<td>Value of Work in Hand*</td>
<td>15,470,760</td>
<td>13,042,980</td>
<td>+19</td>
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<tr>
<td>Profit from ordinary activities before tax*</td>
<td>287,044</td>
<td>145,433</td>
<td>+97</td>
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<tr>
<td>Income Tax</td>
<td>(81,612)</td>
<td>(39,296)</td>
<td>+108</td>
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<tr>
<td>Profit from ordinary activities after tax</td>
<td>205,432</td>
<td>110,031</td>
<td>+87</td>
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<tr>
<td>Total Capital and Reserves*</td>
<td>893,355</td>
<td>844,267</td>
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<tr>
<td>Total Assets</td>
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<td>2,744,883</td>
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<td>Cash net of Borrowings</td>
<td>399,753</td>
<td>511,184</td>
<td>-22</td>
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<tr>
<td>Undrawn Facilities and Guarantees</td>
<td>651,317</td>
<td>724,827</td>
<td>-10</td>
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<tr>
<td>Earnings per Ordinary Share</td>
<td>75.3¢</td>
<td>40.4¢</td>
<td>+86</td>
</tr>
<tr>
<td>Dividends per Ordinary Share</td>
<td>50.0¢</td>
<td>45.0¢</td>
<td>+11</td>
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*Excludes outside equity interests
*Includes Joint Ventures
FROM THE CHAIRMAN

“WE ARE PLEASED TO BE RETURNING TO MORE NORMAL LEVELS OF PERFORMANCE FOR SHAREHOLDERS”

GEOFF ASHTON AM CHAIRMAN
YEAR IN REVIEW

I am pleased to report to shareholders that the Leighton Group has successfully delivered a much improved performance in 2004/05. The Company reported a profit after tax of $205 million, up 87% on last year, while work in hand rose by 19% to $15.5 billion.

A highlight was the successful award of the Group's largest ever contract, the $2.5 billion EastLink Motorway in Melbourne, to a joint venture between Thiess and John Holland. Our record work level and the buoyant outlook for the infrastructure and resources markets - driven by a number of major infrastructure projects in Australia and strong demand for this country's resources - position us well for the future.

GOVERNANCE, RISK MANAGEMENT AND THE BOARD

We have incorporated a Summary of Corporate Governance Practices in this year's Concise Annual Report. The Summary outlines the Board's policies and principles, as measured against the best practice recommendations contained in the ASX Corporate Governance Council Guidelines.

In line with best practices corporate governance processes, David Mortimer was appointed as the independent, non-executive Chairman of the Audit Committee, replacing David Robinson. David remains a valued member of the Audit Committee, and I thank him for his leadership over past years.

Last year, the Board initiated an extensive review of the Company's risk management policies and procedures. The Board believes that the review's recommendations have been successfully implemented, further enhancing the Group's best practice risk management system.

The reconstitution of several of the Board's committees has resulted in an increase in the activities of Board members. There were 9 scheduled Board meetings and 18 committee meetings held during the year.

PEOPLE

The Board recognises the Group's workforce as its greatest strength; a community of more than 21,000 skilled and experienced staff who drive the performance of the Company. At any time our responsibilities also extend to some 20,000 sub-contractors who are integral to our operations. We acknowledge the tremendous efforts of all Group employees and sub-contractors over the past year, both their contribution to securing new work, as well as the enthusiastic performance and professional project delivery skills they provide on a daily basis.

OUTLOOK

Looking forward, the Australian construction market continues to offer many opportunities, fuelled by significant State and Federal government spending on transport infrastructure. The resources sector is another important market and one that is undergoing tremendous growth. Overseas, our subsidiaries continue to harness the potential of existing markets and explore new markets in Asia, building on the new work secured in Indonesia, Hong Kong and other countries.

As a result of the sustained upswing in both the infrastructure and resources sectors the Board expects to post solid profit growth in the year ahead. Whilst winning work remains important, our major focus is to effectively manage the risks associated with the many large and complex projects currently underway.
CHIEF EXECUTIVE’S REPORT

“NOW THAT WE HAVE REBOUNDED, OUR FOCUS IS ON EXTRACTING THE PROFIT POTENTIAL FROM OUR WORK IN HAND”

WAL KING AO CHIEF EXECUTIVE
ACHIEVEMENTS
Finalising Sydney Hilton and progressing Spencer Street Station
Work in hand increased to record $15.5 billion
Securing $2.5 billion EastLink motorway

REVIEW OF OPERATIONS
In Australia, significant investment by the public and private sectors in infrastructure is driving an upswing in the Group’s traditional construction market. A highlight was the award of the Group’s largest ever project, the $2.5 billion EastLink motorway in Melbourne, to a joint venture between Thiess and John Holland.

Fuelled by demand from China, the Group’s mining and resources operations performed very well. The resources boom led to Thiess securing some large process engineering projects and a number of new mining contracts were awarded to Thiess and Leighton Contractors. Recognising the significance of the mining and resources market for the Group, we have included a more detailed outlook for this market on pages 15 to 16.

Leighton Contractors finalised the Hilton Hotel project during the period and made substantial progress on the Spencer Street Station.

The property market continues to provide a range of opportunities, particularly for Leighton Properties who have more than $2 billion in developments currently underway. The Group’s operating companies have been selective in pursuing building opportunities... has recommenced for Leighton Asia (Southern). In Indonesia, the Group’s contract mining operations performed well.

PEOPLE AND THE WORKPLACE
Our experienced and professional staff, and many specialist sub-contractors, are central to our performance. Given the strong upswing in construction and mining activity we are experiencing, the Group has had to develop innovative solutions to the recruitment, retention, training and professional development of staff.

Safety remains of the highest priority and we have again published detailed statistics on our performance in the Health, Safety, Environment and Community report on pages 17 to 20. The reporting is supplemented by further reporting in the individual operating company reviews.

OUTLOOK
The Group’s outlook is very positive. In Australia, a number of major transport and other infrastructure projects are now underway or in the detailed planning stages. In Brisbane, Group companies are bidding on the North-South Tunnel and the Gateway Bridge duplication.

The resources boom appears set to continue for a number of years and will drive investment in new infrastructure over the next few years, which should provide significant process engineering opportunities. We remain very positive about the longer-term outlook for contract mining of coal and other minerals.

Our challenge is to extract the full profit potential from our record work load of $15.5 billion and to secure replacement work at acceptable margins. The upswing in our core markets means that we will be selective in pursuing projects and the combination of the opportunities available, our balance sheet strength and our people, position us very well to deliver strong returns to shareholders over the next few years.
FINANCIAL MANAGEMENT

“A STRONG BALANCE SHEET IS ABSOLUTELY VITAL TO BE SUCCESSFUL AS A CONTRACTOR”

DIETER ADAMSAS DEPUTY CEO AND CFO
ACHIEVEMENTS
Substantially improved profit result
Recognition of balance sheet strength by Moody’s
Strengthened risk management processes and procedures

CHALLENGES AHEAD
Successful execution of major projects
Managing substantial investment in plant and equipment
Continual improvement in risk management

Moody’s recognition of balance sheet strength
During the year, Moody’s Investors Service (Moody’s) recognised the strength of the Leighton Group’s balance sheet by assigning an issuer rating of Baa1 to the company and a rating of Baa2 to the Leighton Notes. Moody’s Baa1 rating is the equivalent of Standard & Poors’ (S&P) current BBB+ rating, while Moody’s Baa2 rating for the Leighton Notes is one notch higher than S&P’s current BBB- rating.

The Group has delivered a substantially improved profit of $205 million in 2004/05. We have a very healthy balance sheet, record levels of work in hand and strongly growing revenues, which support a positive outlook for the next few years.

BALANCE SHEET
The Group’s financial base was further strengthened during the year. Currently, the Group has total assets of $3.03 billion, net assets of $895 million and net cash of $400 million. Bond and guarantee facilities stand at $2.7 billion up 29% on last year, reflecting the growth in our work in hand.

ACQUISITIONS, INVESTMENTS AND DIVESTMENTS
The Group’s capital expenditure program was increased during the year, driven mainly by investment in plant and equipment for our mining operations. We expect the value of our plant fleet to peak at around $1 billion on balance sheet by the end of 2006, with a further $400 million worth of equipment financed off balance sheet. We will also continue to invest in the development of major tollroads and other public private partnerships as these opportunities emerge.

The Group sold its stake in Mirvac during the year and a number of development properties. The Group’s investment portfolio is outlined on page 14.

RISK MANAGEMENT
During the year, the Group undertook a detailed risk management assessment and further enhanced its risk management policies and procedures related to financial and operational performance. Our focus on the tendering process and post-tender operating risk assessment was intensified with the creation of a new Executive General Manager, Risk role in Leighton Holdings.

SHAREHOLDER COMMUNICATIONS
Providing timely and useful advice to shareholders about the company’s strategies and performance continues to be an important part of our communications activities. During the year we conducted a major upgrade of the website to provide an increased level of information. The site will continue to evolve in response to the needs of shareholders. We also strengthened our focus on investor relations and corporate affairs.

In February, we announced a change to the Group’s profit recognition methodology, in order to better align the recognition of construction profits and revenues. The change reflects the very significant growth in the size of major projects being undertaken by the Group. Five years ago our largest construction project was worth $200 million. Today there are 13 or 14 projects of that size or greater, including three projects valued at over $1 billion, with EastLink worth $2.5 billion to the Group.

OUTLOOK
Looking forward, the Group is well positioned to capitalise on the major upswing in the Australian resources and infrastructure sectors, backed by the diverse workload across our Asian subsidiaries.

The Group’s unprecedented level of work in hand of $15.5 billion is expected to push revenues higher, to over $8 billion next year, and increase profitability over the next few years.
FINANCIAL MANAGEMENT CONTINUED

Leighton Total Shareholder Return versus All Ordinaries Accumulation Index for 10 Years
Performance scaled to 100

Total Equity and Reserves*
Smillion

Return on Total Equity and Reserves
%

Net Tangible Assets per Ordinary Share
S

Earnings per Ordinary Share
¢

Dividends per Ordinary Share
¢

*Excludes minority equity interests
**OPERATIONS ANALYSIS**

**Investments**

**Engineering & Infrastructure**
- Asia Pacific Transport Consortium: John Holland has an 11.7% holding in the concession company for operation of the Alice Springs to Darwin railway in the Northern Territory.
- Westlink Motorway Limited: Leighton Contractors has 10% of the consortium to design, build, maintain and operate the M7 Westlink Motorway in Sydney.
- Lane Cove Tunnel Company: Thiess and John Holland have 11% of the consortium to design, build, maintain and operate the Lane Cove Tunnel in Sydney.
- ConnectEast Group: Thiess and John Holland have 15.2% of the consortium to design and construct the EastLink project in Melbourne.
- James Fielding Infrastructure: Leighton Holdings holds a 50% stake in a funds management joint venture with Mirvac.
- North Luzon Expressway: Leighton Asia holds a 16.5% stake in the Manila North Tollways Corporation.

**Mining and Resources**
- Burton Coal Mine: Thiess retains a 5% investment in the Burton Coal Mine in Queensland. The other 95% is owned by Peabody.

**Property**
- Viridian Noosa: Leighton Properties holds a 50% share in a property at Noosa in Queensland where a residential/resort development is being developed.
- 100 Pacific Highway: Leighton Properties holds a 50% share in a development property in North Sydney where a commercial office tower is being developed.
- Mulgrave: Leighton Properties is developing a suburban office park in Melbourne.
- Lynbrook: Leighton Properties is subdividing industrial land at Lyndhurst, Melbourne.
- 233 Castlereagh Street: Leighton Properties holds a 50% share in an office tower in the Sydney CBD.
- Sydney Airports: Leighton Properties holds a 33⅓% stake in leasehold development land at Bankstown airport, a 25% interest in leasehold land at Camden airport and a 50% stake in freehold development land at Hoxton Park airport.
- Tooronga: Leighton Properties is developing a Homemaker Centre on a site in Toorak, Melbourne.
- Marcus Clarke: Leighton Properties holds a 50% share in a development site in Canberra where a commercial office tower is proposed.

**Telecommunications**
- Nextgen Networks: Leighton Contractors owns a telecommunications company Nextgen Networks Pty Limited and its 8,400km national fibre-optic network.

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**Group Operating Revenue 2005 $7579 million**

by Geographic Area

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<th>03</th>
<th>04</th>
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<td>Australia</td>
<td>3035</td>
<td>3915</td>
<td>4441</td>
<td>4939</td>
<td>6509</td>
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<tr>
<td>Asia</td>
<td>1302</td>
<td>1219</td>
<td>959</td>
<td>973</td>
<td>1070</td>
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<tr>
<td>Americas/Other</td>
<td>19</td>
<td>86</td>
<td>46</td>
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<td>0</td>
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<tr>
<td><strong>Total $million</strong></td>
<td>4356</td>
<td>5220</td>
<td>5446</td>
<td>5912</td>
<td>7579</td>
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by Market Segment

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<tbody>
<tr>
<td>Engineering &amp; Infrastructure</td>
<td>1577</td>
<td>1846</td>
<td>1648</td>
<td>2032</td>
<td>2748</td>
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<tr>
<td>Building &amp; Property</td>
<td>1050</td>
<td>1163</td>
<td>1057</td>
<td>1057</td>
<td>2007</td>
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<tr>
<td>Mining &amp; Resources</td>
<td>1040</td>
<td>1406</td>
<td>1847</td>
<td>1450</td>
<td>1895</td>
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<tr>
<td>Operation &amp; Maintenance</td>
<td>689</td>
<td>805</td>
<td>894</td>
<td>992</td>
<td>929</td>
</tr>
<tr>
<td><strong>Total $million</strong></td>
<td>4356</td>
<td>5220</td>
<td>5446</td>
<td>5912</td>
<td>7579</td>
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**Group Work in Hand 2005 $15471 million**

by Geographic Area

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<tbody>
<tr>
<td>Australia</td>
<td>5590</td>
<td>6164</td>
<td>8061</td>
<td>9945</td>
<td>12274</td>
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<tr>
<td>Asia</td>
<td>2191</td>
<td>2170</td>
<td>1601</td>
<td>3098</td>
<td>3197</td>
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<tr>
<td>Americas/Other</td>
<td>44</td>
<td>37</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total $million</strong></td>
<td>7825</td>
<td>8371</td>
<td>9662</td>
<td>13043</td>
<td>15471</td>
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</tbody>
</table>

by Market Segment

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<td>3590</td>
<td>4149</td>
<td>6266</td>
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<tr>
<td>Mining &amp; Resources</td>
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<td>3417</td>
<td>5304</td>
<td>5967</td>
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<tr>
<td>Operation &amp; Maintenance</td>
<td>1426</td>
<td>951</td>
<td>1069</td>
<td>1527</td>
<td>1731</td>
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<tr>
<td>Building &amp; Property</td>
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<td>924</td>
<td>1586</td>
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<td><strong>Total $million</strong></td>
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<td>8371</td>
<td>9662</td>
<td>13043</td>
<td>15471</td>
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</table>
Australia has been experiencing an almost unprecedented resources boom over the last few years, driven by the awakening of the giant that is China. While China is not alone in contributing to the growth in demand for Australia’s coal, iron ore and other minerals, it was responsible for almost half the growth in world demand for key commodities in 2004. This strong demand growth has soaked up a previous oversupply in base metals and thermal coal, which emerged following strong worldwide resources investment in the second half of the 1990s.

Fuelling the demand growth has been the dramatic expansion of the Chinese economy. The Australian Government’s Department of Foreign Affairs and Trade (DFAT) believe that China is now the world’s seventh-largest economy and among the fastest growing. “GDP officially grew by 9.5% in 2004, the fastest for eight years, and has averaged above 8% growth over the last decade,” according to DFAT. At that sort of sustained growth rate, the Chinese economy would double in another 9 years.

Looking forward, many economists expect China to grow at between 7% and 9.5% per annum over the next decade. As this growth requires significant investment in infrastructure and energy, it means that China is going to be highly dependent on imported commodities. China should therefore continue to exert a large influence on the demand for Australia’s resources.

A number of analysts are now suggesting that global commodity markets are set for a long boom and that prices may remain at historically high levels. Citigroup resources analyst Alan Heap is one who believes a super cycle is underway, driven by the economic growth of China.

“A super cycle is a prolonged (decades) trend rise in real commodity prices, driven by the urbanisation and industrialisation of a major economy. There have been two super cycles in the last 150 years: late 1800s to early 1900s, driving...
economic growth in the USA; 1945-1975, prompted by post-war reconstruction in Europe and by Japan's later, massive economic expansion," explains Alan.

The basis for the next super cycle is a continuation of the ongoing process of urbanisation, industrialisation and modernisation of China. Another major force driving commodities could be India, as it eventually undergoes the same sort of development as China. And though a slowdown in China around 2008-2010 – following the completion of Olympics and related projects – remains a possibility, even moderate growth in demand will still exert a strongly positive influence on overall demand for resources. Even with a slowdown, the aggregate level of demand from China is expected to remain at all time high levels.

the volume of contract mining work is also growing solidly. We expect the solid expansion in the contract mining sector to continue over the next few years, with the main limitation on growth being the capacity of the contract miners themselves to take on more work.”

All of the investment in resources infrastructure should also lead to a substantial increase in maintenance work. Under-investment in maintenance during the late 1990s and early 2000s mean there is a substantial amount of ‘catch-up’ work to be done, while new infrastructure will also need to be maintained.

Looking forward, the China induced resources boom looks set to remain strong, as a ‘super cycle’ or at least as a continued upswing for the next few years. Either way, resources are an important market for the Leighton Group in terms of process engineering, contract mining and maintenance work, and can be expected to offer significant opportunities going forward.
HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

THE LEIGHTON GROUP’S CORE VALUES ENCOMPASS OUR COMMITMENT TO PROVIDING A SAFE AND HEALTHY WORKPLACE, PROTECTING THE ENVIRONMENT AND ACCEPTING OUR SOCIAL RESPONSIBILITIES
HEALTH AND SAFETY

The health and safety of our workforce is of fundamental importance. We believe in creating a safe, challenging and fun workplace, while striving to ensure employees return home each day in the same health and condition as when they arrived at work.

In 2005, the Board is deeply saddened to report that there were four work-related fatalities within the Group: in Australia in November 2004 in John Holland, Queensland; in Leighton Asia (Northern), Philippines in December 2004 and April 2005; and in July 2004 in Thiess, Indonesia. These incidents illustrate that danger exists not only in the workplace – or the project site – but also beyond the project site, where we have limited ability to control events. However, our commitment to the well-being of our people must extend to all of them, wherever they are.

Our commitment to safety starts at Board level. The Leighton Holdings Board sets the Group’s Safety Policy and oversees safety performance through a review of quarterly reports from each of the operating companies. Quarterly performance reports contain detailed statistics and management analysis of work-related incidents, derived from reporting criteria and targets that are standardised across the Group. Within the Group’s operating companies, Safety Management Committees are responsible for implementing each company’s own safety policy. Leighton Group projects, both in Australia and offshore, are also subjected to rigorous safety audits. These audits measure compliance with our health and safety policies.

The Group’s safety statistics report Asia’s performance separately from Australia’s, as Asia covers a number of countries, each of which has different legislative, definitional and reporting requirements. This makes direct comparison with Australian performance measures inappropriate. Individual safety statistics and commentary for each operating company are reproduced in the operating company reviews, starting from page 23.

The Lost Time Injury Frequency Rate (LTIFR) measures how often incidents that result in lost time injuries or industrial disease occur per million man-hours worked. In the past five years, the Group’s LTIFR performance has improved by 49% in our Australian operations, and by 84% in our Asian operations.

The Lost Time Injury Severity Rate (LTISR) is an indicator of the severity of the lost time injuries that occur per million man-hours worked. The LTISR has improved by 49% for our Australian operations in the last five years.

Safety is everyone’s responsibility. Safety systems will always be changing and improving to meet new situations and address changing workplace requirements. But these systems need to be actively managed, relying on support and input from both management and employees, to keep them effective and able to safeguard our people.
PEOPLE AND THE WORKPLACE

The Leighton Group’s operations are powered by our skilled and dedicated people, and their enthusiasm for delivering quality projects. As our business has grown over the year, so has the number of people employed to support our operations in Australia and Asia. Total employee numbers have increased to 21,270 as of 30 June 2005, up some 35% over the course of the year. Of those employees, 55% are employed in our Australian operations, while 45% are working overseas.

The strong upswing currently being experienced in the Group’s core infrastructure and resources markets is resulting in an industry skills shortage. Sourcing experienced and capable professional employees and subcontractors to meet the growth in the business is a significant challenge.

The Group’s operating companies are developing innovative strategies to attract, retain and develop employees. Leighton Contractors conducted a successful off-shore recruitment drive in Europe and Asia and has employed a number of engineers to support operations in Australia. Thiess has a long-term relationship in place with the University of Queensland to provide industrial training and scholarships for talented students in engineering, accounting and other professional disciplines. In Australia and Indonesia, Thiess also provides a range of TAFE accredited training courses and apprenticeships for technical staff including mechanics and heavy vehicle drivers.

Last year, John Holland became the first major Australian contractor to introduce a paid parental leave scheme for salaried employees. The scheme, which offers three months leave on full pay to new mothers and one week’s full pay to fathers, was developed to help salaried employees better balance their work and family commitments. John Holland has also developed a ‘Young Guns’ emerging leaders program to identify and train staff with the potential to fill the company’s executive management positions, and provide a coordinated career development path.

The Group’s operating companies are also tackling the issue of diversity. While the gender balance disproportionately favours males, who make up 90% of the Group’s workforce, the number of women across the organisation is steadily increasing. At June 2005, 2,073 of the Group’s employees are women and they are engaged in a wide variety of operational, management and administrative roles, both in Australia and Asia.

Indigenous recruitment and training programs are an important part of our commitment to the often remote local communities in which we are working. John Holland has enshrined a commitment to increasing indigenous employment on major projects by signing a Memorandum of Understanding with the Federal Government. The company has a significant indigenous employment record in its rail operations through directly employed staff and subcontractors and is actively pursuing strategies to boost indigenous recruitment and training programs on some of Australia’s largest infrastructure projects.

In addition to assisting meet the Group’s recruitment needs, these innovative human resources strategies are helping to position the Group’s operating companies as employers of choice in the industry.
ENVIRONMENT AND COMMUNITY

The Leighton Group recognises that it needs to be both a good corporate citizen and a good neighbour. We aim to minimise any harmful impact on the environment and communities in which we work, while positively contributing to the social and economic development of those communities where we can.

The Group manages environmental risk through its Environmental Policy, which aims to maintain high standards and encourage continual improvement of environmental management systems. The Policy’s quarterly reporting regime requires environmental performance, including any incident and the corrective action taken, to be reported to the Board of Leighton Holdings. The Group utilises a standard Environmental Incident Severity Classification, which categorises incidents into 12 types of impacts. The severity of the impact is reported as high (Level 1), medium (Level 2) or low (Level 3).

In our Australian operations, no Level 1 incidents were recorded during the year, despite some 54 million man-hours being worked (up 20% on the prior period). Australian environmental standards also apply to our Asian operations. Unfortunately, our first Level 1 incident in Asia in five years was recorded in Indonesia, when 6,600 litres of fuel was spilt following a collision between a Thiess fuel tanker and an illegal miner at Thiess’ Satui mining operations. A quick emergency response prevented the loss of a further 28,600 litres of fuel, with immediate remediation removing 162 tonnes of contaminated soil from the site, which was disposed of in the mine’s controlled landfill.

The Group's operating companies have significantly reduced the number of Level 2 incidents experienced during the year. In Australia, 11 Level 2 incidents were reported, a 48% reduction on the previous year. In Asia, the number of Level 2 incidents dropped from 7 to 3.

Leighton Holdings encourages each operating company to foster mutually beneficial relationships with the communities in which they operate. Consultation and communication through websites, emails, newsletters and advertising are designed to keep the community fully informed about the status of project works. Often first on-site and the last to leave, dedicated community liaison officers conduct consultative resident forums and respond quickly to any concerns raised. The Group’s activities include working with indigenous communities to identify and relocate sacred scar trees on the EastLink motorway project, providing advance notice of tunnelling operations and temporary relocation of residents where requested on the Lane Cove Tunnel project, and hosting regular consultative community meetings on the Westlink M7 project. Well-planned and active community relations campaigns provide significant benefits for all stakeholders involved in our projects.

Being a good corporate citizen means giving back to the community – through donations of staff time, goods, services and cash to a range of causes. This year, we were saddened by the tragic impact of the Asian earthquake and tsunami. In response, the Group provided over $500,000 in cash donations to a number of Australian and Asian charities, and additional in-kind support, including the donation of portable staff accommodation buildings, school books and equipment, and matched staff contributions, to assist relief and reconstruction efforts. Further information about the Group’s charitable and community activities can be found in the ‘Working with our communities’ brochure available online at www.leighton.com.au and individual operating company websites.

Westlink M7 pathway
Leighton Contractors are constructing a 40 km shared cycleway and footpath in Western Sydney as an integral element of the Westlink M7 project. Featuring specially designed bridges over roads and creeks, and an asphalt surface for a smooth ride, the shared pathway is well lit along its entire length. At up to 4 metres wide, the path provides plenty of space for both pedestrians and cyclists. The cycleway also features heritage panels which outline natural, indigenous and European history. When opened for traffic next year, the Westlink M7 pathway will be an outstanding addition to the communities surrounding this major piece of urban infrastructure.
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27_ John Holland
31_ Leighton Contractors
35_ Leighton Asia (Northern)
39_ Leighton Asia (Southern)
43_ Leighton Properties
REVIEW OF OPERATIONS
THIESS

“OUR FOCUS GOING FORWARD WILL BE ON LEVERAGING THE INTELLECTUAL, HUMAN AND FINANCIAL CAPITAL OF OUR CORE BUSINESS”

ROGER TRUNDLE MANAGING DIRECTOR
With continued focus on expanding our core business areas and increasing contributions from new major projects, we delivered a record $3.0 billion turnover in 2004/05.

THE YEAR IN REVIEW

The award of Australia’s largest transport infrastructure project, EastLink, was a significant highlight for the year. EastLink is being delivered in joint venture with John Holland and our partner Macquarie Bank. Securing this $2.5 billion contract further demonstrates our capabilities in the delivery of major infrastructure projects, following the $1.1 billion Lane Cove Tunnel and the $860 million Epping to Chatswood Rail projects in NSW, both of which are progressing well.

It has also been a good year for our building and other civil engineering projects across Australia. New work awarded included the Cairns Harbour Lights Retail and Residential Development (Qld), the Five Islands Road Duplication (NSW) and three projects in WA - the Ravensthorpe Nickel Project and two contracts associated with further developments at Finucane Island, Port Hedland.

Two major process contracts were awarded in Indonesia - the Suban II Gas Project in joint venture with Hyundai and the Darajat III Geothermal Power Station working with Kanematsu. These projects, along with the award of several in Australia, have resulted in a very strong performance for the period for Thiess Process. Other new work included a contract to lead the mechanical and electrical construction alliance for the Alcan Gove Expansion Project (NT), Project Magnet for One Steel (SA) and the Hail Creek Expansion Project for Rio Tinto (Qld).
HEALTH AND SAFETY PERFORMANCE

Continued improvement in health and safety performance

Saddened to report a fatality in Indonesia

Over 80% of projects LTI free

17% reduction in LTIFR

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Lost Time Injury Frequency Rate (LTIFR)

Lost Time Injury Severity Rate (LTISR)

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PEOPLE AND SAFETY

For Thiess Services, new work awarded included an extension with South East Water (Vic), renewal of a services contract with Alinta National Power (Vic) and the Homebush Bay Remediation Project (NSW).

To further support our growth, we have appointed David Saxelby to the role of Chief Executive Australian Operations, aggregating responsibility for our Australian-based building, civil and mining activities through our four regional business units.

Commended to ensure a 17% reduction in LTIFR

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COMMUNITY AND THE ENVIRONMENT

One of Thiess’ core philosophies is to actively work with and support local communities to achieve mutually beneficial outcomes. Our community partnerships, sponsorships and donations are tailored to individual project objectives and community needs, covering a range of areas including education, health and emergency services, the humanities, social and community welfare, sport and recreation, the environment and conservation. Among the many community partnerships in which we are involved are the Life Stream Foundation, the Hear and Say Centre and the Leukaemia Foundation.

Over 80% of our projects were however lost time injury free for the year and the Thiess Group as a whole achieved a 17% reduction in the Lost Time Injury Frequency Rate. We are committed to ensuring continuous improvement in our safety performance; a focus driven by leadership and a range of initiatives implemented throughout the business, a rigorous auditing program and a network of safety professionals who share practices and resources.

OUTLOOK

Further growth is forecast in many of our core markets over the next 2-3 years. Record levels of work in hand provide a strong workflow of projects and we are also evaluating a number of new options for future growth potential.

Our focus going forward will be on leveraging the intellectual, human and financial capital of our core business to ensure we continue to expand in a sustainable and measured way. We are committed to working with our valued clients and business partners to achieve common goals and objectives.
JOHN HOLLAND

“WE CONTINUED TO EXCEED PERFORMANCE OBJECTIVES WITH A STRONG LEVEL OF PROFITABILITY AND $3 BILLION WORK IN HAND”

BILL WILD GROUP MANAGING DIRECTOR
The 2004/05 year saw John Holland cement its position as a key contributor to the Leighton Group. Now one of Australia’s biggest and the most diverse construction contractor, we continued to exceed our performance objectives with record profitability and work in hand (up from $2.1 billion the year before). Revenue including joint ventures was up 43% in the year to $1.77 billion and the company is the strongest it has been in its 56 year history.

THE YEAR IN REVIEW

A highlight of the year was our success in winning the $2.5 billion EastLink project in Melbourne in joint-venture with Thiess. Work has commenced on this 39 kilometre tollroad which includes twin 1.6 kilometre tunnels. Key to the success of the project is a challenging delivery date of November 2008.

In Brisbane, we won our biggest ever building and refurbishment contract with the award of Queensland’s first PPP project, the $227 million Southbank Education and Training Precinct. We were also awarded a $55 million contract to build the Green Bridge, Brisbane’s newest river crossing.

In Sydney, work began on the $76 million project to construct a new building at the University of Technology. We strengthened our relationship with Woolworths and are now working on three contracts for this major client, including two new distribution centres at Wyong, NSW and Wodonga, Victoria. Other new projects include the refurbishment of Perth’s Central Law Courts, the widening of Melbourne Airport’s main runway and a number of water treatment facilities particularly in Victoria, and several mechanical process projects including new infrastructure at Cowel mine worth $32 million.
NEW STROMLO WATER TREATMENT PLANT, ACT

MELBOURNE AIRPORT RUNWAY WIDENING WORKS, VIC

WOOLWORTHS NORWEST SUPPORT FACILITY, NSW

MELBOURNE SPORTS AND AQUATIC CENTRE, STAGE 2, VIC
HEALTH AND SAFETY PERFORMANCE

Safety performance remains ahead of industry average

Saddened to report a fatality in Queensland

Performance measures impacted by fatality

<table>
<thead>
<tr>
<th>Lost Time Injury Frequency Rate (LTIFR)</th>
<th>Lost Time Injury Severity Rate (LTISR)</th>
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<td></td>
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<tr>
<td>150</td>
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<td>100</td>
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01 02 03 04 05

Work is well advanced on Sydney's $1.1 billion Lane Cove Tunnel, which saw its first tunnel 'break through' in May. Work has commenced with Leighton Asia as part of a joint venture on the Kowloon Southern Rail Link in Hong Kong in a contract awarded post year-end. John Holland has also been short-listed as part of a consortium to build Brisbane's North-South Bypass Tunnel.

With effect from 1 July 2005, Leighton Holdings' interest in John Holland increased to 99%. Heytesbury Pty Ltd has opted to continue the successful partnership with Leighton Holdings by retaining the remaining interest and it is particularly pleasing that Janet Holmes à Court will remain as Chairman.

PEOPLE AND SAFETY

Our safety performance continues to be well ahead of industry averages. This is due in part to our philosophy of continuous improvement. In the past 12 months, we have undertaken a complete review of our OHS&WC Management System which sets clear expectations and minimum standards across all operations. However, we are saddened to report a fatality involving a sub-contractor's employee in Queensland.

One of the key challenges facing the company, and the broader construction industry, is the shortage of human resources. We have responded with targeted recruitment programs and focusing on understanding the expectations of our workforce, with a view to ensuring that we are able to offer a culture and careers which meet those needs.

COMMUNITY AND THE ENVIRONMENT

We understand that we are judged not only what we deliver, but how we deliver it. The Regional Fast Rail and EastLink projects in Victoria and the Lane Cove Tunnel in Sydney, showcase our work to minimise impacts on communities and ensure they are kept informed on developments in their localities.

Donations from our staff and the company resulted in $96,000 being raised for the Australian Red Cross Tsunami Appeal. In addition to this major donation, we sponsored more than $100,000 worth of community initiatives across Australia during the year.

Our environmental performance throughout the past year again proved to be excellent, and we now have several key projects which will set the benchmark for environmental management in the company.

OUTLOOK

Construction remains particularly buoyant and will continue to be a significant economic driver in the coming few years. It remains the biggest part of our business, making up $2.8 billion of our workload. Major projects like EastLink and Lane Cove Tunnel are significant contributors to this record workload, however the company is continuing to broaden its client and product base.

John Holland Rail continues to expand its workload and is pursuing opportunities out of the planned major investment in refurbishment of the rail system in the eastern states.

While current operations are primarily within Australia, we are targeting selected projects off-shore.
LEIGHTON CONTRACTORS

"WE HAVE A GOOD LEVEL OF HIGH QUALITY WORK WHICH SETS US UP WELL FOR THE IMMEDIATE FUTURE"

PETER MCMORROW MANAGING DIRECTOR
The past year marks a successful transition for Leighton Contractors. With some particularly difficult projects now either completed or well in hand, Leighton Contractors is on track for stronger performances in the coming years.

Going forward, we have $2.3 billion worth of work in hand across a diverse range of projects. While slightly down on last year’s record levels, the quality of our work should ensure we meet our business objectives over the next three years.

**THE YEAR IN REVIEW**

The Hilton Hotel project was completed and open for business in July 2005. The hotel looks magnificent and we acknowledge the hard work of our team in delivering this challenging job. Steady progress was also made on the Spencer Street Station Redevelopment, which is expected to be finished in early 2006. Once completed, the station will be an iconic state-of-the-art public transport hub for Victoria.

In New South Wales, construction progressed well on the Westlink M7 motorway, which is likely to be finished some 3-4 months early. Our workload was boosted by the award of the Windsor Road upgrade and a dedicated bus route, the North-west Bypass Tunnel and Gateway Bridge duplication projects. During the year, we also secured a significant component of Brisbane’s Inner Northern Busway upgrade. Our contract mining operations performed strongly with negotiations well advanced on several contract renewals as well as new contracts.
LEIGHTON CONTRACTORS CONTINUED

CENTRAL MOTORWAY JUNCTION, NEW ZEALAND

VICTORIA EMERGENCY ALERTING SYSTEM, VIC

WIVENHOE DAM ALLIANCE, QLD

PEAK DOWNS MINE, QLD
**HEALTH AND SAFETY PERFORMANCE**

In Western Australia work is continuing on two packages of the Perth to Mandurah rail line, with tunneling work due to commence in October. While one project has had a number of challenges, we are confident of helping deliver a first class facility to the people of Perth.

Our diversification into New Zealand continues to be successful. We recently secured our second project, the Northern Gateway Extension, and have identified a number of other potential infrastructure opportunities.

The Nextgen telecommunications business is operating profitably with a range of retail and wholesale clients utilising the high-speed broadband network. Our services business was recently enhanced with the acquisition of AMEC's Australian Engineering and Technical services operations, rebranded Metlabs and Mayfield Engineering.

The senior management team has been restructured with the appointment of Laurie Voyer as Executive General Manager, Construction and Mining, a new role that will see the geographic construction divisions reporting to one senior executive and Phil Cooper as EGM Services with responsibility for our services and telecommunications businesses.

**PEOPLE AND SAFETY**

Our people and their safety remain a significant focus of our operations. We continue to assist in the formation of new industry standards for construction, safety alerts, job safety analysis, and the program of training new engineers. In Victoria, following the tragic death of Mr Robert Sergi in 2000 Leighton Contractors has met with Worksafe Victoria to monitor safe work practices across our sites. Site meetings at the Royal Melbourne Hospital, Spencer Street Station Redevelopment and West End Plaza projects have been positive.

**COMMUNITY AND THE ENVIRONMENT**

Being recognised as a good neighbour is essential to our operations. Our project delivery systems include innovative community relations plans designed to enhance the economic and social fabric of the communities in which we are working. As a result, our community relations staff are often the first people on the project and the last to leave. In particular, the community relations team on our largest project, the Westlink M7, have played an integral part in the successful delivery of the project.

Equally important is the implementation of our independently accredited environmental management systems. It is pleasing to note that we recorded an excellent environmental performance with no Level 1 incidents.

**OUTLOOK**

The outlook for Leighton Contractors is very positive with the company well placed to capitalise on its experience and multi-disciplinary capabilities in the strongly growing infrastructure and resources sectors.

Our focus going forward is on the careful selection of quality projects, and building on our relationships with new and existing clients. Increasingly we see alliance contracting and joint ventures as a significant way of enhancing these relationships, delivering not only a great outcome for the client but also our company and the community.
LEIGHTON ASIA (NORTHERN)

"WITH THE NORTH LUZON EXPRESSWAY BEHIND US, WE LOOK FORWARD TO A MUCH STRONGER YEAR AHEAD"

JOE DUJMOVIC MANAGING DIRECTOR

BLUESCOPE STEEL COATING PLANT, VIETNAM
Leighton Asia (Northern) recorded a disappointing result for the year, due to the poor performance of the North Luzon Expressway project in the Philippines. This project marred what would otherwise have been an excellent year for the company. With a substantial forward workload, the outlook is promising. Our focus for the forthcoming year will be to maximise our returns on our existing projects, whilst carefully selecting the prospective projects we wish to pursue.

THE YEAR IN REVIEW

The outstanding performance of our operation in Hong Kong was a feature of the year. We made solid progress on our major projects, most notably the $610 million Central Reclamation project. Other projects, including the Wanchai to North Point trunk sewers, SENT landfill, juvenile training centre and our two projects at Hong Kong Disneyland progressed well and will be completed as planned this year.

Our landmark project for Wynn Resorts in Macau progressed well. Due for completion in the third quarter of 2006, this development will become a feature of the Macau landscape. Other new work secured in 2004/05 included the $57 million submarine pipeline from Shenzhen in China to Tai Po in Hong Kong. Pipelaying is already well underway.

We have, however, experienced some difficulties on the Eagles Nest tunnel, but we expect to resolve these soon.

A new project management company was established in China during the year, and moved to new premises in Shanghai. The company also secured its first project, an extension to a plastics extrusion facility in Nansha for GE Plastics.
LEIGHTON ASIA (NORTHERN) CONTINUED

- WYNN RESORTS, MACAU
- SHENZHEN TO TAI PO PIPELINE, HONG KONG
- NORTH LUZON EXPRESSWAY, PHILIPPINES
- RAPU RAPU POLYMETALLIC MINE, PHILIPPINES
HEALTH AND SAFETY PERFORMANCE

We completed our high-speed rail project in Taiwan, and our remaining work on BlueScope Steel’s steel coating plant in Vietnam. In the Philippines, we remain on schedule on our projects at the Rapu Rapu polymetallic mine. We experienced delays on the completion of the North Luzon Expressway (NLE), but the project is now in hand.

PEOPLE AND SAFETY

Unfortunately, despite our best endeavours, we were unable to improve our good safety record during the year. Sadly, two subcontractors’ employees died while working on our projects in the Philippines this year. Following both accidents, we have taken all possible steps to determine their cause and to mitigate the likelihood of a repeat occurrence.

On a positive note, we achieved 2.8 million man-hours without a lost-time injury on our projects for BlueScope Steel in Vietnam. This achievement was particularly notable given the large number of unskilled local employees on the project who have had to be introduced to our strict safety procedures.

COMMUNITY AND THE ENVIRONMENT

Four of our projects received major awards during the year as part of the Hong Kong Government’s Environmental, Transport and Works Bureaus Considerate Contractor award scheme. The scheme recognises contractors that have demonstrated outstanding site safety and environmental performance, and a considerate attitude to the community in carrying out their works.

OUTLOOK

With a solid level of work in hand, the company is ideally positioned to achieve significant growth over the next few years. Our focus will be on maintaining and improving upon our current forecast margins for all our existing projects.

Opportunities for us in Macau include infrastructure expansion such as light rail. We also hope to be able to commence the permanent aviation fuel facility in Hong Kong this year, and will continue to monitor emerging opportunities in public-private-partnerships.

Contract mining presents us with some tremendous opportunities across the region. We see great potential in coal mining in China and Mongolia, and are currently pursuing mining prospects in the Philippines, Thailand, Vietnam and Laos. In Thailand we will continue to target opportunities in rail rehabilitation.
LEIGHTON ASIA (SOUTHERN)

"WE PRODUCED A SOLID RESULT FOR THE YEAR THANKS TO THE PERFORMANCES OF OUR MALAYSIAN AND INDONESIAN OPERATIONS"

DAVID SAVAGE MANAGING DIRECTOR
THE YEAR IN REVIEW

Leighton Asia (Southern) produced another strong result for the year, exceeding our financial objectives and delivering an increased contribution to the Group. With a diversified mix of work spread across our regional footprint, and a number of significant projects due to be signed in the first half of the new financial year, we can look forward to a period of sustained growth.

THE YEAR IN REVIEW

Malaysia and Indonesia were the major contributors for the year, with both operations exceeding their targets. In Malaysia we recommenced the Kuala Lumpur to Putrajaya Highway, and the project is now fully underway. This had been delayed following a government review of all major infrastructure projects.

We experienced some delays on the Rawang to Ipoh rail project due to client changes, but we expect this to be resolved soon. Our project for Asian Rare Earths performed well and we remain hopeful of securing further mining contracts including the Gudang Hitam mine at Sanga-Sanga in East Kalimantan.

Challenges Ahead

Completion of major projects in Malaysia
Capitalising on the Government infrastructure program in Indonesia
Securing work and establishing our presence in Dubai

Strong contributions from Indonesia

Our operation in Indonesia produced an outstanding result on the back of the continued boom in coal prices. All our existing coal mining projects performed well, and we secured further mining contracts including the Gudang Hitam mine at Sanga-Sanga in East Kalimantan.
LEIGHTON ASIA (SOUTHERN) CONTINUED

MSJ COAL MINE, INDONESIA

KUALA LUMPUR TO PUTRAJAYA HIGHWAY, MALAYSIA

RAWANG-IPOH RAIL DOUBLE TRACKING PROJECT, MALAYSIA
HEALTH AND SAFETY PERFORMANCE
Unable to achieve annual safety targets
Overall safety performance remains good
Introduced ‘Strive for L.I.F.E.’ safety scheme across all divisions

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Lost Time Injury Frequency Rate (LTIFR)
Lost Time Injury Severity Rate (LTISR)

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In Sri Lanka, we completed a 103 MW oil-fired power station project for Caterpillar at Embilipitiya and it is now exporting power to the Sri Lankan grid.

During the year new offices were established in India and Dubai. We have already been awarded a project in India - a mobile phone factory for Nokia outside Chennai - and are well placed on a number of others. An oil and gas division was also established in an effort to capitalise on the increasing opportunities in this industry across the region.

PEOPLE AND SAFETY

We were unable to achieve our safety targets for the year. Despite this, we will set even more challenging targets for 2005/06 and will work hard to achieve them. We introduced a new safety scheme - “Strive for L.I.F.E. (Leighton Incident Free Environment)” - and this has been implemented across all divisions.

One of the challenges of our anticipated growth is the recruitment and development of quality staff. We offer staff comprehensive leadership and training programs and are committed to providing them opportunities for career development.

COMMUNITY AND ENVIRONMENT

Leighton Asia (Southern) aims to minimise the impact of our work on local communities and their environment. We recognise our obligations to these communities and are committed to taking a socially responsible approach to our business.

Our Malaysian and Sri Lankan divisions hold ISO 14001 environmental certification and we aim to have accreditation for all our divisions by the end of the year.

As part of our efforts to engage with these local communities, we support local community groups and charities through sponsorship and donations.

We continue to assist in tsunami relief efforts. During the year we provided new study materials for a large number of students affected by the tsunami around Tangalle in Sri Lanka, enabling them to prepare for their final year exams. We also provided equipment for an orphanage in the same town.

OUTLOOK

With a strong forward order book and a number of major projects likely to be secured during the first half of the year, Leighton Asia (Southern) is poised to deliver an increased contribution to the Group in 2005/06.

Opportunities in Malaysia are somewhat limited, but we have a solid forward workload that will sustain the business there for the next couple of years. We will focus on delivering our current projects as scheduled.

Indonesia continues to offer enormous potential. Mining prospects are likely to remain buoyant, and a major government infrastructure program should lead to other opportunities, particularly in tollroads and rail work.

The oil and gas industry is experiencing tremendous growth. Most opportunities are likely to come from India, but prospects have been identified in most of the countries in which we operate.

We expect to secure a major project in Dubai in the first half of the year. This will firmly establish our presence in the Arabian Gulf region and serve as a springboard for further growth there, where construction is booming.

*Leighton Asia (Northern) and Leighton Asia (Southern) results have been reported separately, since July 2002.
Leighton Properties

"Another solid performance this year, underpinned by our ability to recognise the potential of development sites."

Vyril Vella
Managing Director

Kens Project, NSW
Leighton Properties provided another good contribution to the Group’s result and exceeded its annual performance targets. Development and sales income increased, and solid leasing activity was recorded across key properties. The company’s strategic focus on the office, bulky goods and industrial markets provided a number of new development opportunities throughout the year, and continues to support a positive outlook going forward.

THE YEAR IN REVIEW

Work is well underway on a number of office developments. These include the high-tech 100 Pacific Highway office tower in North Sydney, in joint venture with ISPT, and an A-grade office tower at 101 George Street Parramatta, which has been fully pre-leased to the Commonwealth Bank and pre-sold to Colonial First State Property Trust. Leasing activity is progressing well on the office development at 233 Castlereagh Street in the CBD and sales are on target at the commercial strata development at Delhi Road North Ryde.

The company is now working to implement, in joint venture with Mirvac, the approved masterplans for the Bankstown and Hoxton Park airports. These masterplans facilitate the redevelopment of the airports for mixed industrial, commercial, retail and associated uses.

In Victoria, a highlight was the completion of the 700 Collins Street office development, in joint venture with Folkstone Ltd. The strength of Melbourne’s bulky goods market provided a solid base of work. The Peninsula Lifestyle homemaker centre at Mornington has been pre-sold to Mirvac and is leasing well. We also pre-sold the Tooronga Homemaker Centre and on-sold a number of development lots of the Mulgrave development.
In Queensland, we completed the construction and sale of stage one of the Noosa Viridian Resort development, in joint venture with Ariadne. Planning is now underway for stage two of the project. We have also been awarded preferred tender status on the Brisbane City Council’s St Paul’s Terrace development, a mixed use urban renewal project. The bulky goods market is providing opportunities in Queensland, and we pre-sold the Home Central bulky goods retail centre at Kawana Waters to the Valad Property Group.

PEOPLE AND SAFETY
The growth of our business has been sustained by our modest team of dedicated and experienced professionals who come from a diverse range of backgrounds. This year, the growth in our business has led to the employment of three new development staff, with several more to join over the next year.

As developers, we rely heavily on the performance of our construction companies. Whilst the contractor is responsible for direct control over their operations on our sites, we require all of our contractors to maintain high safety standards and we consider their performance when evaluating the awarding of work to them.

COMMUNITY AND THE ENVIRONMENT
The nature of our activities means that as developers we often come into close contact with the communities in which we are working. Developing a positive working relationship with all of our stakeholders including our partners, tenants, investors and the community is a vital part of how we conduct our business.

Following the successful archaeological dig on the KENS project last year, we recently undertook heritage and archaeological excavation as part of our development of the 101 George Street site in Parramatta. This dig provided a snapshot of early colonial life uncovering evidence of residential and commercial activity on the site dating back to the early 1800’s. A community open day was held as part of the investigation, allowing local residents and historians to glimpse life from another era. Items of significance recovered from the site will be incorporated into the new development as part of the heritage interpretation strategy.

OUTLOOK
The company is progressing some $2 billion in property developments in locations along the east coast. The projects are being driven by our experienced staff with their ability to manage complex projects across a range of sectors and supported by the Leighton Group’s balance sheet strength.

We expect the non-residential property sector to remain buoyant and to continue providing opportunities across our key markets sectors of offices, industrial and bulky goods. Increasingly joint ventures with partners like Mirvac, ISPT and Lend Lease are an important part of our business strategy, helping to increase the number of development opportunities and minimise the risks. With a view to the longer-term, we are interested in investigating opportunities in funds management and the residential market, which could complement our existing business.

With a diverse range of quality industrial, commercial and bulky goods developments underway, Leighton Properties is experiencing a good level of momentum, which should maintain work levels and contributions to the Group for the foreseeable future.
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73. Shareholdings and Noteholdings
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CORPORATE GOVERNANCE
Set out below is a summary of the Leighton Group's Corporate Governance Practices. The Leighton Group has followed all of the Best Practice Recommendations set by the ASX Corporate Governance Council (Council) for the full financial year ended 30 June 2005 (Financial Year), other than Council Recommendations 2.1 and 4.3. An explanation of why these recommendations were not followed is set out under the relevant section below.

The Leighton Group’s Corporate Governance Report 2005 appears on the Company’s website and a copy will also be sent to shareholders without charge on request.

<table>
<thead>
<tr>
<th>ROLE OF THE BOARD AND MANAGEMENT</th>
<th>COUNCIL PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</th>
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<tbody>
<tr>
<td>Council Recommendations</td>
<td>Compliance</td>
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<tr>
<td>1.1 Formalise and disclose the functions reserved to the board and those delegated to management</td>
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</tbody>
</table>
2.1: A majority of the board should be independent directors

No

The Company presently has ten Non-executive Directors, six of whom, G J Ashton, M C Albrecht, G J Dixon, A Drescher, R D Humphris and D A Mortimer, are considered by the Board to be independent. The non-independent Directors comprise the two Executive Directors, W M King and D S Adamsas and the four Non-executive Directors representing Leighton's majority shareholder, HOCHTIEF. These Directors are H-P Keitel, P M Noé, T C Leppert and D P Robinson. The Board considers HOCHTIEF's Board representation to be reasonable and appropriate given that HOCHTIEF presently owns in excess of 53% of Leighton.

Mr M C Albrecht is considered by the Board to be independent notwithstanding that he has remained a director of Thiess after his retirement as Managing Director of Thiess in October 2000. Mr Albrecht was, after 12 months leave of absence, appointed Chairman of Thiess in October 2001 and to the Board of Leighton Holdings in November 2001. Given the time which has elapsed since Mr Albrecht was involved in the management of Thiess and the consistent independent judgement he has brought to bear in decision making as a member of the Leighton Board, the Board has determined that Mr Albrecht should be considered an Independent Director.

Although one half of the Board are Independent Directors, the Board does not have a majority of Independent Directors and consequently the Board's composition does not comply with recommendation 2.1 in the Council's Guidelines. Notwithstanding its non-compliance with recommendation 2.1, the Board has adopted a number of policy measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- the Chairman is an Independent Director and has a casting vote at Board meetings in the event of a deadlock;
- Directors are entitled to seek independent professional advice at the Company's expense, subject to the approval of the Board;
- Directors who have a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic and
- Non-executive Directors confer on a needs basis without management in attendance.

The Board is balanced in its composition with each current Director bringing a range of complimentary skills and experience to the Group. Personal details of Directors are set out on pages 61 and 62 of the Concise Annual Report.

2.2: The chairperson should be an independent director

Yes

The Company's Chairman, Mr G J Ashton AM, is independent in terms of the Council's definition of independent director.

2.3: The roles of the chairperson and chief executive officer should not be exercised by the same individual

Yes

The Company's Chairman, Mr Ashton, and CEO, Mr King have separate roles. The Chairman is responsible for leading the Board in the discharge of its duties.

2.4: The board should establish a nomination committee

Yes

A Nominations Committee was established in August 1992. Its role is to assess and make recommendations to the Board regarding the membership of the Board, including proposed new appointments. Where appropriate independent consultants are engaged to identify possible new candidates for the Board. The responsibilities of the Nominations Committee were amalgamated with those of the Remuneration Committee under the reconstituted Remuneration and Nominations Committee with effect from 1 October 2004. The Terms of Reference and Procedures for the Remuneration and Nominations Committee are available on the Company's website.
<table>
<thead>
<tr>
<th>Council Recommendations</th>
<th>Compliance</th>
<th>Disclosure/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1: Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</td>
<td>Yes</td>
<td>In September 1995, the Leighton Board adopted a Code of Ethics that sets out the principles and standards with which all Group officers and employees are expected to comply in the performance of their respective functions. A copy of the Code appears on the Company’s website.</td>
</tr>
<tr>
<td>3.1.1 the practices necessary to maintain confidence in the company’s integrity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices</td>
<td>Yes</td>
<td>In November 1998, the Board established an Ethics Committee whose principal function was initially to review and make recommendations to the Board regarding the maintenance of ethical standards and practices generally within the Leighton Group. Subsequently each of the Group’s main operating subsidiaries established an Ethics Committee which co-ordinates with the Ethics and Compliance Committee of Leighton Holdings in monitoring and formulating the Group’s ethical policy direction and reporting. The Group’s Ethical Dimension Reporting system requires each major operating subsidiary to submit a quarterly report to the Board with a view to ensuring the maintenance of ethical practices within the Group and the achievement of continual improvement in this area. In June 2004 the Ethics Committee was renamed the Ethics and Compliance Committee and its Terms of Reference were expanded. The Terms of Reference and Procedures for the Ethics and Compliance Committee are available on the Company’s website.</td>
</tr>
<tr>
<td>3.2: Disclose the policy concerning trading in company securities by directors, officers and employees</td>
<td>Yes</td>
<td>The Company’s Constitution requires Directors to hold at least 1000 shares in the Company but additional shareholdings by Directors are encouraged. The Company has a policy which restricts the times and circumstances in which Directors, senior executives and certain employees may buy or sell shares in the Company except for specified short periods after announcements are made to the ASX of the Company’s quarterly, half-year and annual financial results. Directors must advise the Company, which in turn advises the ASX, of any transactions conducted by them in the Company’s securities within five business days after the transaction occurs.</td>
</tr>
</tbody>
</table>
## INTEGRITY OF FINANCIAL REPORTING

### COUNCIL PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

<table>
<thead>
<tr>
<th>Council Recommendations</th>
<th>Compliance</th>
<th>Disclosure/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1: Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards</td>
<td>Yes</td>
<td>Leighton's CEO and Deputy CEO and CFO each report in writing to the Board that in his opinion the consolidated financial statements of Leighton Holdings and its controlled entities for each half and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards.</td>
</tr>
</tbody>
</table>

| 4.2: The board should establish an audit committee | Yes | An Audit Committee was established by the Board in June 1990. |

| 4.3: Structure the audit committee so that it consists of:  
  - only non-executive directors  
  - a majority of independent directors  
  - an independent chairperson, who is not chairperson of the board  
  - at least three members | No | The current members of the Leighton Holdings Audit Committee are:  
  - D A Mortimer AO (appointed Committee Chairman 24 May 2005), Independent Non-executive Director.  
  - G J Ashton AM, Independent Non-executive Director; and  
  - D P Robinson, Non-executive Director.  
  Since 24 May 2005 the composition of the Audit Committee has complied with recommendation 4.3 of the Council’s Guidelines in all respects. Prior to that date the Committee’s Chairman was Mr D P Robinson who is not an Independent Director.  
  The Company’s practice with regard to the composition of its Audit Committee has at all times complied with the transitional arrangements approved by the ASX, which provided relief from full compliance with Council Recommendation 4.3 until 1 July 2005.  
  Resumés of Messrs Mortimer, Ashton and Robinson are set out at pages 61 and 62 of this Concise Annual Report and indicate each of them is suitably qualified to be a member of the Audit Committee. |

| 4.4: The audit committee should have a formal charter | Yes | The Audit Committee’s Terms of Reference and Procedures are available on the Company’s website. |

## CONTINUOUS DISCLOSURE TO ASX

### COUNCIL PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

<table>
<thead>
<tr>
<th>Council Recommendations</th>
<th>Compliance</th>
<th>Disclosure/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance</td>
<td>Yes</td>
<td>The Company has a Market Disclosure Policy and Procedure which is available on the Company's website.</td>
</tr>
</tbody>
</table>
## CORPORATE GOVERNANCE PRACTICES CONTINUED

### COMMUNICATION WITH SHAREHOLDERS

<table>
<thead>
<tr>
<th>Council Recommendations</th>
<th>Compliance</th>
<th>Disclosure/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings</td>
<td>Yes</td>
<td>The Company’s policy is to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The Board encourages full participation of shareholders at the Annual General Meeting. Important issues are presented to shareholders and proceedings of the AGM are webcast live to shareholders. A video of proceedings at the AGM is available on the Leighton website for viewing by shareholders for at least six months after the AGM.</td>
</tr>
<tr>
<td>6.2: Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report</td>
<td>Yes</td>
<td>The Company’s practice is to ensure the Group’s external auditor attends the AGM.</td>
</tr>
</tbody>
</table>

### RISK MANAGEMENT

<table>
<thead>
<tr>
<th>Council Recommendations</th>
<th>Compliance</th>
<th>Disclosure/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1: The board or appropriate board committee should establish policies on risk oversight and management</td>
<td>Yes</td>
<td>The Board is responsible for the oversight of the Group’s risk management and control framework. The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing and monitoring the financial and reporting aspects of the Group’s risk management and control framework. Risk exposures for the Group stem from Leighton’s broad business risk profile which covers areas including operations, reputation, regulation, contract, finance, information and strategy. The Group has implemented a policy framework designed to ensure that the Group’s risks are identified and that adequate controls are in place and function effectively.</td>
</tr>
</tbody>
</table>
| 7.2: The chief executive officer and the chief financial officer should state in writing that: | Yes | Leighton’s CEO and Deputy CEO and CFO are each required to report in writing to the Board whether in his opinion:  
- the statement given in accordance with Council’s best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and  
- the Company’s risk management and internal compliance control framework is operating efficiently and effectively in all material respects. |
## Interests of Stakeholders

**Council Principle 10: Recognise the legitimate interests of stakeholders**

<table>
<thead>
<tr>
<th>Council Recommendations</th>
<th>Compliance</th>
<th>Disclosure/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1: Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders</td>
<td>Yes</td>
<td>Leighton’s objective is to maintain and further develop a diversified contracting and project development business that creates wealth for shareholders and adds value for clients and other stakeholders. To ensure this occurs, the Group conducts its business within the Group's Code of Ethics and core values.</td>
</tr>
</tbody>
</table>
The Directors of Leighton Holdings Limited present their report for the financial year ended 30 June 2005 in respect of the consolidated entity constituted by the Company and the entities it controlled during the financial year (referred to in this report as the ‘Group’). This report has been prepared in accordance with the requirements of Division 1 of part 2M.3 of the Corporations Act 2001.

Review of operations
A review of the Group's operations during the financial year and of the results of those operations is contained on pages 1 to 46 of this Concise Annual Report.

Significant changes
Significant changes in the state of affairs of the Group during the financial year were as follows:
- Leighton Contractors acquired the business and assets of AMEC Engineering’s Technical Services (ATS) and Engineering and Construction (E&C) divisions. These businesses have since been renamed Mayfield and Metlabs. (page 34)
- The Group disposed of its stake in the Mirvac Group realising a profit on sale of $6.0 million. (page 12)
- A change in accounting estimate which was effective from 1 July 2004 resulted in an increase in net profit after tax for the year ended 30 June 2005 of $38.5 million. (pages 12 and 81)

Financial results
Total revenue for the Group for the financial year was up by 28% to $7.7 billion. Operating profit after tax attributable to members of the Company increased by 87% to $205 million.

Dividends
A final ordinary dividend of 30 cents per share, franked to the extent of 50%, was announced on 17 August 2005 and will be paid on 30 September 2005. Together with the interim ordinary dividend of 20 cents per share, franked to the extent of 50% which was paid on 31 March 2005, the total dividend payment for the financial year will be 50 cents per share and will amount to $136 million.

The 2004 final ordinary dividend of 27 cents per share, franked to the extent of 100%, referred to in the Directors’ statutory report for the financial year ended 30 June 2004 and payable out of the profits for that financial year, was paid on 30 September 2004.

Principal activities
During the financial year there were no significant changes in the nature of the Group’s principal activities which were building, civil engineering construction, contract mining, telecommunications, environmental services, property development and project management in Australia and selected parts of South-East Asia.

Events after end of financial year
In the Directors’ opinion, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the state of affairs of the Group, its operations or results in future financial years. In addition, the Directors are not aware of any specific developments, not covered generally in the 2005 Concise Annual Report, that have or may have a significant affect on the Group’s state of affairs, its operations or its expected results in future financial years.

Future developments
Likely developments in the operations of the Group in future financial years and their anticipated results are referred to in pages 1 to 46 of this Concise Annual Report. Further information on likely developments in the operations of the Group, including the expected results of those operations in future financial years, would in the Directors’ opinion result in unreasonable prejudice to the Group and has therefore not been included in this report.

The Concise Annual Report contains all information that members of the Company would reasonably require to make an informed assessment of the Group’s operations, financial position and business strategies and prospects for future financial years other than any information relating to the Group’s business strategies and prospects for future financial years which would, in the Directors’ opinion, result in unreasonable prejudice to the Group.

Environmental Regulation
The Group's Australian operations are subject to a range of Commonwealth, State and Territory laws governing the protection of the environment. A number of the Group’s diverse operations work under particular environmental licences and/or approvals at specific sites. The Group has in place and adheres to an Environmental Policy that has established a quarterly environmental reporting regime that ensures environmental performance is reported from project/site level, up through the levels of management, to the Board of Leighton Holdings.

The Group has rigorous internal reporting processes, where operating management is required to report the number of environmental incidents occurring and what remedial action has been taken, regardless of whether they infringe any regulations.
To ensure consistency in the reporting and management of environmental incidents the Group has adopted standard Environmental Incident Severity Classifications, which are categorised into 12 types of impacts, including measurable limits where suitable. The severity of the impact is reported as high, medium or low, according to the following classification:

**Incident Classification:**

**Level 1:**
(High Severity) refers to pollution or degradation, which has (or may have) irreversible detrimental effects on the environment and/or community. The effects extend to a wide scale beyond the site.

**Level 2:**
(Medium Severity) refers to pollution or degradation with a persistent (greater than three months) but reversible detrimental effect on the environment and/or community. The event is contained on-site.

**Level 3:**
(Low Severity) refers to pollution or degradation, which has a short-term (less than three months) and reversible detrimental effect on the environment and/or community. The event affects the ability of people off-site to enjoy their normal environment, such as a minor noise disturbance. It may result in Level 1 or 2 damage if it continues to occur.

During the financial year the Group's Australian operations recorded and reported on the following environmental incidences:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>11</td>
<td>405</td>
</tr>
</tbody>
</table>

There were no Level 1 incidents reported during the year (down from 1 in 2004), and the number of Level 2 incidents has reduced by 48% from the previous year. The number of Level 3 incidents has increased since last year due to the combination of the increase in man-hours by 18% and the increasing proportion of civil and mining works in the Group's workload.

The circumstances which led to the above Level 2 and 3 incidents have all been remedied as at the date of this report.

**Directors and Directors' interests**

The Directors of the Company in office at the date of this report are listed below together with details of their relevant interest in the securities of the Company or a related body corporate at that date.

<table>
<thead>
<tr>
<th>Names</th>
<th>No. of options over ordinary shares in the Company</th>
<th>No. of unissued ordinary shares in the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoffrey John Ashton AM</td>
<td>2,500</td>
<td>–</td>
</tr>
<tr>
<td>Wallace MacArthur King AO</td>
<td>6,660</td>
<td>600,000</td>
</tr>
<tr>
<td>Dieter Siegfried Adamsas</td>
<td>123,060</td>
<td>400,000</td>
</tr>
<tr>
<td>Martin Carl Albrecht AC</td>
<td>200,000</td>
<td>–</td>
</tr>
<tr>
<td>Geoffrey James Dixon</td>
<td>2,000</td>
<td>–</td>
</tr>
<tr>
<td>Achim Drescher</td>
<td>2,000</td>
<td>–</td>
</tr>
<tr>
<td>Robert Douglas Humphris OAM</td>
<td>6,500</td>
<td>–</td>
</tr>
<tr>
<td>Hans-Peter Keitel</td>
<td>1,560*</td>
<td>–</td>
</tr>
<tr>
<td>Thomas Chris Leppert</td>
<td>1,000*</td>
<td>–</td>
</tr>
<tr>
<td>David Allen Mortimer AO</td>
<td>26,000</td>
<td>–</td>
</tr>
<tr>
<td>Peter Michael Noé</td>
<td>2,305*</td>
<td>–</td>
</tr>
<tr>
<td>David Paul Robinson</td>
<td>1,250</td>
<td>–</td>
</tr>
</tbody>
</table>

*Non-beneficially held

**Directors' and Senior Executives' remuneration**

Details of the Company's remuneration policy in respect of the Directors and group executives and company executives are detailed in the Remuneration Report on pages 63 to 72 of this Concise Annual Report. The Remuneration Report includes details of the remuneration paid to each Director and each named company and group executive.

**CEO/CFO Declaration**

The Chief Executive Officer and Deputy Chief Executive Officer and CFO have given a declaration to the Board concerning the Group's financial statements under Section 295A(2) of the Corporations Act 2001 and recommendations 4.1 and 7.2 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.
**Directors’ Meetings**

The number of Directors’ meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

<table>
<thead>
<tr>
<th>Director</th>
<th>No. of Directors' Meetings</th>
<th>No. of Audit Committee Meetings</th>
<th>No. of Remuneration and Nominations Committee Meetings</th>
<th>No. of Ethics and Compliance Committee Meetings</th>
<th>No. of Special Tender Committee No.1 Meetings</th>
<th>No. of Special Tender Committee No.2 Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>D S Adamsas</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M C Albrecht AC</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G J Ashton AM</td>
<td>9</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>A Drescher</td>
<td>8</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G J Dixon</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Humphris</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H-P Keitel (3 in person and 5 by his alternate)</td>
<td>8</td>
<td>9</td>
<td>-</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>W M King AO</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T C Leppert</td>
<td>8</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D A Mortimer AO</td>
<td>9</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>P M Noé</td>
<td>9</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D P Robinson</td>
<td>9</td>
<td>9</td>
<td>6</td>
<td>6</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

*Reflects the number of meetings held during the time the Director held office during the financial year.

**Indemnity for Group Officers and Auditors**

The Company’s constitution has included since 3 November 1994 indemnities in favour of persons who are or have been an Officer or auditor of the Company.

Briefly, to the extent permitted by law, the Company indemnifies every person who is or has been:

- an Officer against any liability to any person (other than the Company or a related entity) incurred while acting in that capacity and in good faith; and
- an Officer or auditor of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

‘Officer’ for this purpose means any Director or Secretary of the Company and includes any other person who is concerned, or takes part, in the management of the Company.

The current Directors and Secretaries of the Company are named on pages 61 and 62 in this Concise Annual Report and the Company’s current auditors are KPMG.

**Deeds of Indemnity**

In prior financial years, by Deeds of Indemnity, each entered into between the Company and a particular officer or former officer of the Company, the Company has given similar indemnities in favour of that officer or former officer in respect of liabilities incurred by the officer while acting as an officer of the Company or any subsidiary or while acting at the request of the Company or any subsidiary as an officer of a non-controlled entity.

The officers who have the benefit of such a Deed of Indemnity are or were at the time a Director of the Company, a Secretary of the Company and certain persons who are or were at the time Directors of a Leighton subsidiary or have or had the status of General Manager or Senior Manager within the Leighton Group.
Directors’ Deed

The Company has entered into a Deed of Indemnity, Insurance and Access ("Director's Deed") with each current and former Director of the Company who has held office since 4 November 1999. These Deeds formalise the arrangements between the Company and the Directors as to indemnities, insurance and access to board records and replaced any existing Deeds of Indemnity previously executed by the Company in favour of those Directors. Under each Director's Deed the Company indemnifies the Director to the extent permitted by law against any liability (including liability for legal defence costs) incurred by the Director as an officer or former officer of the Company or any subsidiary or while acting at the request of the Company or any subsidiary as an officer of a non-controlled entity. In approving each Director's Deed the Board relied on the resolution approved by shareholders at Company's 1999 AGM and on sections 195(1A)(b) and 212 of the Corporations Act 2001.

No claims under the indemnities have been made against the Company during or since the end of the financial year.

Insurance for Group Officers

During and since the end of the financial year the Company has paid or agreed to pay premiums in respect of contracts insuring persons who are or have been a Group Officer against certain liabilities incurred in that capacity. ‘Group Officer’ for this purpose means any Director or Secretary of the Company or any subsidiary and includes any other person who is concerned, or takes part, in the management of the Company or of any subsidiary.

Under the above mentioned Deeds of Indemnity and Directors Deeds, the Company has undertaken to the relevant officer or former officer that it will insure the officer against certain liabilities incurred in his or her capacity as an officer of the Company or any subsidiary or as an officer of a non-controlled entity where the office is or was held at the request of the Company or any subsidiary.

The insurance contracts entered into by the Company prohibit disclosure of the nature of the liabilities covered by the insurance contracts and the amount of the premiums.

Share options

Leighton Executive Share Options Plan ("LESOP")

LESOP was approved by shareholders at the 1998 AGM. The total number of options over unissued ordinary shares in the Company outstanding under LESOP at the date of this report are detailed as follows:

<table>
<thead>
<tr>
<th>Calendar Year of Grant</th>
<th>2002 Options</th>
<th>2002 Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Executives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participating</td>
<td>276</td>
<td>1</td>
</tr>
<tr>
<td>Date of Grant</td>
<td>27 March 2002</td>
<td>12 April 2002</td>
</tr>
<tr>
<td>Exercise Price (Market Price at date of grant)</td>
<td>$10.96</td>
<td>$10.44</td>
</tr>
<tr>
<td>No of options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Grant</td>
<td>5,980,000</td>
<td>90,000</td>
</tr>
<tr>
<td>On Issue 1 July 2004</td>
<td>5,830,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Exercised since 1 July 2004</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Lapsed Since 1 July 2004</td>
<td>310,000</td>
<td>–</td>
</tr>
<tr>
<td>On Issue 5 September 2005</td>
<td>5,520,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>27 March 2007</td>
<td>12 April 2007</td>
</tr>
</tbody>
</table>

The exercise of options under LESOP is subject to the following conditions:

(i) the options may only be exercised on or after the second and no later than the fifth anniversary of the date of grant;
(ii) not more than 50% of the options held by an option holder and having the same date of grant may be exercised before the third anniversary of the date of grant (the “First Tranche”);
(iii) (performance hurdle) no option is exercisable unless the percentage increase in Leighton’s total shareholder returns (that is, growth in share price plus dividends reinvested) during the period of the two years ending 28 days before the proposed exercise of the option equals or exceeds the percentage increase in either the ASX All Industrials Accumulation Index or the ASX 100 Industrials Accumulation Index during the same two year period.
No options have been issued during or since the end of the financial year over unissued shares in the Company.

Regular assessments are made of whether the performance hurdles for options over unissued shares in the Company granted in 2002 ('2002 Options') have been met. Independent verification received by the Company from Egan Associates confirmed that the performance hurdle for the 2002 Options was achieved on 15 August 2005.

The expiry date of options granted under LESOP is extended by 6 months in the case of options held by an executive who dies or suffers total and permanent disablement (as defined in the Plan Rules) during the 6 month period before the fifth anniversary of the date of grant of the options.

Executives holding options under LESOP are only entitled to participate in a new issue of shares in the Company if they have become entitled to exercise their options and they do so during the period prescribed in the Plan Rules and participate as a result of being a holder of shares in the Company.

The names of the persons who currently hold options under LESOP are entered in the register of options kept by the Company pursuant to section 170 of the Corporations Act 2001. The register may be inspected free of charge.

These options do not entitle the holder to participate in any share issue of any other body corporate.

There are no unissued shares in the Company under option as at the date of this report, other than those issued under LESOP referred to above.

Audit

The declaration by the Group's external auditor to the Directors of Leighton Holdings in relation to the auditor's independence requirements of the Corporations Act 2001 and the professional code of conduct for external auditors is set out below.

No person who was an officer of Leighton Holdings during the financial year was a director or partner of the Group's external auditor at a time when the Group's external auditors conducted an audit of the Group.

Non-audit services

Details of the amounts paid or payable to the auditor (KPMG) for non-audit services provided during the year are set out below.

The Company's Board of Directors has considered the position and, in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

The non-audit services supplied by the Group's external auditor, KPMG, and the amount paid or payable by type of non-audit service during the year to 30 June 2005 are as follows:

<table>
<thead>
<tr>
<th>Non-audit service</th>
<th>Amount paid/payable $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory and non-regulatory audit and attestation services</td>
<td>181</td>
</tr>
<tr>
<td>Direct and indirect tax compliance and advisory services</td>
<td>1,021</td>
</tr>
<tr>
<td>Other advisory services</td>
<td>354</td>
</tr>
</tbody>
</table>

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 audit for the financial year ended 30 June 2005 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

S J Marshall

Partner


Rounding off of amounts

As the Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, the Directors have chosen to round off amounts in this report and the accompanying Concise Financial Report to the nearest thousand dollars, unless otherwise indicated.
DIRECTOR SITE VISITS

Three Board Meetings were held in regional locations during the year in Brisbane, Melbourne and Hong Kong. In addition to these Board meetings site visits were organised in these locations as well as in Sydney and Indonesia. Regional Board meetings and site visits enhance the Directors’ understanding of operational issues and encourage interaction with management and employees.

Sites visited by Directors included;
Spencer Street Station Vic
Moorevale Coal Mine Qld
Dawson Coal Mine Qld
Peak Downs Qld
Wynn Resorts Macau
Eagles Nest Tunnel Hong Kong
Central Reclamation Hong Kong
Lane Cove Tunnel NSW
Epping to Chatswood Rail NSW
Westlink M7 NSW
and a number of the Group’s coal mining projects in Indonesia
The Directors during the year are:

D S Adamsas, (62)
BSc, Hon. BEc, FAICD, FIEAust, CPEng, FAIM, FAIB, FTSE

M C Albrecht AC, (66)
BTech (Civil), FTSE, FIE Aust, FAICD, FAIM, DUniv (QUT)
A Non-executive Director since 2001. Mr Albrecht is considered by the Board to be an Independent Director for the reasons mentioned in the Company’s Statement of Corporate Governance Practices 2005. Chairman of Thiess Pty Ltd. Member of the Queensland Premier’s Business Round Table, Chairman of the Wesley Research Institute and the International River Foundation, Patron of the Brisbane Regional Youth Orchestra and the Life Stream Foundation for people with intellectual disabilities. Formerly managing director of Thiess Pty Ltd, a position he held for 15 years before retiring in October 2000. A former director of Siemens Limited Advisory Board. As at 30 June 2005, Mr Albrecht was the Chairman of Geodynamics Limited, an ASX listed company of which he had been a Director since 2001. He was formerly a Director of ASX listed companies Portman Limited from 1998 to 2003 and Queensland Gas Company Limited from 2002 to 2005.

G J Dixon, (65)
BEC
An Independent Non-executive Director since 1999. Appointed Chief Executive Officer of Qantas Airways Limited in March 2001. Before joining Qantas held senior commercial positions with both Australian Airlines and Ansett Airlines. Is a board member of Air Pacific Limited and the Business Council of Australia and is a member of the Governing Board of the International Air Transport Association (IATA). As at 30 June 2005, Mr Dixon was a Director of Qantas Airways Limited, an ASX listed company of which he has been a Director since 2000.

W M King AO, (61)
BE, MEngSc, Hon DSc, Hon. FIEAust, CPEng, FAICD, FAIM, FAIB, FTSE
A graduate of the University of NSW. An Executive Director since 1975. Appointed Chief Executive in 1987. A civil engineer who joined Leighton Contractors in 1968 and became Managing Director of that company in 1977. Appointed Deputy Managing Director of Leighton Holdings in 1983. A Director of the UNSW Foundation Limited. Participates in construction industry affairs and is the President of the Australian Constructors Association. Board Member of the Australian Research Council. Member of the Business Council of Australia. Honorary Fellow of the Institute of Engineers and Fellow of the Australian Institute of Company Directors, the Australian Institute of Management, the Australian Institute of Building and the Academy of Technological Sciences and Engineering. Member of the American Society of Civil Engineers. Founding Councillor of the Australia Business Arts Foundation. As at 30 June 2005, Mr King was a Director of Coca-Cola Amalii Limited, an ASX listed company of which he has been a Director since 2002.

A Drescher, (65)
BEC
A graduate in economics from Hamburg University, Germany. An Independent Non-executive Director since 1996. A former Managing Director (1989 – 2002) and Chairman (2002 – 2005) of Columbus Line Australia Limited. A Non-executive Director of Leighton Contractors Pty. Limited, Adsteam Marine Limited and Sword Securitisation Limited. Chairman of the ‘Young Endeavour Youth Scheme’ (RAN). In 1997 Mr. Drescher was awarded the ‘Cross of the Order of Merit’ by the Federal Republic of Germany. As at 30 June 2005, Mr Drescher was a Director of Adstream Marine Limited, an ASX listed company of which he has been a Director since 2001. Mr Drescher was formerly a Director of ASX listed company Austal Limited from 1998 to 2004.

R D Humphris OAM, (63)
ARSM, BSc (Eng) Hons, CEng, FIMMM, FAIMM
An Independent Non-executive Director since 2004. An honours graduate in Mining Engineering at the Royal School of Mines, Imperial College, London University. Chairman of Ercog Holdings Pty Limited and Ampcontrol Pty Limited. Former Managing Director of Peabody Resources Pty Limited (previously Costain Australia Limited). Former Chairman of New South Wales Mineral Council, Australian Coal Association and Newcastle Coal Shippers Limited. Past Director of Australian Coal Research Limited and Port Waratah Coal Services Limited. Mr Humphris was formerly a Director of an ASX listed company AurionGold Limited from 2003 to 2004.
Dr.-Ing. H-P Keitel, (58)
Dr.-Ing. E.H.
A graduate in studies on civil engineering at Technical University, Stuttgart and on business administration and economics at Technical University Munich, Germany. A Non-executive Director since 1992. Elected Deputy Chairman in November 1998. Joined HOCHTIEF Aktiengesellschaft in 1988 as Director to the Board responsible for international business. Became a member of the Board of Executive Directors in 1990 and was appointed Chairman of the Board of Executive Directors of HOCHTIEF Aktiengesellschaft in 1992. Other directorships include The Turner Corporation, USA, and HOCHTIEF AUSTRALIA Ltd. He is a member of several Supervisory Boards.

T C Leppert, (51)
BA (Economics & Accounting), MBA
A Non-executive Director since 2004. Chairman of the Board and Chief Executive Officer of The Turner Corporation, a wholly owned subsidiary of HOCHTIEF AG. Serves on the National Boards of the US Chamber of Commerce, Claremont McKenna College and Harvard Business School, is former Vice Chairman of Pacific Century Financial Corporation, former President of Castle & Cooke Hawaii and principal with McKinsey & Co. Appointed as White House Fellow by the President of the USA, serving on White House and treasury staffs.

D A Mortimer AO, (60)
BEC(Hons), FCPA
An Independent Non-executive Director since 1997, Deputy Chairman of Australia Post. A Director of Macquarie Infrastructure Investment Management Limited. Former Managing Director and Chief Executive Officer of TNT Limited. As at 30 June 2005, Mr Mortimer was a Director of the following ASX listed companies: Arrow Pharmaceuticals Limited since 2002; Adsteam Marine Limited since 1997; Petsec Energy Limited since 1985; Virgin Blue Holdings Limited since 2003; and Citicorp Corporation Limited since 1997 (Chairman).

Dr P M Noé, (48)
Dr. recpt.
A graduate of the University of Cologne in business management studies. A Non-executive Director since 1997. Since February 2002 has been a member of the Executive Board of HOCHTIEF AG with his responsibilities including the Asia Pacific division from December 2003 and Airport division from June 2004. Prior to joining HOCHTIEF, Dr Noé held various executive positions with Thyssen group companies. He started his career as a management consultant for McKinsey & Co Inc in Dusseldorf/Germany and Sao Paulo/Brazil. A non-executive director of the Supervisory Board of Athen International Airport S.A., Flughafen Dusseldorf GmbH, the Builders' Credit Reinsurance Company S.A. and Contractors Causality & Surety Reinsurance Company S.A. A Director of HOCHTIEF Australia Limited.

D P Robinson, (49)
MCom, BEc, FCA, FTIA

Alternate Directors
Dr H-P Lütkestraatkötter (55)
Dr.-Ing.
An Alternate Director for Dr H-P Keitel since 2003. A graduate of the University of Aachen Technical University. An Alternate Director for Dr P M Noé since 2004. Member of the Executive Board of HOCHTIEF since December 2003 with responsibility for both the Corporate Divisions HOCHTIEF Development and HOCHTIEF Americas as well as the Strategic Corporate Development department. Prior to joining HOCHTIEF Dr. Lütkestraatkötter had a wide range of experience in the industry having served for over 20 years with engineering company Lahmeyer International and more recently holding senior positions in the international business of Philipp Holzmann AG and the Dussmann Group.

R L Seidler (56)
LLB
An Alternate Director for Dr H-P Keitel since 2003. A graduate of the University of Sydney. Partner of Blake Dawson Waldron, Chairman of Hunter Philip Japan Limited. A member of the investment advisory board of the Australian Prime Property Fund and a member of the Australian Government’s Corporations and Markets Advisory Committee. As at 30 June 2005, Mr Seidler was a Director of Valad Property Group Limited, an ASX listed company of which he has been a Director since February 2005.
This Remuneration Report has been prepared for the purposes of Section 300A of the Corporations Act 2001.

Remuneration and Nominations Committee
The Remuneration and Nominations Committee is responsible for making recommendations to the Board that ensure the Group's remuneration policy fairly and responsibly rewards executives having regard to performance, the law and the highest standards of governance.

The Committee's principal objectives, according to its Terms of Reference and Procedures (which are available on the Company's website) include:

- Reviewing and approving the remuneration of Executive Directors and other senior executive members;
- Reviewing and making recommendations to the Board regarding the remuneration of Non-executive Directors;
- Reviewing and making recommendations to the Board regarding the remuneration policies and practices for the Group generally including the incentive plans; and
- Reviewing and making recommendations to the Board regarding superannuation arrangements.

The Committee engages independent remuneration consultants to ensure remuneration practices are consistent with market practice.

Membership of the Remuneration and Nominations Committee is listed on page 62 of this Concise Annual Report.

NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration Policy

Fees and payments to the Company's Non-executive Directors reflect the demands which are made on and the responsibilities of the Directors. The Remuneration and Nominations Committee reviews and makes recommendations to the Board with regard to Non-executive Directors' fees annually. The Committee seeks advice from independent remuneration consultants to ensure their recommendations are appropriate having regard to the level of fees paid to Non-executive Directors of other companies of similar size and stature. The fees are determined by the Board after considering the recommendations of the Committee.

Non-executive Directors receive fees as remuneration for acting as a Director of the Company and in some cases as a Director of a subsidiary (M Albrecht is Chairman of Thiess Pty Limited and A Drescher is a Director of Leighton Contractors Pty Limited) and/or as a member of a standing committee of the Board. The Chairman does not receive additional fees for his membership of Board committees. The amount of each Non-executive Director's fees depends in part on the extent of the Director's responsibilities. Non-executive Directors do not receive shares, options or any performance related incentives.

The aggregate annual fees payable to the Company's Non-executive Directors are limited to the maximum annual amount approved by the Company's shareholders. This maximum annual amount is currently $1,300,000 as determined at the 2001 Annual General Meeting, although a resolution will be put to shareholders to approve an increase in the maximum annual amount to $2,000,000 at the Company's 2005 Annual General Meeting.

The Company does not pay the Alternate Directors any Directors' fees. Financial arrangements for Alternate Directors are a private matter between the Non-executive Director and the relevant Alternate Director.

Retirement Allowances and Superannuation

The Company contributes mandatory superannuation contributions for the benefit of each Non-executive Director.

On 1 November 1996 the shareholders approved a retirement plan for Non-executive Directors that provides for retirement benefits calculated as follows:

- less than 3 years service – Nil
- 3 to 5 years service up to an aggregate of the last 3 years fees
- 5 to 10 years service up to an aggregate of the last 5 years fees
- over 10 years service an aggregate of the last 5 years fees

Directors’ fees relevant to the determination of Director retirement allowances payable to Non-executive Directors participating in the retirement plan are Board fees (which excludes Board committee fees), subsidiary Board fees and superannuation contributions. The retirement allowances payable under the plan are funded by the Company to the extent that the amount payable to each Director out of the Company’s superannuation fund and attributable to the amounts paid into the fund by the Company is insufficient to meet the retirement allowance. The Company's liability for Non-executive Directors' retirement allowance is accrued annually based on completed service at 30 June 2005.

On 5 November 2003, the Board resolved to remove retirement allowances for Non-executive Directors appointed after that date in accordance with ASX Corporate Governance Principle 9.3. All new Non-executive Directors appointed from this date are paid increased Board fees to compensate them for the removal of the retirement allowance. The Non-executive Directors appointed since this change and paid under these arrangements are P Noé, T Leppert and R Humphris.
Remuneration Paid
Details of the remuneration of each Non-executive Director of the Company paid or accrued in the year ended 30 June 2005 are set out in the following table.

<table>
<thead>
<tr>
<th>Non-executive Directors</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>G Ashton</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Non-executive Director, Chairman</td>
<td>227</td>
<td>130</td>
</tr>
<tr>
<td>H-P Keitel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-executive Director, Deputy Chairman</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>M Albrecht</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Non-executive Director</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>G Dixon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Non-executive Director</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>A Drescher</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Non-executive Director</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>R Humphris¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Non-executive Director</td>
<td>90</td>
<td>-</td>
</tr>
<tr>
<td>T Leppert</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-executive Director</td>
<td>110</td>
<td>15</td>
</tr>
<tr>
<td>D Mortimer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Non-executive Director</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>P Noé</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-executive Director</td>
<td>110</td>
<td>72</td>
</tr>
<tr>
<td>D Robinson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-executive Director</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>

**Former Non-executive directors**

| J Morschel²             | 2004 | 2004 |
| I Johnson³              |      |      |
| B Peus⁴                 | 2004 | 2004 |
| Total                   | 2005 | 2004 |

1. Mr R Humphris was appointed a Director on 6 September 2004.
2. Mr J Morschel resigned as Chairman and as a Director of the Company in March 2004.
3. Mr I Johnson resigned as a Director in June 2004.
4. Dr B Peus retired as a Director in November 2003.
5. Accrual for retirement allowance during the reporting period or payments made to I Johnson and B Peus on retirement not previously disclosed as remuneration.
GROUP EXECUTIVE REMUNERATION

Remuneration Policy and Framework

The overriding objectives of the Group’s senior executive remuneration framework is to ensure remuneration provided to the Company’s Executive Directors and to other senior executives of the Company and the Group is competitive in the market and that it provides executives with appropriate motivation for high performance. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for shareholders. The Board’s objective is that the remuneration policy for senior executives satisfies the following principles:

- It attracts and retains high calibre executives
- It is competitive and reasonable
- It is acceptable to shareholders
- It aligns executive compensation to responsibility and performance of the executive and the Group
- It is transparent

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complimentary to the remuneration strategy of the Group.

The framework is comprised of five components providing a mix of fixed remuneration and variable (“at risk”) remuneration:

- Base pay;
- Short-term performance incentives (at risk);
- Medium-term deferred incentives (at risk);
- Long-term incentives (at risk); and
- Retention/retirement benefits.

As executives gain seniority within the Group, the balance of fixed and variable remuneration shifts to a higher proportion of “at risk” rewards.

Fixed Remuneration

Base Pay

Executives are offered a base pay structured as a total employment cost package, which may be delivered as a mix of cash and benefits as agreed between the employer and the executive. External remuneration consultants, market surveys and internal feedback as to market conditions provide analysis and advice to ensure a competitive base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually. An executive’s pay may also be reviewed on promotion. There are no guaranteed base pay increases fixed in any senior executives’ service contract.

Executive benefits may include car allowances or motor vehicles, executive home loans when transferring locations, salary sacrifice superannuation and certain expense payment and residual fringe benefits, and if in overseas locations rental of accommodation, home leave travel, medical and hospital insurance assistance, and dependant schooling assistance.

Retention/retirement benefits

Retirement benefits are delivered under various superannuation plans for Leighton group companies. The plans provide for specified contribution amounts for employees in accordance with government regulations and company policies. In addition the Leighton Superannuation Plan provides for defined benefits based on years of service and final average salary. The defined benefit section was closed to new employees on 1 July 1994 and at 30 June 2005 only 35 members were in this category.

Executives are provided with life insurance and in some cases total and permanent disability insurance and salary continuance insurance through the various superannuation plans. Where salary continuance insurance is not provided through the superannuation plan, the employer may provide such cover directly to the executive.

Certain key executives are provided with additional retention/retirement benefits in accordance with their employment contracts. Such benefits are provided when the employee is considered an outstanding performer and it is also considered that the Group and its shareholders would benefit from providing additional incentives for the employee to remain with the Group. The retention benefits are normally payable to executives after the completion of 5 years eligible service or on retirement.

Variable Remuneration

Short-term performance incentives

Should the Group and its divisions achieve pre-determined profit targets agreed by the Board on an annual basis then a pool of annual bonus is available for allocation to executives. The annual bonus plan is payable in cash during August/September each year and is approved by the Chief Executive Officer and/or Remuneration and Nominations Committee as appropriate. Using a profit target ensures annual bonuses are only available when value has been created for shareholders. The annual bonus plan is leveraged for performance above the profit targets to provide an incentive for executive out-performance and is provided for in the annual profit result.

Each Executive has an annual bonus opportunity depending on the accountabilities of the role and impact on the Group or business unit performance.

For the year ended 30 June 2005, the KPI’s (key performance indicators) referable to annual bonus plans were based on Group, individual business and personal objectives. The KPI’s to be met in achieving specific profit targets are the greater of a specified return on revenue and/or a specified return on funds employed by each business unit. These KPI’s are generic across the senior executive team.
Annual bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the Chief Executive Officer and/or the Remuneration and Nominations Committee.

**Medium-term deferred incentives**

The Group and its divisions provide for a deferred incentive plan payment that rewards executives for increasing profits over a 3-year period. The increment in profit is measured on an annual basis which results in an incentive pool being available for allocation to senior executives. Any profit reduction in a year will reduce the previously allocated pool of incentive for distribution. The structure of the plan ensures deferred incentives are only payable to executives when value has been created for shareholders. The Chief Executive Officer and/or the Remuneration and Nominations Committee approves the allocation of the deferred incentives to executives.

The deferred incentive as part of the retention strategy of the Group is only payable three years after the award. Executives who resign from the Group prior to the date the incentive is payable forfeit any unpaid incentive. The deferred incentive plan is leveraged to encourage the Company and its divisions to increase their profit results on a year on year basis. The unpaid amount of deferred bonus is increased each six months by reference to the 180-day bank bill rate.

The Chief Executive Officer’s deferred bonus is calculated by reference to the amount by which actual profit has exceeded a return on shareholder’s funds threshold. The annual amount determined is accrued and interest is calculated each six months by reference to the 180-day bank bill rate. The balance is payable on the conclusion of Mr King’s employment contract.

**Long-term incentives**

The Group’s long term incentive plan provides executives with a long term financial incentive to ensure the Company has an increasing share price and sustained growth in value for shareholders.

Long-term incentives are provided under the Leighton Executive Share Option Plan. This Plan was approved by shareholders at the Annual General Meeting held on 5 November 1998.

Vesting of options under this Plan is subject to conditions. All options expire on the earlier of their expiry date or termination of the individual’s employment except in the case of retirement or death. Options cannot be exercised for two years after they are granted and not more than 50% of the options may be exercised before the third anniversary of the date of grant. 100% of options may be exercised before the fifth anniversary of the date of grant. In addition to a continuing employment service condition, the ability to exercise options is conditional on the Group achieving a performance hurdle. The performance hurdle requires that the increase in the Groups shareholder returns (i.e. growth in share price plus dividends reinvested) during the period of two years ending 28 days before the proposed exercise of the option equals or exceeds the percentage increase in either the ASX All Industrials Accumulation Index or the ASX 100 Industrials Accumulation Index during the same two year period.

This performance hurdle was selected to ensure executive remuneration was aligned with share price growth in a manner that was easy to understand and which took into account performance relative to the market. The performance hurdle for the 2002 options was achieved on 15 August 2005.

No options were issued to group executives under the Leighton Executive Share Option Plan in the year ended 30 June 2005. No options held by the senior executives mentioned in the tables on pages 68 and 69 of this Concise Annual Report lapsed during the year.

The aggregate value under Section 300A(t)(e)(v) of the Corporations Act, 2001 is nil.
Relationship of Remuneration to Performance of the Group
The Group’s performance over the financial year and the previous 4 years is set out below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit after Tax ($mil)</td>
<td>205</td>
<td>110</td>
<td>140</td>
<td>169</td>
<td>156</td>
</tr>
<tr>
<td>Dividends paid during the financial year (cents)</td>
<td>47</td>
<td>45</td>
<td>43</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td>Dividends ($mil)</td>
<td>128</td>
<td>123</td>
<td>116</td>
<td>114</td>
<td>104</td>
</tr>
<tr>
<td>Earnings per Share (cents)</td>
<td>75.3</td>
<td>40.4</td>
<td>51.7</td>
<td>63.1</td>
<td>59.2</td>
</tr>
<tr>
<td>Change in Share Price ($)</td>
<td>2.37</td>
<td>&lt;0.47&gt;</td>
<td>&lt;0.38&gt;</td>
<td>1.90</td>
<td>2.68</td>
</tr>
<tr>
<td>Total Shareholder Return ($)</td>
<td>2.84</td>
<td>&lt;0.02&gt;</td>
<td>0.05</td>
<td>2.32</td>
<td>3.07</td>
</tr>
</tbody>
</table>

The Group’s short term incentive structure is linked directly to profitability in the financial year. The medium-term deferred incentive structure is linked directly to profitability over a 3 year period. Profitability drives both return to shareholders through dividends and share price thereby aligning the “at risk” rewards of senior management to those of shareholders.

The benefit of long-term incentives, provided through options, can only be obtained by senior management where total shareholder returns over a 2 to 5 year period exceeds relevant market indices. Such incentives provide senior management with additional motivation to improve the overall return to shareholders and aligns reward with the level of value created for shareholders.
Remuneration paid
Details of the remuneration of each Executive Director of the Company and each of the five most highly remunerated executives of the Company and the Group (Specified Executives) paid or accrued in the year ended 30 June 2005 is set out in the following tables.

<table>
<thead>
<tr>
<th>Executive Directors of the Company</th>
<th>Primary</th>
<th>Post Employment</th>
<th>Other</th>
<th>Equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash</td>
<td>Annual bonus</td>
<td>Deferred payments</td>
<td>Non-monetary benefits</td>
<td>Super-annuation contributions</td>
</tr>
<tr>
<td>W M King</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO</td>
<td>2005</td>
<td>1,783</td>
<td>3,016</td>
<td>3,225</td>
<td>820</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>1,497</td>
<td>-</td>
<td>1,820</td>
<td>667</td>
</tr>
<tr>
<td>D S Adamsas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy CEO &amp; CFO</td>
<td>2005</td>
<td>1,126</td>
<td>1,947</td>
<td>575</td>
<td>598</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>1,048</td>
<td>-</td>
<td>656</td>
<td>551</td>
</tr>
<tr>
<td>Total</td>
<td>2005</td>
<td>2,909</td>
<td>4,963</td>
<td>3,800</td>
<td>1,418</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>2,545</td>
<td>-</td>
<td>2,476</td>
<td>1,218</td>
</tr>
</tbody>
</table>

1. During the period W King also received payment of deferred bonuses accrued in the period from 1999 to 10 February 2000 and D Adamsas received a deferred bonus awarded in 2001 both of which were not previously required to be disclosed as remuneration either under law or the relevant accounting standards. Payments also included interest accrued on these entitlements until the date of payment. The accrual of retirement benefits for D Adamsas for 2004 was also understated by $268,380.

### Deferred bonuses and understated retirement benefits

<table>
<thead>
<tr>
<th>W King</th>
<th>D Adamsas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred bonuses paid which have not been previously disclosed</td>
<td>16,021</td>
</tr>
<tr>
<td>Interest on deferred bonuses paid which has not previously been disclosed*</td>
<td>6,975</td>
</tr>
<tr>
<td>Understatement of 2004 retirement benefits</td>
<td>-</td>
</tr>
<tr>
<td>Total remuneration for 2005 from table</td>
<td>12,817</td>
</tr>
<tr>
<td>Total remuneration for 2005 plus deferred bonuses and accrued interest paid and understated retirement benefits</td>
<td>35,813</td>
</tr>
</tbody>
</table>

* Interest was calculated on a semi-annual basis from date of award to date of payment by reference to the 180-day Bank Bill rate.
2. Includes change in value of leave benefits, benefits in kind and fringe benefits tax.
3. The amounts shown for retirement benefits is the accrual in the period for retirement benefits due under the executive’s service contract assuming the executive remains an employee for the whole period and earns his full retirement benefit entitlement. The accrual is based upon the executive’s current Base Salary.
4. Increase in unpaid deferred bonus entitlements calculated by reference to the 180-day Bank Bill rate.
5. The value of options was determined using a Black/Scholes option pricing model.
### Specified Executives

The Specified Executives received the highest remuneration of all executives in the Group (with the exception of the Executive Directors) for the year ended 30 June 2005. Each of the Specified Executives are both company executives and relevant group executives for the purposes of Section 300A (1)(c) of the Corporations Act 2001.

<table>
<thead>
<tr>
<th>Remuneration in $'000</th>
<th>Primary</th>
<th>Post Employment</th>
<th>Other</th>
<th>Equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash salary</td>
<td>Annual bonus</td>
<td>Deferred payments&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Non monetary benefits&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Super-annuation contributions</td>
</tr>
<tr>
<td>Specified Executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J Faulkner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive General Manager Operations, Leighton Holdings Limited</td>
<td>2005</td>
<td>944</td>
<td>700</td>
<td>498</td>
<td>$89</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>865</td>
<td>175</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>D Stewart</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Director John Holland Pty Limited</td>
<td>2005</td>
<td>706</td>
<td>500</td>
<td>468</td>
<td>$29</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>706</td>
<td>500</td>
<td>468</td>
<td>$29</td>
</tr>
<tr>
<td>R S Trundle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Director Thiess Pty Limited</td>
<td>2005</td>
<td>834</td>
<td>1,125</td>
<td>683</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>679</td>
<td>536</td>
<td>1,037</td>
<td>122</td>
</tr>
<tr>
<td>V A Vella</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Director Leighton Properties Pty Limited</td>
<td>2005</td>
<td>615</td>
<td>825</td>
<td>-</td>
<td>303</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>572</td>
<td>525</td>
<td>200</td>
<td>218</td>
</tr>
<tr>
<td>W J Wild</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Director John Holland Group Pty Limited</td>
<td>2005</td>
<td>971</td>
<td>965</td>
<td>742</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>898</td>
<td>310</td>
<td>1,064</td>
<td>44</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>4,070</td>
<td>4,115</td>
<td>2,391</td>
<td>334</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>3,014</td>
<td>1,546</td>
<td>2,301</td>
<td>393</td>
</tr>
</tbody>
</table>

2. Includes change in value of leave benefits, an executive home loan benefit due to relocation (W Wild), benefits in kind and fringe benefits tax.
3. The amounts shown for retirement benefits is the accrual in the period for retirement benefits due under the executive’s service contract assuming the executive remains an employee for the whole period and earns his full retirement benefit entitlement.
4. Increase in unpaid deferred bonus entitlements calculated by reference to the 180-day Bank Bill rate.
5. The value of options was determined using a Black-Scholes option pricing model.
For each of the Executive Directors and the Specified Executives the total reward mix is summarised below:

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>% Fixed Remuneration</th>
<th>% Variable Payment Remuneration (Short-term and Medium-term incentives)</th>
<th>% Variable Payment (Long-term incentives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>W M King</td>
<td>50.5</td>
<td>48.7</td>
<td>0.8</td>
</tr>
<tr>
<td>D S Adamsas</td>
<td>53.9</td>
<td>44.8</td>
<td>1.3</td>
</tr>
<tr>
<td>J Faulkner</td>
<td>51.1</td>
<td>46.8</td>
<td>2.1</td>
</tr>
<tr>
<td>D Stewart</td>
<td>48.8</td>
<td>50.7</td>
<td>0.5</td>
</tr>
<tr>
<td>R S Trundle</td>
<td>45.8</td>
<td>53.1</td>
<td>1.1</td>
</tr>
<tr>
<td>V A Vella</td>
<td>62.0</td>
<td>37.2</td>
<td>0.8</td>
</tr>
<tr>
<td>W J Wild</td>
<td>46.1</td>
<td>52.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Service agreements
Remuneration and other terms of employment for the Chief Executive Officer, Deputy CEO & CFO and the Specified Executives are formalised in service agreements.

The terms of these agreements include:
- an annual remuneration package and benefits including motor vehicle and superannuation which is reviewed at least on an annual basis with reviews currently effective on 1st January
- provision for participation in the annual bonus plan and deferred bonus plans which are related to the performance of their individual area of responsibility or the Group and are subject to maximum caps
- the basis of termination or retirement and the benefits and conditions as a consequence
- participation when eligible in the Leighton Executive Share Option Plan
- agreed provisions in relation to annual leave and long service leave, confidential information, intellectual property
- a restrictive covenant preventing the executives from engaging in specified activities after their employment with the Group ceases
- a defined Base Salary which excludes annual bonus, deferred bonus, non-monetary benefits, superannuation contributions and allowances.

The liability for retirement, retention and/or service benefits under each of these agreements is accrued annually based on the completed service at the reporting date and the executive's current Base Salary. The amount accrued during the period is disclosed as remuneration under each executive's post employment benefits.

Other features of the service agreements with the Executive Directors and Specified Executives are:

W M King
Chief Executive Officer
Date of Commencement: 13 May 1968
37 years total service
Commencement of Service Agreements: 23 December 1980
24 years contract service
Termination Date of Current Agreement: 1 December 2005*
6 months notice

* W M King has indicated his intention to continue his employment until 1 December 2008 and is finalising contractual arrangements with the Company.

D S Adamsas
Deputy Chief Executive Officer and Chief Financial Officer
Date of Commencement: 15 February 1971
34 years total service
Commencement of Service Agreements: 4 June 1981
24 years contract service
Termination Date of Current Agreement: Ongoing agreement
3 months notice

J Faulkner
Executive General Manager Operations
Date of Commencement: 11 January 1988
17 years total service
Commencement of Service Agreements: 1 March 1991
14 years contract service
Termination Date of Current Agreement: 1 January 2006
6 months notice

- A payment on termination of employment (other than if terminated for gross misconduct) of a retention benefit accrued at 20% per annum of Base Salary from January 2001.

D Stewart
Managing Director – John Holland Pty Limited
Date of Commencement: 13 December 1986
19 years total service
Commencement of Service Agreements: 1 July 2003
2 years contract service
Termination Date of Current Agreement: 30 September 2013
6 months notice

- Payment over the period from 2009 to the Termination Date of a retention benefit of 1 times final Base Salary and payment on the Termination Date of a service benefit of 1 times final Base Salary (other than if terminated for gross misconduct).
R S Trundle  
Managing Director – Thiess Pty Limited  
Date of Commencement: 31 March 1980  
25 years total service  
Commencement of Service Agreements: 1 July 1998  
7 years contract service  
Termination Date of Current Agreement: 1 July 2008  
6 months notice  
- Payment on the Termination Date or on early termination of employment by the employer of a retention benefit of 1 times final Base Salary and a service benefit of 1 times final Base Salary (other than if terminated for gross misconduct).

V A Vella  
Managing Director – Leighton Properties Pty Limited  
Date of Commencement: 7 January 1974  
31 years total service  
Commencement of Service Agreements: 28 October 1982  
22 years contract service  
Termination Date of Current Agreement: 1 September 2007  
6 months notice  
- Payment on the Termination Date (other than if terminated for gross misconduct) of a retirement benefit of up to 4 times final Base Salary.

W J Wild  
Managing Director – John Holland Group Pty Limited  
Date of Commencement: 24 July 1978  
27 years total service  
Commencement of Service Agreements: 1 July 1998  
7 years contract service  
Termination Date of Current Agreement: 30 September 2008  
6 months notice  
- Payment on the Termination Date or on early termination by the employer of a retention benefit of 1 times final Base Salary and a service benefit of 1 times final Base Salary (other than if terminated for gross misconduct).  
- Payment of a deferred retention bonus of $125,000 in each of the 2006 and 2007 financial years.

The Leighton Holdings Limited Directors’ Report for the financial year ended 30 June 2005 is signed at Sydney this 5th day of September 2005 in accordance with a resolution of the Directors.

G J Ashton AM  
Chairman

W M King AO  
Chief Executive Officer
SHAREHOLDINGS AND NOTEHOLDINGS

Information as to shareholdings on 5 September 2005 is as follows:

Substantial Shareholdings
The names of the substantial shareholders and the numbers of the equity securities in which they have an interest, as shown in the Company’s Register of Substantial Shareholders, are:

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOCHTIEF Australia Limited</td>
<td>144,722,932</td>
</tr>
</tbody>
</table>

The following companies hold a relevant interest in these shares:
- HOCHTIEF Australia Holdings Limited, (the parent company of HOCHTIEF Australia Limited)
- HOCHTIEF Asia Pacific GmbH, (the parent company of HOCHTIEF Australia Holdings Limited)
- HOCHTIEF Aktiengesellschaft, (“HOCHTIEF AG”), (the ultimate holding company of HOCHTIEF Australia Limited.)

Aberdeen Asset Management Asia Limited 13,754,820

Number of holders of the Company’s ordinary shares (which have equal voting rights*).
The Company has no other class of shares on issue as at 5 September 2005. 27,030

*Voting Rights: On a show of hands every member present in person or by proxy or attorney or duly appointed representative has one vote and on a poll every member so present has one vote for each share of which he/she is the holder.

Twenty Largest Shareholders
The percentage of the total holding of the 20 largest shareholders, as shown in the Company’s Register of Members, is 76.57% and their names and numbers of shares are as follows:

<table>
<thead>
<tr>
<th>% of Total</th>
<th>Name</th>
<th>Number Shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.07</td>
<td>HOCHTIEF Australia Limited</td>
<td>144,718,067</td>
</tr>
<tr>
<td>6.46</td>
<td>JP Morgan Nominees Australia Limited</td>
<td>17,606,128</td>
</tr>
<tr>
<td>6.04</td>
<td>Westpac Custodian Nominees Limited</td>
<td>16,475,225</td>
</tr>
<tr>
<td>3.50</td>
<td>ANZ Nominees Limited (Cash Income Account)</td>
<td>9,548,769</td>
</tr>
<tr>
<td>3.03</td>
<td>National Nominees Limited</td>
<td>8,260,085</td>
</tr>
<tr>
<td>0.98</td>
<td>Citicorp Nominees Pty Limited</td>
<td>2,661,968</td>
</tr>
<tr>
<td>0.49</td>
<td>Cogent Nominees Pty Limited</td>
<td>1,322,553</td>
</tr>
<tr>
<td>0.47</td>
<td>ANZ Nominees Limited</td>
<td>1,292,982</td>
</tr>
<tr>
<td>0.40</td>
<td>AMP Life Limited</td>
<td>1,084,792</td>
</tr>
<tr>
<td>0.36</td>
<td>HSBC Custody Nominees (Australia) Limited</td>
<td>984,524</td>
</tr>
<tr>
<td>0.26</td>
<td>Government Superannuation Office (Account State Super Fund)</td>
<td>71,670</td>
</tr>
<tr>
<td>0.26</td>
<td>Victorian Workcover Authority</td>
<td>709,420</td>
</tr>
<tr>
<td>0.25</td>
<td>Labrador Pty Limited</td>
<td>683,500</td>
</tr>
<tr>
<td>0.18</td>
<td>Milton Corporation Limited</td>
<td>503,220</td>
</tr>
<tr>
<td>0.18</td>
<td>Argo Investments Limited</td>
<td>484,000</td>
</tr>
<tr>
<td>0.15</td>
<td>Queensland Investment Corporation</td>
<td>407,274</td>
</tr>
<tr>
<td>0.14</td>
<td>Warbong Nominees Pty Ltd (Unpaid Entrepot Account)</td>
<td>386,406</td>
</tr>
<tr>
<td>0.12</td>
<td>Transport Accident Commission</td>
<td>339,704</td>
</tr>
<tr>
<td>0.12</td>
<td>Citicorp Nominees Pty Limited (CFSIL CWLTH Spec 5 Account)</td>
<td>334,348</td>
</tr>
<tr>
<td>0.01</td>
<td>Merrill Lynch (Australia) Nominees Pty Ltd (BPB Account)</td>
<td>288,927</td>
</tr>
</tbody>
</table>

208,803,562 76.57

Distribution Schedule Category  No. of Shareholders
1 – 1,000 13,883
1,001 – 5,000 11,101
5,001 – 10,000 1,309
10,001 – 100,000 690
100,001 and over 47
Total 27,030

There were 105 shareholders with less than a marketable parcel (34 shares).

Information as to Noteholdings on 5 September 2005 is as follows:

Twenty Largest Leighton Noteholders
The percentage of the total holding of the 20 largest Leighton Noteholders, as shown in the Company’s Register of Noteholders, is 71.90% and their names and numbers of notes are as follows:

<table>
<thead>
<tr>
<th>% of Total</th>
<th>Name</th>
<th>Number Noteholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.59</td>
<td>JP Morgan Nominees Australia Limited</td>
<td>511,739</td>
</tr>
<tr>
<td>10.04</td>
<td>National Nominees Limited</td>
<td>200,702</td>
</tr>
<tr>
<td>10.03</td>
<td>Citicorp Nominees Pty Limited</td>
<td>200,543</td>
</tr>
<tr>
<td>6.72</td>
<td>Westpac Custodian Nominees Limited</td>
<td>134,328</td>
</tr>
<tr>
<td>4.04</td>
<td>ANZ Nominees Limited (Cash Income Account)</td>
<td>80,819</td>
</tr>
<tr>
<td>3.38</td>
<td>Hastings Funds Management Ltd AREF Hastings Yield Fund</td>
<td>67,500</td>
</tr>
<tr>
<td>3.17</td>
<td>Cogent Nominees Pty Limited (SMP Accounts)</td>
<td>63,313</td>
</tr>
<tr>
<td>0.88</td>
<td>Bond Street Custodians Limited (Aburns – MA21T Account)</td>
<td>17,649</td>
</tr>
<tr>
<td>0.81</td>
<td>Australian Executor Trustees Limited</td>
<td>16,280</td>
</tr>
<tr>
<td>0.73</td>
<td>M F Custodians Ltd</td>
<td>13,105</td>
</tr>
<tr>
<td>0.66</td>
<td>W B C Global Services Australia Nominees Pty (MLC1 Account)</td>
<td>12,824</td>
</tr>
<tr>
<td>0.63</td>
<td>Brencorp No 11 Pty Limited</td>
<td>12,500</td>
</tr>
<tr>
<td>0.54</td>
<td>Goldman Sachs JBWere Capital Markets Ltd (Hybrid Portfolio Account)</td>
<td>10,870</td>
</tr>
<tr>
<td>0.50</td>
<td>SR Consolidated Pty Ltd</td>
<td>9,550</td>
</tr>
<tr>
<td>0.49</td>
<td>The Art Gallery of New South Wales Foundation</td>
<td>9,853</td>
</tr>
<tr>
<td>0.48</td>
<td>AMP Life Limited</td>
<td>9,586</td>
</tr>
<tr>
<td>0.42</td>
<td>Fortis Clearing Nominees Pty Ltd (Settlement Account)</td>
<td>8,339</td>
</tr>
<tr>
<td>0.40</td>
<td>Employers Mutual Limited</td>
<td>8,000</td>
</tr>
<tr>
<td>71.90</td>
<td>Total</td>
<td>1,437,441</td>
</tr>
</tbody>
</table>

Leighton Notes confer a right to attend a general meeting of the Company but no voting rights

Distribution Schedule Category  No. of Noteholders
1 – 1,000 2,493
1,001 – 5,000 70
5,001 – 10,000 10
10,001 – 100,000 11
100,001 and over 4
Total 2,588
SHAREHOLDER INFORMATION

2005 Financial report
A copy of the Group’s 2005 Financial Report, including the independent Audit Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Financial Report can be requested by telephone from our Group Information Manager on (02) 9925 6612 and is available from the Leighton website www.leighton.com.au

Enquiries
If you have any questions about your shareholding, dividend payments, tax file number, change of address etc, you should contact the Company’s Shareholder Enquiry Line at Computershare Investor Services Pty Limited:
by phone on
1300 855 080 (local) or
61 3 9415 4000 (international); or
by fax on
03 9473 2500 (local) or
61 3 9473 2500 (international); or
by email at web.queries@computershare.com.au

Or write to:
Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001

Dividend payment
The final dividend of 30 cents per share will be paid on 30 September 2005 and will be franked to the extent of 50%.

Direct dividend deposit into bank accounts
If you choose, your Leighton dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Details of the dividend payment will be confirmed by an advice mailed to you on that date. Application forms are available from our share registrar, Computershare Investor Services Pty Limited.

If you subsequently change your bank account, please promptly notify the registrar in writing quoting your old bank account number as an added security check.

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

If you have not already done so, a Tax File Number Notification form or Tax File Number Exemption form should be completed for each holding and returned to our Registrars, Computershare Investor Services Pty Limited at the above address. Please note you are not required by law to provide your tax file number if you do not wish to do so.

Stock exchange listing
The Company is listed on the Australian Stock Exchange. The home branch is Sydney.

Share information
Information regarding Substantial Shareholders, the 20 largest holders and shareholding distribution is on page 73.

Share buy-back
Leighton Holdings does not have a current on-market buy-back program.

Other available publications
In addition to the Annual Report the Company distributes the Chairman’s Address, the Half Yearly and Preliminary Final Reports and quarterly Corporate Updates to all shareholders. Newsletters are published bi-monthly and are available on request. Should you wish to be put on the mailing list, please contact the Group Information Manager on (02) 9925 6612.

Removal from annual report mailing list
If you do not wish to receive an Annual Report, please advise the Company in writing.

Financial Calendar*
2005
12 September Shares begin trading ex Dividend
16 September Books close for Final Dividend
30 September Final Dividend Paid
10 November Annual General Meeting
2006
15 February Half year Results announced
13 March Shares begin trading ex Dividend
17 March Books close for Interim Dividend
31 March Interim Dividend paid
30 June Year end
14 August Preliminary Final Results announced
11 September Shares begin trading ex Dividend
15 September Books close for Final Dividend
29 September Final Dividend Paid
9 November Annual General Meeting

*Note timing of events can be subject to change
## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2005

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Revenues from ordinary activities</td>
<td>6,381,376</td>
<td>4,926,276</td>
</tr>
<tr>
<td>Expenses from ordinary activities</td>
<td>(6,196,615)</td>
<td>(4,861,377)</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(26,352)</td>
<td>(18,118)</td>
</tr>
<tr>
<td>Share of net profits of associates and joint venture entities*</td>
<td>130,648</td>
<td>114,577</td>
</tr>
<tr>
<td><strong>Profit from ordinary activities before income tax expense</strong></td>
<td><strong>289,057</strong></td>
<td><strong>161,358</strong></td>
</tr>
<tr>
<td>Income tax expense relating to ordinary activities</td>
<td>(81,612)</td>
<td>(39,296)</td>
</tr>
<tr>
<td><strong>Profit from ordinary activities after income tax expense</strong></td>
<td><strong>207,445</strong></td>
<td><strong>122,062</strong></td>
</tr>
<tr>
<td>Net profit attributable to outside equity interest</td>
<td>(2,013)</td>
<td>(12,031)</td>
</tr>
<tr>
<td><strong>Net profit attributable to members of the parent entity</strong></td>
<td><strong>205,432</strong></td>
<td><strong>110,031</strong></td>
</tr>
</tbody>
</table>

**Other changes in equity attributable to members of the parent entity**

| Net exchange difference on translation of financial statements of self-sustaining foreign operations | (28,180) | (6,437) |
| **Total other changes in equity attributable to members of the parent entity** | **(28,180)** | **(6,437)** |

| **Total changes in equity from non-owner transactions attributable to members of the parent entity** | 177,252 | 103,594 |

|                                |       |       |
| Basic earnings - cents per share | 75.3  | 40.4  |
| Diluted earnings - cents per share | 75.3  | 40.4  |
| Dividends - cents per share  - Interim | 20.0  | 18.0  |
|                                | 30.0  | 27.0  |

*Interest costs, tendering expenses, overheads, corporate expenses and taxation of the Consolidated Entity have not been allocated to associates and joint venture results.

The statement of financial performance is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 80 to 87.
### Statement of Financial Position

as at 30 June 2005

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>635,210</td>
<td>737,733</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,033,259</td>
<td>957,835</td>
</tr>
<tr>
<td>Inventories</td>
<td>71,349</td>
<td>42,619</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>220,331</td>
<td>138,751</td>
</tr>
<tr>
<td>Investments in other entities</td>
<td>46,067</td>
<td>97,527</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>141,613</td>
<td>104,801</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>856,303</td>
<td>639,686</td>
</tr>
<tr>
<td>Goodwill</td>
<td>25,654</td>
<td>25,931</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>3,029,786</td>
<td>2,744,883</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>1,557,182</td>
<td>1,353,744</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>19,258</td>
<td>45,474</td>
</tr>
<tr>
<td>Provisions</td>
<td>263,399</td>
<td>256,040</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>235,457</td>
<td>226,549</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>59,847</td>
<td>7,161</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,135,143</td>
<td>1,888,968</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>894,643</td>
<td>855,915</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>421,851</td>
<td>421,851</td>
</tr>
<tr>
<td>Reserves</td>
<td>(101,798)</td>
<td>(73,618)</td>
</tr>
<tr>
<td>Retained profits</td>
<td>573,302</td>
<td>496,034</td>
</tr>
<tr>
<td><strong>Total parent entity interest</strong></td>
<td>893,355</td>
<td>844,267</td>
</tr>
<tr>
<td>Outside equity interest</td>
<td>1,288</td>
<td>11,648</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>894,643</td>
<td>855,915</td>
</tr>
</tbody>
</table>

The statement of financial position is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 80 to 87.
## Statement of Cash Flows

For the year ended 30 June 2005

### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts in the course of operations (including GST)</td>
<td>6,930,102</td>
<td>5,305,861</td>
</tr>
<tr>
<td>Cash payments in the course of operations (including GST)</td>
<td>(6,219,034)</td>
<td>(4,671,982)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>2,601</td>
<td>2,820</td>
</tr>
<tr>
<td>Interest received</td>
<td>12,079</td>
<td>14,556</td>
</tr>
<tr>
<td>Borrowing costs paid</td>
<td>(23,403)</td>
<td>(13,599)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(94,637)</td>
<td>(14,949)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>607,708</td>
<td>622,707</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for investments in controlled entities and businesses</td>
<td>(4,349)</td>
<td>(6,213)</td>
</tr>
<tr>
<td>Proceeds from sale of investments in controlled entities and businesses</td>
<td>10,577</td>
<td>-</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(652,591)</td>
<td>(367,079)</td>
</tr>
<tr>
<td>Proceeds from sale of other assets</td>
<td>98,274</td>
<td>75,170</td>
</tr>
<tr>
<td>Payments for investments in other entities</td>
<td>(21,065)</td>
<td>(47,062)</td>
</tr>
<tr>
<td>Loans to other entities</td>
<td>-</td>
<td>(53,333)</td>
</tr>
<tr>
<td>Repayment of loans to other entities</td>
<td>-</td>
<td>51,587</td>
</tr>
<tr>
<td>Loans to executives repaid</td>
<td>77</td>
<td>129</td>
</tr>
<tr>
<td><strong>Net cash (used in) investing activities</strong></td>
<td>(569,077)</td>
<td>(346,801)</td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from share issues</td>
<td>-</td>
<td>7,053</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>17,000</td>
<td>292,961</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(999)</td>
<td>(109,218)</td>
</tr>
<tr>
<td>Distributions to outside equity interests</td>
<td>(10,373)</td>
<td>(14,716)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(128,164)</td>
<td>(122,692)</td>
</tr>
<tr>
<td><strong>Net cash (used in)/provided by financing activities</strong></td>
<td>(122,536)</td>
<td>53,388</td>
</tr>
</tbody>
</table>

### Net Cash (used in)/provided by financing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (decrease)/increase in cash held</td>
<td>(83,905)</td>
<td>329,294</td>
</tr>
<tr>
<td>Net cash at the beginning of the financial year</td>
<td>728,433</td>
<td>408,266</td>
</tr>
<tr>
<td>Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year</td>
<td>(9,318)</td>
<td>(9,127)</td>
</tr>
<tr>
<td><strong>Net cash at reporting date</strong></td>
<td>635,210</td>
<td>728,433</td>
</tr>
</tbody>
</table>

### Reconciliation of cash balances

For the purposes of the statement of cash flows, cash includes cash on hand, at bank and short term deposits at call, net of outstanding overdrafts. Cash as at reporting date as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash assets</td>
<td>635,210</td>
<td>737,733</td>
</tr>
<tr>
<td>Bank overdraft (included in interest bearing liabilities)</td>
<td>-</td>
<td>(9,300)</td>
</tr>
<tr>
<td><strong>Net cash</strong></td>
<td>635,210</td>
<td>728,433</td>
</tr>
</tbody>
</table>

The statement of cash flows is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 80 to 87.
DISCUSSION AND ANALYSIS
for the year ended 30 June 2005

Revenue, including joint ventures, for the 12 months ended June 2005 totalled $7.7 billion, an increase of $1.7 billion over the corresponding June 2004 period. The increase was against all major revenue disciplines and all Australian companies reported increased revenue. Major projects such as Westlink M7 and Lane Cove Tunnel contributed to increased revenues in the Civil area while Mining reported a $300 million increase. The major sources of revenue were:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil and Building</td>
<td>4,879</td>
<td>3,660</td>
<td>1,219</td>
</tr>
<tr>
<td>Mining</td>
<td>1,809</td>
<td>1,534</td>
<td>275</td>
</tr>
<tr>
<td>Property Development</td>
<td>301</td>
<td>255</td>
<td>46</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>456</td>
<td>311</td>
<td>145</td>
</tr>
<tr>
<td>Environmental</td>
<td>143</td>
<td>194</td>
<td>(51)</td>
</tr>
</tbody>
</table>

The Group achieved an increase in work in hand to $15.5 billion compared to $13 billion a year ago. Civil of $3.8 billion, Building of $1.1 billion and Mining of $1.1 billion were the main segments in a new work won total of $7.5 billion. Included in the new work won is $2.5 billion in respect of the EastLink Project (formerly known as the Mitcham - Frankston Project). In addition, contract revisions and extensions mainly in Mining, totalling $2.2 billion were also achieved in the year.

Revenue in Australia was up 32% on the 2004 year to $6.6 billion (including joint ventures) as a result of increases across all business segments, particularly the major projects. Increased mining revenue was reported in the Thiess operations. Profit before tax increased to $229 million in 2005 from $58 million in 2004. The 2004 result included the effect of major loss projects Hilton and Spencer Street. The joint venture contribution of $98 million includes the results of the Westlink M7 and Epping to Chatswood Rail Link.

Asian operations revenue increased slightly to $1 billion while profits before tax reduced to $58 million. Revenue and profit were negatively affected by the increased average exchange rate over the year, while profit was also reduced by a loss project in the Philippines. Mining operations and profits of Thiess and Leighton Asia Southern in Indonesia performed well, with Leighton Asia Northern Hong Kong operations maintaining their results.

The Group's total assets increased by $285 million mainly as a result of the additional investment in plant and equipment. This investment supports the increased level of mining activity and contracts in hand. The Group now has mining contracts in hand totalling $6 billion. Total liabilities rose to $2.1 billion in line with the increase in assets and shareholders' funds.

The Group's total equity now stands at $895 million compared to $856 million at June 2004. The net tangible assets per ordinary share increased from $3.04 per share in 2004 to $3.19 at June 2005. The return on average shareholders' funds averaged 24% compared with 13% in 2004.

The earnings per share for the year was 75 cents, an increase from the 2004 return of 40 cents. The interim and final dividend in respect of the 2005 year has been increased from 45 cents to 50 cents which represents a payout ratio of 66%. The final dividend of 30 cents franked to 50% will be paid to shareholders on 30 September 2005.
1 Basis of preparation of the concise financial report

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 Concise Financial Reports and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the Consolidated Entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the Consolidated Entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of assets. These accounting policies have been consistently applied by each entity in the Group and except where there has been a change in accounting policy are consistent with those in the previous year. A full description of the accounting policies adopted by the Consolidated Entity may be found in the Consolidated Entity's full financial report.

Change in accounting estimate

The Consolidated Entity's policy on accounting for construction contracts is to recognise contract revenue and expenses on a percentage completion basis. Profits are not recognised during the establishment and initial stages of the contract and are only recognised when the contract result can be reliably estimated. This accounting policy has not changed.

From 1 July 2004, once the contract result can be reliably estimated (which is not less than 20% complete by cost), the profit earned to that point is immediately recognised. Previously the Consolidated Entity deferred profit until the contract was 20% complete and then released the profit over the remaining 80% of the contract on a pro rata basis. The effect of the above on net profit after tax for the year ended 30 June 2005 is an increase of $38.5 million.

2 Notes to the concise financial report

for the year ended 30 June 2005

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction contracting services</td>
<td>5,945,408</td>
<td>4,545,989</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>295,809</td>
<td>266,035</td>
</tr>
<tr>
<td>Sale of development properties</td>
<td>16,554</td>
<td>22,352</td>
</tr>
<tr>
<td><strong>Revenues from operating activities</strong></td>
<td><strong>6,257,771</strong></td>
<td><strong>4,834,376</strong></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Related parties</td>
<td>56</td>
<td>80</td>
</tr>
<tr>
<td>- Other parties</td>
<td>12,097</td>
<td>14,760</td>
</tr>
<tr>
<td>Dividends/distributions</td>
<td>2,601</td>
<td>1,890</td>
</tr>
<tr>
<td>- Other parties</td>
<td>108,851</td>
<td>75,170</td>
</tr>
<tr>
<td>Proceeds from sale of other assets</td>
<td>2,601</td>
<td>1,890</td>
</tr>
<tr>
<td>Other revenues</td>
<td>123,605</td>
<td>91,900</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td><strong>6,381,376</strong></td>
<td><strong>4,926,276</strong></td>
</tr>
</tbody>
</table>

The Consolidated Entity's share of revenues from joint ventures is excluded from Revenues noted above and from the statement of financial performance in accordance with Accounting Standards. The delivery of major projects by the Consolidated Entity is increasingly in the form of joint ventures. Details of the Consolidated Entity's share of joint ventures' revenues is provided as additional information below as Revenues - Group and joint ventures. Revenue from operating activities - joint ventures represents the Consolidated Entity's share of the operations of the joint venture or associated entity where the operations are primarily construction or property development.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from operating activities - Group</td>
<td>6,257,771</td>
<td>4,834,376</td>
</tr>
<tr>
<td>Revenues from operating activities - joint ventures</td>
<td>1,321,650</td>
<td>1,077,548</td>
</tr>
<tr>
<td>Total revenues from operating activities - Group and joint ventures</td>
<td>7,579,421</td>
<td>5,911,924</td>
</tr>
<tr>
<td>Other revenues</td>
<td>123,605</td>
<td>91,900</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities - Group and joint ventures</strong></td>
<td><strong>7,703,026</strong></td>
<td><strong>6,003,824</strong></td>
</tr>
</tbody>
</table>
Consolidated 2005 2004  
**Profit from ordinary activities before income tax expense**  

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net gains on sales of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in other entities</td>
<td>6,028</td>
<td>22,635</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9,918</td>
<td>8,578</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of goodwill</td>
<td>4,417</td>
<td>4,733</td>
</tr>
<tr>
<td>Depreciation of non current assets</td>
<td>366,864</td>
<td>287,330</td>
</tr>
<tr>
<td>Provision for losses - Spencer Street Station project</td>
<td>12,600</td>
<td>110,000</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>7,400</td>
<td>14,410</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>1,564,710</td>
<td>1,158,621</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>1,997,679</td>
<td>1,613,979</td>
</tr>
<tr>
<td>Plant costs and depreciation</td>
<td>833,843</td>
<td>652,103</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>1,417,410</td>
<td>1,096,035</td>
</tr>
<tr>
<td>Amortisation of goodwill</td>
<td>4,417</td>
<td>4,733</td>
</tr>
<tr>
<td>Operating leases - minimum lease payments</td>
<td>69,337</td>
<td>52,976</td>
</tr>
<tr>
<td>Professional fees</td>
<td>95,591</td>
<td>107,226</td>
</tr>
<tr>
<td>Foreign exchange losses / (gains)</td>
<td>2,246</td>
<td>(308)</td>
</tr>
<tr>
<td>Book value of assets sold</td>
<td>92,905</td>
<td>44,058</td>
</tr>
<tr>
<td>Cost of development properties sold</td>
<td>13,840</td>
<td>20,602</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>7,400</td>
<td>14,410</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td>-</td>
<td>13,590</td>
</tr>
<tr>
<td>Other expenses</td>
<td>97,237</td>
<td>83,352</td>
</tr>
<tr>
<td><strong>Expenses from ordinary activities</strong></td>
<td>6,196,615</td>
<td>4,861,377</td>
</tr>
</tbody>
</table>
## Segment Information

### Primary Segment - Geographical

<table>
<thead>
<tr>
<th></th>
<th>Australia / Pacific $'000</th>
<th>South-East Asia $'000</th>
<th>Eliminations $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2005</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from ordinary activities - Group and joint ventures</td>
<td>6,628,112</td>
<td>1,074,914</td>
<td>-</td>
<td>7,703,026</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>5,501,583</td>
<td>865,040</td>
<td>-</td>
<td>6,366,623</td>
</tr>
<tr>
<td>Other unallocated revenue</td>
<td></td>
<td></td>
<td></td>
<td>14,753</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td></td>
<td></td>
<td></td>
<td>6,381,376</td>
</tr>
<tr>
<td>Segment result</td>
<td>148,419</td>
<td>34,329</td>
<td>-</td>
<td>182,748</td>
</tr>
<tr>
<td>Share of net profit of equity accounted investments*</td>
<td>98,078</td>
<td>32,570</td>
<td>-</td>
<td>130,648</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(17,470)</td>
<td>(8,882)</td>
<td>-</td>
<td>(26,352)</td>
</tr>
<tr>
<td><strong>Profit attributable to members before income tax expense</strong></td>
<td>229,027</td>
<td>58,017</td>
<td>-</td>
<td>287,044</td>
</tr>
<tr>
<td><strong>2004</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from ordinary activities - Group and joint ventures</td>
<td>5,017,023</td>
<td>986,801</td>
<td>-</td>
<td>6,003,824</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>4,047,052</td>
<td>862,494</td>
<td>-</td>
<td>4,909,546</td>
</tr>
<tr>
<td>Other unallocated revenue</td>
<td></td>
<td></td>
<td></td>
<td>16,730</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td></td>
<td></td>
<td></td>
<td>4,926,276</td>
</tr>
<tr>
<td>Segment result</td>
<td>(27,231)</td>
<td>76,205</td>
<td>-</td>
<td>48,974</td>
</tr>
<tr>
<td>Share of net profit of equity accounted investments*</td>
<td>99,698</td>
<td>14,879</td>
<td>-</td>
<td>114,577</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(13,739)</td>
<td>(4,379)</td>
<td>-</td>
<td>(18,118)</td>
</tr>
<tr>
<td><strong>Profit attributable to members before income tax expense</strong></td>
<td>58,728</td>
<td>86,705</td>
<td>-</td>
<td>145,433</td>
</tr>
</tbody>
</table>

### Primary Segment - Geographical

<table>
<thead>
<tr>
<th></th>
<th>Australia / Pacific $'000</th>
<th>South-East Asia $'000</th>
<th>Eliminations $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2004</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from ordinary activities - Group and joint ventures</td>
<td>5,017,023</td>
<td>986,801</td>
<td>-</td>
<td>6,003,824</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>4,047,052</td>
<td>862,494</td>
<td>-</td>
<td>4,909,546</td>
</tr>
<tr>
<td>Other unallocated revenue</td>
<td></td>
<td></td>
<td></td>
<td>16,730</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td></td>
<td></td>
<td></td>
<td>4,926,276</td>
</tr>
<tr>
<td>Segment result</td>
<td>(27,231)</td>
<td>76,205</td>
<td>-</td>
<td>48,974</td>
</tr>
<tr>
<td>Share of net profit of equity accounted investments*</td>
<td>99,698</td>
<td>14,879</td>
<td>-</td>
<td>114,577</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(13,739)</td>
<td>(4,379)</td>
<td>-</td>
<td>(18,118)</td>
</tr>
<tr>
<td><strong>Profit attributable to members before income tax expense</strong></td>
<td>58,728</td>
<td>86,705</td>
<td>-</td>
<td>145,433</td>
</tr>
</tbody>
</table>

*Interest costs, tendering expenses, overheads, corporate expenses and taxation of the Consolidated Entity have not been allocated to associates and joint venture results.
6 Dividends

Cents per share $'000

2005 Final dividend
Subsequent to reporting date the Company announced a final dividend in respect of the year ended 30 June 2005 50% franked at a tax rate of 30%. The dividend is payable on 30 September 2005. This dividend has not been provided in the statement of financial position. 30.0 81,806

Dividends recognised in the reporting period
To June 2005
2005 interim ordinary dividend 50% franked at a tax rate of 30% paid on 31 March 2005 20.0 54,538
2004 final ordinary dividend fully franked at a tax rate of 30% paid on 30 September 2004 27.0 73,626

To June 2004
2004 interim ordinary dividend fully franked at a tax rate of 30% paid on 31 March 2004 18.0 49,084
2003 final ordinary dividend fully franked at a tax rate of 30% paid on 30 September 2003 27.0 73,608

128,164

7 Leighton Notes
Interest on Leighton Holdings Limited $200 million of Convertible Unsecured Subordinated Resettable Notes (“Leighton Notes”) will be paid on 30 November 2005 at the rate of 8.01% pa in respect of the period from 31 May 2005 to 29 November 2005 (both dates included). For the purpose of determining Noteholders’ entitlements to the payment of interest on the Leighton Notes only those persons who are registered as Noteholders at 7.00pm on 22 November 2005 (“Record Date”) shall be entitled to receive the payment.

8 Impact of first time adoption of Australian equivalents to International Financial Reporting Standards (AIFRS)
The Consolidated Entity has prepared the 30 June 2005 annual financial statements in compliance with existing Australian accounting standards and generally accepted accounting principles (AGAAP). From 1 July 2005, the Consolidated Entity will prepare its financial statements in accordance with AIFRS that come into effect on that date. The financial statements for the half year ending 31 December 2005 and year ending 30 June 2006 will therefore reflect the adoption of AIFRS and, as the Consolidated Entity will be complying with these new standards for the first time, the Consolidated Entity will be required to restate its comparative financial statements to amounts reflecting the application of AIFRS to those comparative periods.

Transition management
The Consolidated Entity’s AIFRS Project Team has managed the transition to AIFRS, taking all necessary steps to ensure financial reporting and accounting policy changes, training of staff, system and internal control changes have been effected where necessary and communicated to stakeholders. The Project Team has prepared a detailed plan for managing and implementing the transition. The project is currently on schedule and the implementation phase is substantially complete.

The rules for the first time adoption to AIFRS are set out in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet at transition date, being 1 July 2004. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings. The standard allows a number of voluntary exemptions to this general principle to assist in the transition to reporting under AIFRS.
NOTES CONTINUED

Impact of first time adoption of Australian equivalents to International Financial Reporting Standards continued

The Consolidated Entity intends to elect the following exemptions contained within AASB 1 on transition to AIFRS:

<table>
<thead>
<tr>
<th>Standard</th>
<th>Standard name</th>
<th>Election intended to be applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 3</td>
<td>Business Combinations</td>
<td>Prospective application elected</td>
</tr>
<tr>
<td>AASB 121</td>
<td>The Effects of Changes in Foreign Exchange Rates</td>
<td>Cumulative translation differences reset to zero on transition</td>
</tr>
<tr>
<td>AASB 2</td>
<td>Share Based Payments</td>
<td>Share based payment transactions vested before 1 January 2005 not to be reflected in the AIFRS financial statements</td>
</tr>
<tr>
<td>AASB 132</td>
<td>Financial Instruments: Disclosure &amp; Presentation</td>
<td>Comparative information not restated in December 2005 &amp; June 2006 financial statements</td>
</tr>
<tr>
<td>AASB 139</td>
<td>Financial Instruments: Recognition &amp; Measurement</td>
<td>Comparative information not restated in December 2005 &amp; June 2006 financial statements</td>
</tr>
<tr>
<td>UIG 1</td>
<td>Changes in Existing Decommissioning, Restoration &amp; Similar Liabilities</td>
<td>Changes in restoration liabilities and related assets which occurred before 1 July 2004 have not been accounted for retroactively</td>
</tr>
</tbody>
</table>

Key accounting policy changes and expected financial impacts

Set out in this note are the major areas where accounting policies are expected to change on adoption of AIFRS and management's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005. The figures disclosed are best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report.

The actual effects of transition to AIFRS may differ from the estimates disclosed due to: ongoing work being undertaken by the AIFRS Project Team; potential amendments to AIFRSs and Interpretations thereof being issued by the AASB and IFRIC; and emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations. Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the Consolidated Entity's financial position, results of operations and cash flows in accordance with AIFRS. The following disclosures should therefore not be regarded as a complete list of changes in accounting policies that result from the transition to AIFRS, as only material changes have been disclosed. The note below reflects management's current view on the impact of the transition to AIFRS on the Consolidated Entity's financial position and reported results, based on its relevant industry understanding and interpretation of the applicable standards.

The Consolidated Entity has elected to apply the exemption from restatement of comparatives for AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. Transitional adjustments will be made at 1 July 2005 and therefore no quantification of these changes has been included in the reconciliations set out below.

Consolidated

(a) Reconciliation of total equity under AGAAP to that under AIFRS

<table>
<thead>
<tr>
<th></th>
<th>30 June 2005</th>
<th>1 July 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total equity under AGAAP</td>
<td>894,643</td>
<td>855,915</td>
</tr>
<tr>
<td>Adjustments to retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation reserve reset to zero</td>
<td>A (73,618)</td>
<td>(73,618)</td>
</tr>
<tr>
<td>Development properties profit reversed</td>
<td>B (767)</td>
<td>(6,673)</td>
</tr>
<tr>
<td>Increase in deferred tax asset</td>
<td>B 230</td>
<td>2,002</td>
</tr>
<tr>
<td>Increase in deferred tax liability</td>
<td>C (4,028)</td>
<td>(5,236)</td>
</tr>
<tr>
<td>Write-back of goodwill amortisation</td>
<td>D 4,417</td>
<td>-</td>
</tr>
<tr>
<td>Adjustments to other reserves (net of tax)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation reserve reset to zero</td>
<td>A 73,618</td>
<td>73,618</td>
</tr>
<tr>
<td>Total equity under AIFRS</td>
<td>894,495</td>
<td>846,008</td>
</tr>
</tbody>
</table>
8
Impact of first time adoption of Australian equivalents to International Financial Reporting Standards continued

(b) Reconciliation of net profit under AGAAP to that under AIFRS

<table>
<thead>
<tr>
<th>Description</th>
<th>AIFRS Adjustments</th>
<th>AGAAP Adjustments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development properties profit recognised B</td>
<td></td>
<td></td>
<td>5,906</td>
</tr>
<tr>
<td>Adjustment to income tax expense C</td>
<td></td>
<td></td>
<td>(564)</td>
</tr>
<tr>
<td>Write-back of goodwill amortisation D</td>
<td></td>
<td></td>
<td>4,417</td>
</tr>
<tr>
<td>Adjustments to Net Profit under AIFRS</td>
<td></td>
<td></td>
<td>9,759</td>
</tr>
</tbody>
</table>

Net profit under AGAAP                                    205,432

Net profit under AIFRS                                    215,191

A The Consolidated Entity intends to elect the exemption allowed by AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards to reset cumulative foreign currency translation differences to zero on transition.

B Under AASB 118 Revenue, revenue and profit recognition on pre-sale residential projects would be deferred until settlement date rather than the percentage completion method currently adopted under UIG 53 Pre-Completion Contracts for the Sale of Residential Development Properties. The adjustment required on transition to AIFRS is a reversal of development profit of $6,673 and recognition of a deferred tax asset of $2,002. The AIFRS adjustment to net profit for the year ended 30 June 2005 is a recognition of profit of $5,906 and a decrease in the deferred tax asset of $1,772. The equivalent AIFRS adjustment to net profit for the year ended 30 June 2004 would have been a reversal of profit of $6,673.

C Under AASB 112 Income Taxes, the Consolidated Entity will be required to use the balance sheet method of tax effect accounting, rather than the liability method applied currently under Australian GAAP. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset will be recognised only to the extent it is probable that future taxable profits will be available against which the asset can be utilised. The adjustments to deferred tax liability and income tax expense relate to the expected impact of the change in basis and the tax effect of the above AIFRS adjustments.

D Under AASB 3 Business Combinations, goodwill is not permitted to be amortised but instead is subject to impairment testing on an annual basis or when triggers occur which may indicate a potential impairment. Currently, the Consolidated Entity amortises goodwill using a straight line method over the period during which the benefits are expected to arise, which at present does not exceed ten years.

(c) Restated AIFRS statement of cash flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.
Impact of first time adoption of Australian equivalents to International Financial Reporting Standards continued

(d) Discussion of other impacts of AIFRS
In addition to the above items that impact the June 2005 results, there are a number of other accounting policy changes that did not result in an adjustment to retained earnings on transition or at the current reporting date but may impact future years.

Impairment of Assets
Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The Consolidated Entity’s current accounting policy is to determine the recoverable amount of an asset on the basis of undiscounted cash flows. The Consolidated Entity’s assets including goodwill were tested for impairment on transition and will be tested at each subsequent reporting date as part of the cash generating unit to which they belong.

Employee Benefits
Under AASB 119 Employee Benefits, the Consolidated Entity will be required to recognise the net surplus or deficit in the defined benefit funds as an asset or liability. This will result in a change in the Consolidated Entity’s current accounting policy, which does not recognise the net assets/liabilities of the defined benefit fund. Any subsequent adjustments will be recognised directly in retained earnings.

Share Based Payments
Under AASB 2 Share Based Payments, the Consolidated Entity will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the income statement. This standard is not limited to options and also extends to other forms of equity-based remuneration. It applies to all share-based payments issued after 7 November 2002, which have not vested as at 1 January 2005. This will result in a change in the Consolidated Entity’s current accounting policy, under which no expense is recognised for equity-based remuneration. Since 7 November 2002 there has been no equity-based remuneration issued to employees.

Leases
AASB 117 Leases does not include any quantitative guidelines on determining lease classification unlike AASB 100B. Leases which were classified as operating under AGAAP may be classified as finance leases under AIFRS and recognised in the balance sheet. A review of the leases held by the Consolidated Entity indicates that leases with a value of $21,842 would be reclassified as finance leases on transition to AIFRS. This reclassification does not have a material impact on the equity of the Consolidated Entity.

Property, Plant and Equipment
Under AGAAP the gross proceeds on disposal of property, plant and equipment is recognised as revenue. Under AASB 116 Property, Plant and Equipment, a net gain is recognised as revenue and a net loss is recognised as an expense.

Earnings per Share
AASB 133 Earnings per Share requires basic and diluted earnings per share to be calculated using the profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The basic and diluted earnings per share for discontinued operations is calculated and disclosed separately. The earnings per share for the financial year ended 30 June 2005 calculated on the AIFRS adjusted results are expected to be: cents per share

Basic EPS from continuing operations 78.9¢
Diluted EPS from continuing operations 78.9¢

Tax Consolidation
Under UIG 1052 Tax Consolidation Accounting, wholly-owned subsidiaries which are part of a tax-consolidated group must recognise deferred tax balances in their own financial statements. Under Australian GAAP, all current and deferred tax balances were recognised by Leighton Holdings Limited as the head entity in the tax consolidated group. This will not impact the Consolidated Entity, only the Company.

Financial Instruments
The Consolidated Entity has elected to apply the exemption from restatement of comparatives for AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. Transitional adjustments will be made at 1 July 2005.

Classification of Financial Instruments
Under AASB 132, the current classification of financial instruments issued by entities in the Consolidated Entity will not change.

Under AASB 139, financial assets held by the Consolidated Entity will be required to be classified as either held for trading, held to maturity, available for sale or loans and receivables and depending upon the classification, measured at fair value or amortised cost. This will result in a change in the Consolidated Entity’s current accounting policy, as investments in equity securities which are currently held at the lower of cost and recoverable amount, will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity.

Derivative Financial Instruments
Under AASB 139, in order to apply hedge accounting, the hedging instrument must be deemed a qualifying hedge. Changes in the fair value of hedges which do not qualify for hedge accounting are recognised in the income statement. In order to achieve a qualifying hedge, the Consolidated Entity is required to meet the following criteria: identify the type of hedge – fair value or cash flow; identify the hedged item or transaction; identify the risk being hedged; identify the hedging instrument; demonstrate that the hedge has and will continue to be highly effective; and document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

Hedges are classified as cash flow, fair value or hedge of a net investment in a foreign operation.

Cash flow hedges and hedges of net investments in foreign operations are measured at fair value with changes in fair value recorded in equity to the extent that the hedge is deemed effective and until the hedged transaction occurs. Any ineffective portion is recorded in the income statement immediately.

Fair value hedges are measured at fair value with changes in fair value recorded in the income statement.
**Directors’ Declaration**

In the opinion of the Directors of Leighton Holdings Limited the accompanying concise financial report of the Consolidated Entity, comprising Leighton Holdings Limited and its controlled entities for the year ended 30 June 2005, set out on pages 77 to 87:

(a) has been derived from or is consistent with the full financial report for the financial year; and

(b) complies with Accounting Standard AASB 1039 Concise Financial Reports.

Signed in accordance with a resolution of the Directors.

G J Ashton AM  
Chairman

W M King AO  
Chief Executive Officer

Dated at Sydney this 5th day of September, 2005.

---

**Independent Audit Report on the Concise Financial Report to the members of Leighton Holdings Limited**

**Scope**

We have audited the concise financial report of Leighton Holdings Limited and its controlled entities for the financial year ended 30 June 2005 consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 8 and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows in order to express an opinion on it to the members of the Company. The Company’s Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Leighton Holdings Limited and its controlled entities for the year ended 30 June 2005.

Our audit report on the full financial report was signed on 5 September 2005 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 Concise Financial Reports issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

KPMG

S J Marshall  
Partner

## 5-YEAR STATISTICAL SUMMARY

<table>
<thead>
<tr>
<th>Summary of Financial Position</th>
<th>2005 ($'000)</th>
<th>2004 ($'000)</th>
<th>2003 ($'000)</th>
<th>2002 ($'000)</th>
<th>2001 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td>421,851</td>
<td>421,851</td>
<td>414,798</td>
<td>399,391</td>
<td>378,598</td>
</tr>
<tr>
<td>Total parent entity interest</td>
<td>893,356</td>
<td>844,267</td>
<td>856,312</td>
<td>789,259</td>
<td>740,170</td>
</tr>
<tr>
<td>Total equity</td>
<td>894,643</td>
<td>855,915</td>
<td>870,644</td>
<td>794,546</td>
<td>740,289</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,135,143</td>
<td>1,888,968</td>
<td>1,291,882</td>
<td>1,523,228</td>
<td>1,309,871</td>
</tr>
<tr>
<td>Total assets</td>
<td>3,029,786</td>
<td>2,744,883</td>
<td>2,162,526</td>
<td>2,317,774</td>
<td>2,050,160</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues - Group and joint ventures</td>
<td>7,703,026</td>
<td>6,003,824</td>
<td>5,620,236</td>
<td>5,275,457</td>
<td>4,476,271</td>
</tr>
<tr>
<td>Profit from ordinary activities before interest and income tax expense</td>
<td>315,409</td>
<td>179,476</td>
<td>231,824</td>
<td>240,480</td>
<td>214,878</td>
</tr>
<tr>
<td>Profit from ordinary activities before income tax expense</td>
<td>289,057</td>
<td>161,358</td>
<td>222,540</td>
<td>233,663</td>
<td>202,240</td>
</tr>
<tr>
<td>Income tax expense relating to ordinary activities</td>
<td>81,612</td>
<td>39,296</td>
<td>71,565</td>
<td>59,450</td>
<td>42,312</td>
</tr>
<tr>
<td>Profit from ordinary activities after income tax expense</td>
<td>207,445</td>
<td>122,062</td>
<td>150,975</td>
<td>174,213</td>
<td>159,928</td>
</tr>
<tr>
<td>Net profit attributable to members of the parent entity</td>
<td>205,432</td>
<td>110,031</td>
<td>140,014</td>
<td>169,222</td>
<td>156,156</td>
</tr>
</tbody>
</table>

### Financial Statistics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per ordinary share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- basic</td>
<td>75.3¢</td>
<td>40.4¢</td>
<td>51.7¢</td>
<td>63.1¢</td>
<td>59.2¢</td>
</tr>
<tr>
<td>- diluted</td>
<td>75.3¢</td>
<td>40.4¢</td>
<td>51.6¢</td>
<td>62.8¢</td>
<td>59.1¢</td>
</tr>
<tr>
<td>Dividends per ordinary share</td>
<td>50.0¢</td>
<td>45.0¢</td>
<td>44.0¢</td>
<td>42.0¢</td>
<td>39.0¢</td>
</tr>
<tr>
<td>Return on equity attributable to members</td>
<td>23.0%</td>
<td>13.0%</td>
<td>16.4%</td>
<td>21.4%</td>
<td>21.1%</td>
</tr>
<tr>
<td>Return on total assets</td>
<td>6.8%</td>
<td>4.0%</td>
<td>6.5%</td>
<td>7.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Profit before interest and tax to total revenue</td>
<td>4.1%</td>
<td>3.0%</td>
<td>4.1%</td>
<td>4.6%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Net profit attributable to members to total revenue</td>
<td>2.7%</td>
<td>1.8%</td>
<td>2.5%</td>
<td>3.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Dividend times covered</td>
<td>1.5</td>
<td>0.9</td>
<td>1.2</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>66.4%</td>
<td>111.5%</td>
<td>85.3%</td>
<td>67.1%</td>
<td>66.3%</td>
</tr>
<tr>
<td>Interest times covered</td>
<td>12.0</td>
<td>9.9</td>
<td>25.0</td>
<td>35.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Net tangible assets per ordinary share</td>
<td>$3.19</td>
<td>$3.04</td>
<td>$3.10</td>
<td>$2.83</td>
<td>$2.64</td>
</tr>
<tr>
<td>Current ratio</td>
<td>1.1</td>
<td>1.2</td>
<td>1.2</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Total equity to total assets</td>
<td>29.5%</td>
<td>31.2%</td>
<td>40.3%</td>
<td>34.3%</td>
<td>36.1%</td>
</tr>
<tr>
<td>Total equity to total liabilities</td>
<td>41.9%</td>
<td>45.3%</td>
<td>67.4%</td>
<td>52.2%</td>
<td>56.5%</td>
</tr>
<tr>
<td>Gross borrowings to total equity</td>
<td>26.3%</td>
<td>26.5%</td>
<td>4.3%</td>
<td>8.1%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Number of employees</td>
<td>21,270</td>
<td>15,768</td>
<td>15,236</td>
<td>15,228</td>
<td>12,615</td>
</tr>
</tbody>
</table>
DIRECTORATES AND OFFICES

Leighton Holdings Limited
ABN 57 014 406 982
89_90

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