

THE LEIGHTON ASIA MAGAZINE 2010

ISSUE 3

# INSITE



LEIGHTON



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Recognise  
the needs  
of the  
community



Leighton Asia works diligently to serve the communities in which we operate. Large corporations that operate across vast regions see many opportunities for growth and prosperity, however it is our ability to understand the needs of the communities in which we operate that drives the company forward, playing an active role in improving the living conditions for those interacting with our company and living in proximity to our project sites.

Leighton aims to operate with the industry's highest standards. To this end the company is pleased to have opened the Strive for L-I-F-E Knowledge and Skills Training Centre in August. This world-class training facility has been designed to conduct our Advanced Health, Safety and Environmental (HSE) Induction Programme in an interactive and dynamic setting and reflects our commitment to raise the operating standards of our group of businesses whilst leaving a legacy for society by providing a benchmark for our industry to operate as we train the professionals of tomorrow, today.

In Indonesia Leighton Operational Effectiveness Unit Training Department is currently developing a range of HSE training modules which will reflect the progressive changes in the way the company views safety issues as we strive for incident free workplace. The safety of our workforce is paramount in all we do. In the Philippines the local corporate social responsibility programme that covers employment, training, community assistance and livelihood projects has improved the lives of the people in the country, as well as our own workforce.

Part of our corporate community investment strategy is to encourage our staff to engage with the community. Leighton together with our staff recently made a donation to the Lotus Children's Centre in Ulaanbaatar of over US\$145,000 in order to construct a new school. Facilities will include a computer room, four classrooms and a library, all intended to enhance the educational opportunities for local homeless children. It is anticipated to bring an immediate benefit to more than 160 children and upon completion, to over 1,000 children. Those attending the ceremony in July reported feeling a great sense of pride to be involved in this community initiative.

At Leighton Asia we acknowledge how important it is to recognise the needs of the communities in which we interact as we are building a sustainable business through living our values.

**Hamish Tyrwhitt**  
Managing Director  
Leighton Asia

# International Dragon Boat Championships

Originating in China over 200 years ago as part of the observance of the annual Tuen Ng Festival, dragon boating has become an international event. In June paddlers from Leighton joined local and overseas crews to take part in the Sun Life Stanley International Dragon Boat Championships.

Jointly organised by Leighton's Young Professionals Club (YPC) and Social Club, the event brought together 42 paddlers and drummers from head office and project teams, two thirds of whom were YPC members. Participants endured two months of intense training before the event where they joined over 880 paddlers from 44 participating teams, many from around the world.

Leighton's two dragon boat teams enjoyed the encouragement of over one hundred supporters, including senior management, family members and friends, who witnessed Team A, lead by Gilbert Lee from North Lantau Hospital project, enter the Plate Final obtaining the 3rd runner up spot and Team B, lead by Matt Kenfield from Harbour Area Treatment Scheme project who entered the Silver Cup Final, and obtained the 4th runner up place.

"I had a memorable time and I am very grateful to Leighton for giving me the opportunity to participate in this year's event, to make new friends and to represent Leighton with pride and glory," said Eugene Chan of Team B. The success of this year's event is an indication of the commitment and enthusiasm of Leighton's staff.



# Values workshops in Mongolia

In July, Leighton Asia's Business Unit 2 held two values workshops in Ulaanbaatar (UB) Mongolia. The company core values are well known but the workshop was the first time they had been presented to staff in Mongolia for further promotion of the values culture.

30 staff from the UB office, the UHG and Khushuut Coal Mine projects as well as the UHG Coal Haul Road project were divided into two workshops where key discussions were based around the values in a Mongolian cultural context where staff were encouraged to develop specific values behaviours from a Mongolia business perspective.

The workshops highlighted and gave insight into Mongolian culture and Mongolian staff were able to share some views on working with expatriates. The two-way flow of information underscored the benefits of communication in order to understand the differences between Leighton staff members from different regions, allowing all team members the opportunity to grow together and to support one another at work and on site.

Whilst conversations focused on community-minded interaction amongst workers, there were also activities throughout the three days that allowed further interaction in a social context. These included the company barbeque held in the Terej National Country Park, an area of outstanding natural beauty with rolling green hills, rocky outcrops, forests and freshwater streams, where team building games were held which included canoe races, a tug-of-war and egg and spoon race. Groups were also divided into smaller units where constructive conversations were held with the Country Manager on issues related to the company's rapid expansion in the country.



# Strive for L-I-F-E Knowledge and Skills Training Centre

Leighton Asia's Business Unit 1 (BU1) has opened their first Hong Kong training centre in August to provide a world-class training facility, with a dynamic and interactive health and safety training curriculum aimed at internal staff, workers and subcontractors.

In order to expand upon the mandatory safety training already provided in Hong Kong by the various recognised authorities, Leighton has now developed an Advanced HSE Induction Programme, which is held at the Strive for L-I-F-E Knowledge and Skills Training Centre. All Leighton monthly and daily paid staff and workers, as well as subcontractors, are required to take part in this training programme. In fact, no-one is allowed to work on a Leighton Hong Kong site without a valid training certificate card.

The almost 750 square metres centre has been built on Tai Lin Pai Road, close to the Kwai Fong MTR station and opposite to the Express Rail Link project site office in order to provide maximum convenience to Leighton's workers and has been designed to conduct safety inductions. In addition to the Advanced Safety Induction Programme provided by the facility, Leighton is also in the process of establishing a standard curriculum of safety, environmental and quality management related training programmes which will be provided to all Leighton staff through the facility.

The training centre includes two classrooms which are fully equipped with all the latest multimedia technology and able to seat 20 people, a staff office and ten site mock-up areas comprising 560 square metres of live site environment. The advanced safety induction programme provided at the facility is physical, informative and practical and uses many forms of interactive and dynamic mediums to deliver the training programme.

Leighton's overriding objective when establishing this training facility was to provide staff and workers with a programme of training that is interactive and dynamic, whilst being informative, from which they will actually enjoy their training experience and take away key messages.

In accordance with the company's core values, particularly to create a fun and challenging environment, the training programmes and experiences planned for staff and workers are now at the cutting edge of training in Hong Kong. This new facility will become an industry benchmark in addition to being a great asset for both BU1 and Leighton Asia as a whole.





## Site visit engages the Tushig community

In June Leighton representatives, S. Erdenebaatar, Peter Broome, Samuel Bowles and Zorig Telmen travelled to Tushig soum, a small town of 1500 inhabitants in Selenge province in northern Mongolia, to the site of Leighton Asia's next project in the country, for the purpose of gathering information, inspecting the mine site and meeting with local community administrators and residents.

The local governor welcomed the Leighton team, provided general information about the town and explained the current difficulties of unemployment faced by the local community. "He was a very friendly individual who took all possible efforts to prepare answers to our questions that we had previously provided," said S. Erdenebaatar, Pre-contract Manager at Leighton LLC UB office.

After meeting the governor a meeting had been arranged in the town centre and many people of all age groups were waiting for the meeting to start as it had been announced earlier that Leighton representatives would be in attendance and all seemed keen for their first face-to-face encounter with our company.

After a session of very constructive and interactive discussions which delivered realistic information about Leighton's forthcoming presence in the area, mining experience in other parts of Mongolia and our core values including the recognition of local community needs, the local people came to understand that Leighton intends to help the community to develop and prosper whilst respecting the area's beautiful natural environment. During the meeting demand for jobs with Leighton was so high that application forms ran out.

"This site visit produced positive outcomes, beyond our expectations. Now is the time for us to keep up with our commitments and make this project a success both for Leighton Asia and people of Tushig community," said Erdenebaatar.



## Strive for L-I-F-E summer celebrations

To mark the six month milestone since the rollout of the Strive for L-I-F-E programme, at the end of July a series of summer celebrations were held by Business Unit 1 (BU1) and not even the day's heavy rainstorms could dampen the spirit or lessen the excitement of participating project teams throughout Hong Kong.

BU1, led by Executive General Manager, Ian Edwards and his leadership team spent the entire day visiting all Hong Kong projects and getting involved in the various planned activities. In addition to the worship ceremony, the highlight of the day was to provide all staff with an update on the status of the 10 areas of focused enhancement at a sharing session on safety supervision.

By bringing all the teams together for the Strive for L-I-F-E summer celebration, staff were able to reflect on their own commitment to safety issues by contemplating where they are in relation to health and safety issues today, looking back at where they have come from since the programme was launched and looking forward to and achieving goals set for the future.

Foreman Mr. Lee Kwok Keung who works on the Lai Chi Kwok Transfer Scheme project expressed his thoughts during the sharing session. "The company has invested in the provision of safety measures, training and safety promotion and we have to make use of the available resources, assist in the execution of safety measures and communicate safety instructions to the subcontractors. All of us support the initiatives developed by the company in order to build a safe workplace."

Mr. Alvin Yu Yiu-kwong, Senior Divisional Occupational Safety Officer from Labour Department, Arch SD, DSEAU, attended the North Lantau Hospital site celebrations. Activities included a worship ceremony, a speech given by Construction Manager Steven Wong, awards presentations for safety worker, foreman and subcontractor and an afternoon tea assembly.

Celebrations at Central Reclamation Phase III were well attended and included a speech by the Project Manager, a group warm up exercise and a lucky draw.

Staff from throughout BU1 expressed that the day was fun despite the seriousness of health and safety and all look forward to ensuring an incident free workplace in the months and years ahead.



# Leighton Asia's Philippines operation embraces CSR

Corporate Social Responsibility (CSR) has become an important component of good business practice throughout the Leighton group of companies and nowhere more so than in Leighton Asia's Philippines operation where its CSR programme covers employment and training, education, community assistance and livelihood projects.

The Livelihood Project, commenced in early 2007, focuses on providing assistance to small business groups located in rural households. This project paved the way for local groups to join trade fairs which in turn allowed them to establish themselves in the market. Leighton ensured that a proper training programme was provided in terms of marketing, employment generation, capability enhancement and product development which have helped to make the project sustainable over the long term, greatly improving the well-being of participants.

Community assistance is provided in various ways. At one end of the CSR scale is providing immediate assistance to victims of calamities. These activities call for the involvement of Leighton staff to help to distribute food packs to victims of disasters. Several operations to distribute food, such as in Bicol and Valenzuela, have assisted thousands of families in need. The company also promotes good nutrition by participating in school based feeding programmes in areas of poverty.



Leighton Asia's Philippines operations also provide direct assistance in the event of natural disasters where roads and bridges have been damaged. The company assists local authorities with road clearing, evacuation and other emergency response movements as required.

Wherever Leighton operates it is committed to providing opportunities for employment and training for local people. In the Philippines, the company maintains an employment ratio of 70:30 with local staff always of high priority. This provides income at a community level whilst recognising the talents of the individuals and also leaves communities prepared for employment opportunities at the conclusion of any project. Additionally, during recruitment campaigns, free pre-employment medical examinations are provided to job applicants.

Education is foremost in the company's outlook. In August 2006, Leighton Asia's Philippines operations launched a scholarship for mining engineers. This scholarship grant aims to provide opportunity to financially-in-need and academically deserving Filipino students to study towards a degree in mining engineering, at the same time addressing the need to develop local professionals in this field. These scholars gain on-the-job-training in a Leighton Asia project in the Philippines and ensures a job for them in the company after they successfully graduate.

Five scholars are maintained every year so that new recruits replace those who graduate. The first two graduates of this scholarship programme are now employed by Leighton Asia's Hong Kong operations. Another batch of two scholar graduates are now working in Masbate Gold Mining project.

Another way to educate young people is to allow them to experience study life in other communities around the world. Leighton provides such opportunities for children of its employees to participate in an inter-cultural education programme through the AFS. In the Philippines, one AFS scholar is chosen yearly for this opportunity and those returning from their studies one year later have all shown the benefits of embracing CSR.

# Milestones celebrated in the Philippines

In June two of Leighton's projects in the Philippines celebrated major milestones for lost time injury free man-hours (LTI), the Masbate Gold Mining project on Masbate Island and the North Luzon Expressway Segment 8.1 project in Manila.

The Masbate Mine project achieved 1 million man-hours without LTI in June. The project had previously achieved 1.2 million LTI free man-hours in October 2009 when a cooking incident occurred on a support vessel breaking the LTI free run at that time. The Masbate project commenced in April 2008 and after the completion of current negotiations is expected to be extended for a new contract term of 6 years.

Leighton's original scope of work on the project to date has included construction and maintenance of selected haul roads, removal of approximately 28Mbcm of waste material and mining of approximately 18.7Mbcm of ore. This includes management of all drill and blast, load and haul and maintenance operations.

The company is proud to have again exceeded over one million hours without LTI.

A few days after the record was set at Masbate, the North Luzon Expressway Segment 8.1 project in Manila registered an impressive 2 million man-hours without LTI. Working for the Manila North Tollways Corporation the North Luzon Expressway Phase II commenced in April 2009 and involves the construction of approximately 2.7km, 4-lane expressway, one overpass, one cloverleaf interchange, single toll plaza, O & M facilities and associated works.

These achievements reflect the successful implementation of the Strive for L·I·F·E initiative which was launched in November 2009. Strive for L·I·F·E has been fully embraced by the various project teams in the Philippines and has definitely led to improved safety culture on site.



## Upgraded ISO certification in the Philippines



Leighton Asia's Philippines operation is proud to have maintained and upgraded three ISO standards. The company was upgraded to Quality Management System (QMS) ISO 9001: 2008 version from the existing 2000 version after a surveillance audit on 12 July at head office and at the Zuellig Building project.

A first ever surveillance audit for the upgraded 2007 version of the Occupational Health and Safety Management System (OHSAS) 18001:2007 was also conducted on the same date in order to test that the standards are in place for the new version. Leighton Asia is the first construction company in the Philippines to be upgraded and certified for OHSAS 18001:2007 version with the auditors mentioning how impressed they were with the Strive for L·I·F·E programme.

Leighton Philippines Certificate of the Environmental Management System (EMS) 14001:2004 was recently released by Bureau Veritas Certification after a successful surveillance audit of our EMS system. The LEED programme was also taken into consideration during the surveillance audit. The EMS ISO 14001:2004 certification added value to our submitted tender for the Zuellig Building project, which has helped differentiate Leighton from other bidders. Zuellig Building is the first pre-certified gold rating LEED building project in the Philippines.

These upgraded ISO certifications speak well of the company's corporate values and continuous reinforcement of Leighton's reputation as a responsible and reliable contractor.

## Apprentices assigned to Toka Tindung

In May three apprentices, Hendry, Herry Supriadi, and Hidayat, all in their final year of their four year apprenticeship, were deployed to Toka Tindung project in North Sulawesi, Indonesia. The apprentices, each one from Apprentice Group 2, graduated in July.

The apprentices were deployed as part of their programme of on the job training (OJT) at the request of the Toka Tindung Plant Manager Wayne Williams. The OJT experience is a key component of the apprentice training programme. During OJT the apprentices are able to apply the knowledge that they have acquired in the classroom and the training areas.

For Apprentice Group 2 this has included recent training provided by some of the major equipment suppliers to Leighton Asia's Indonesia operations including Caterpillar, Komatsu, Sandvik, and Renault. This is a very active apprentice training programme with 19 apprentices joining Apprentice Group 5 which started their training to be mechanical technicians earlier in 2010.

Experts, especially in the plant area, are needed to ensure that operations run effectively. Plant apprentice training is part of the operational effectiveness unit and is based at the Balikpapan support office. The training programme draws its trainees from across Leighton Asia's projects in Indonesia as well as from the community.



(From left) Herry Supriadi (Best Apprentice), Hendry and Hidayat were deployed to the Toka Tindung project

## Graduates at the core of Leighton

At the end of July, Leighton Contractors Indonesia graduated five men from the Plant Apprentice Training (PAT) programme, the second group to graduate since the programme started five years ago. Although they come from a range of backgrounds these graduates are now at the core of the Leighton plant structure.

The graduates, Harbi Sudirman, Hendrik, Herry MJ, Herry Supriadi, and Hidayat, join the ten apprentice graduates from 2009. To mark this milestone, celebrations were held including a congratulatory dinner, during which the Best Apprentice was named as Herry Supriadi. This award is based on a range of measures that include safety, productivity, attendance and care of equipment. The four year programme is run by the plant apprentice training superintendent, Inri Takahipe as part of the Operational Effectiveness Unit (OEU).

The ceremony was attended by Leighton Asia Managing Director Hamish Tyrwhitt, General Manager Asset John Murray, Leighton Contractors Indonesia Manager Asset Peter Dudley, Operations Manager OEU Martin McKowen, Local Head of the Indonesian Governments' Department of Manpower Ir. Tarra Alorante as well as representatives from a number of suppliers.

Hamish stated, "As an example of our core value to encourage innovation, the Plant Apprentice Training programme works closely

with various government bodies as well as suppliers to ensure this programme's success. I congratulate our new graduates and wish them all the best in their careers with Leighton Asia."

The five new mechanical technicians come from a range of backgrounds, with three being accepted from within Leighton Asia's Indonesian projects, whilst two were recruited into the programme from the local trade training college (BLKI- Balai Latihan Kerja Industri). They are evidence of the success of the programme that has seen the intake go from five or ten apprentices per year initially to an intake of twenty in both 2010 and 2011.



## Indonesia develops new HSE Training

Leighton Asia's Operational Effectiveness Unit (OEU) Training Department in Indonesia is currently developing a range of health, safety and environmental (HSE) training modules which will become the standard training modules across all projects. The new HSE modules will cover all safety related topics and will reflect the progressive changes in the way the company views safety issues and the related methodologies employed.

As modules are developed training will be provided by the OEU to all onsite trainers in subject content, delivery and assessment of the module. An auditing system will be introduced to ensure project training targets are continually being met and the effectiveness and quality of the training is maintained. OEU is also working to match the training needs to each position's requirements to ensure that the HSE training is focused on the needs of each position.

Peter Finch, Project Services Manager at Leighton Asia's Indonesia operations said, "This will ensure HSE training is managed and coordinated more effectively and as a result fulfils our Strive for L-I-F-E commitment by ensuring projects have continual access to high quality HSE training programmes and information. A key component in our objective is eliminating fatalities and serious injuries across our projects."



# Scholarships awarded in Indonesia

Leighton Asia's Indonesian operations recently presented the fourth John McBreen (JMB) scholarship to some of the country's best and brightest young students. Established in 2007, the Leighton scholarship was initiated by the late John McBreen and specifically assists those regarded as the country's best university students majoring in mining.

2010 John McBreen scholarship recipients were Micah Marolop Hutadjulu from Bandung Institute of Technology (ITB), Asdiannor from Lambung Mangkurat University, and Banjarmasin and Irfan Dinda from Mulawarman University Samarinda.

One scholarship recipient is also awarded the opportunity to study at the University of New South Wales in Australia. This year Micah Marolop Hutadjulu was the lucky recipient. The other two scholarship recipients will study in Indonesia.

A JMB scholarship awards ceremony held on 5 August at Leighton's Jakarta office was attended by Professor Dr. Sudarto

Notosiswoyo, Dean of the Faculty of Mining and Petroleum Engineering ITB, Professor Dr. Rusdi, Dean of the Faculty of Engineering Mulawarman University, Ir. Norman Ruslan MT, Dean of Students Affairs Lambung Mangkurat University, and Dr. Rudianto Ekawan, Chairman of Mining Engineering ITB.

Those attending the ceremony from Leighton included President Director Ray Hodgson, Finance Director Jim Russell, Asset Manager Peter Dudley, Commercial Manager Simon Megginson, Pre-contract Manager Tony Johnston, Human Resources Manager Ita Hastuti and Corporate Affairs Manager Budi Tambunan.

"To date, twelve JMB scholarships have been awarded to Indonesian students," stated Ray Hodgson, President Director of Leighton Asia's Indonesian operations. "Of those twelve students, two have become mining engineers, four are currently completing 18 months work experience on site, while the remaining six students are studying in Indonesia and Australia," he added.

2010 John McBreen scholarship recipients Micah Marolop Hutadjulu (middle), Asdiannor (far right), Irfan Dinda (second right), Mr. Marpaung Technical and Environmental Director of Directorate General Mineral, Coal and Geothermal (third from left) with Leighton representatives





## Mongolian children welcome new school

Funded by Mongolian Children's Aid Foundation (MCAF), Lotus Children's Centre is a vibrant and thriving centre with a mission to improve the living conditions and enhance the educational and employment opportunities for homeless children in Mongolia. In July, children and volunteers gave a warm welcome to the visiting executives of Leighton Asia.

On behalf of Leighton Group, Hamish Tyrwhitt Managing Director of Leighton Asia and his management team attended a donation ceremony in Ulaanbaatar. Leighton Holdings Limited together with its staff in Asia made a donation in excess of US\$145,000 for the construction of a new school on the new campus of Lotus Children's Centre, located on the eastern side of Ulaanbaatar.

The donation will be used for the construction of a primary school with four classrooms, a central hall, a library and computer room, teacher's meeting room and a small kitchen area. It is anticipated to bring an immediate benefit to more than 160 children and many more in the future.

Leighton Asia Managing Director Hamish Tyrwhitt said, "It is an amazing day for all of us. The donation truly demonstrates our commitment to our core values – respect the needs of the community. Education is one of the fundamental building blocks of a prosperous society and we are ecstatic to be able to lend a hand to such a worthwhile cause, in partnership with the Mongolian people. As always, Leighton Asia is committed to having a positive and significant impact on the communities in which we work."

## Express Rail Link contract signings

The MTR Corporation has awarded Leighton Asia a contract worth A\$463 million (HK\$3.2 billion) for the construction of the tunnels and ventilation buildings in the Tse Uk Tsuen to Shek Yam section of the Guangzhou – Shenzhen - Hong Kong Express Rail Link (XRL). Contract works commenced in March 2010 and are scheduled for completion in 2015.

The signing ceremony of the Express Rail Link Contract 822 was held in July at the MTR Headquarters. Ian Edwards, Executive General Manager for Leighton Asia's Business Unit 1 operations, who was at the signing ceremony said, "Leighton is excited to play a key role in this effort to provide a fast and convenient railway service to the communities in Hong Kong that will connect to other cities in the Mainland. The Express Rail Link project is a challenging one and we will work closely with the MTR Corporation to make sure that it is delivered on time and within budget. We will utilise all of our core values to ensure that this project is a great success," he said.

Further news regarding the XRL project saw Leighton Asia, as part of a joint venture, awarded a second XRL project contract, namely an A\$409 million (about HK\$2.9 billion) contract to construct the West Kowloon Terminus Approach Tunnel and Track Fan Tunnel section.

The latest contract includes the construction of a 31 metre wide approach tunnel and 121 metre wide track fan tunnel, as well as a public transport interchange incorporating associated



buildings and landscaping. Other works include the construction of a 300 metre road underpass and two new footbridges. Contract works commenced in August with scheduled completion in 2015.

Leighton Asia Managing Director Hamish Tyrwhitt said, "The award of this contract by the MTR Corporation demonstrates Leighton Asia's ability to deliver outstanding results for its clients. Leighton has more than 25 years of rail experience in the region which is backed by a strong international presence and vast experience in building and tunnel construction."

"Upon completion, the XRL will greatly enhance accessibility between Hong Kong and Mainland China, further strengthening the social and economic development and we are excited to be playing a key role in this effort to provide a fast and convenient railway service to the communities," he said.



## Leighton farewells Ian Crawford

Staff at the MSJ Coal Mine project held a farewell party in July for Ian Crawford, Project Manager at MSJ Mine. Ian is credited with coming to the project during a difficult time and using his comprehensive experience in mining and commercial matters to quickly resolve issues, turning around the project to be the success that it is today. During his twelve months at MSJ, Ian is credited with building a solid and happy team and employees expressed their sadness for his departure but wished him well for his return to his family in Australia.

## Additional works at UHG Coal Mine

Leighton Asia has secured an A\$700 million contract adjustment to increase production at the Ukhaa Khudag (UHG) coal mine in southern Mongolia.

Energy Resources LLC has requested Leighton Asia to expand the production capacity at its UHG Coal Mine in the South Gobi region of Mongolia. The contract adjustment will increase production rates from current levels to 15 million tonnes per year by January 2013.

Leighton Asia Managing Director Hamish Tyrwhitt said, "The request to expand capacity was a testament to Leighton's strong performance since 2009. It further demonstrates our ability to deliver world-class mining solutions to our clients, both through the quality of our people and the safety and reliability of our operations. Our strong working relationship with Energy Resources and the local communities in the South Gobi region will ensure the continued success of this project."

Leighton was awarded the mining contract for the UHG Mine in February 2009 and coal production commenced in April 2009 with total production of 1.8 million tonnes in the year ended 31 December 2009.

## Homecoming and departure mark AFS Tea Party

A tea party was held in early August at Leighton's head office in Hong Kong to mark the return of 2009/2010 AFS student Ernest Chow, son of Chow Kwok Yiu from the Lai Chi Kok Transfer Scheme project, from a year studying in Germany and to farewell Athena Mak, daughter of Mak Chi Kong from the North Lantau Hospital project for her year of study, also in Germany.

"Being in Germany for a year taught me many things," stated Ernest Chow. "I've learnt to be more open and honest with people and understand why it is important to say what is on my mind and I am more open minded than I was before leaving Hong Kong. I have to say thanks to Leighton Asia for allowing me this life-changing opportunity and I would encourage all the children of Leighton employees to consider applying for this once in a lifetime chance to learn and grow."

Leighton Holdings involvement with the AFS programme began 18 years ago when the first student, the child of one of the company's employees, began her year of overseas study.

Leighton Asia is also committed to nurturing the next generation and in Asia their involvement with AFS began in 2006.

Currently both Hong Kong and the Philippines offices participate in this worldwide initiative to broaden the horizons of young people with a year living and studying in a foreign country.

In July this year Cristelle Gayle Pacsoy, daughter of Manny Pacsoy from at the Masbate Gold Mining project, returned from a year in Belgium whilst Lester Ilagan, son of Peter Ilagan, also an employee at Masbate, has just been selected as his country's AFS student for 2010. Lester is currently awaiting news of which country he will be travelling to.



Athena Mak (third right) and Ernest Chow (fifth right) with AFS and Leighton representatives

## Leighton announces record profit of A\$612 million

In August, the directors of Leighton Holdings announced that the Group had reported a 39% increase in profit after tax and minorities to A\$612 million (A\$440 million last year) and a pre-tax profit of A\$843 million for the 2010 financial year. The return on shareholders' funds averaged 25% for the year with a record net operating cash flow of A\$1.7 billion.

Leighton Holdings' Chief Executive, Mr. Wal King, reported that he was very pleased to report such a strong profit result which was based on a solid contribution from Australia, driven by transport infrastructure, contract mining, telecommunications and operations and maintenance, helping to offset a poor year in property markets.

"Our offshore markets also made solid contributions to the result. Highlights included infrastructure construction in Hong Kong and India, the contract mining of coal in Indonesia and Mongolia and offshore oil and gas services," said Mr. King. Since 30 June 2010, the Group has been awarded an additional A\$1.5 billion worth of new contracts and we have approximately A\$8 billion of contracts which we are in a preferred or single negotiation position that are expected to be converted by the end of the calendar year."

"The Group's work in hand at 30 June 2010 was 12% higher than last year reaching a new record high level of A\$41.5 billion, with 65% from Australia and 35% from offshore

markets. The order book was boosted by the award of some A\$23.5 billion worth of new work, extensions and variations during the period.

"Hong Kong's construction market is expected to grow solidly over the next 5 years on the back of major transport and infrastructure programs designed to encourage economic activity and forge better linkages with the mainland," said Mr. King.

"New mining work and extensions in Mongolia, Indonesia and other regions supported the Group's contract mining activities. Demand for iron ore, coal and oil and gas will increase and should remain strong as China and India urbanise and industrialise and maintain their solid economic growth. Thermal coal production in Indonesia is forecast to grow considerably over the next decade, supported by strong exports to Asia and rapidly growing domestic consumption. Mongolia is quickly becoming a major supplier of quality coking and thermal coal, aided by its close proximity to China and Leighton Asia is very positive about the opportunities in this market."

"The outlook for the Group remains positive based on a record level of work in hand, a strong competitive position and continuing economic recovery in our major markets," concluded Mr. King.



## Contract signed for Martabe Gold Mine

Distinguished guests including Leighton representatives attended the signing ceremony at the end of July at Grand Hyatt Hong Kong Hotel for the new A\$172 million contract for the provision of mining services at the Martabe Gold Mine in North Sumatra Province, Indonesia.

## Leighton Holdings Board in Asian tour

Leighton Holdings Board members, including directors, operating company executives, Leighton Asia executives and partners embarked upon Board visits to Mongolia, Macau and Hong Kong between 31 May and 6 June. Leighton Asia intern, Jessica Bartolotta, reports on the trip.

I have been with Leighton for five months and was a volunteer for the Leighton Holdings Board visits, working in Hong Kong and Ulaanbaatar offices assisting with various hands on tasks. The group of 90 individuals participated in an itinerary of activities, including directors meetings, site visits, cultural tours and entertainment complex inspections.

Mongolia is a resource-rich land with vast mineral deposits, making it a prime market for mining companies including Leighton Asia. The country's business environment is extremely volatile, however, I was keen to take on the challenge and maximise the opportunities that Leighton Asia presented for a young graduate like myself.

The UHG Mine site tour was truly a rare experience and allowed me to understand the challenges in extracting the most demanded resource in the world, coal. Working conditions at the isolated mine site are tough and during winter it can reach 40 degrees below freezing.

Leighton Asia organised several cultural dance performances and some traditional 13th century Mongolian nomadic encounters for the visiting group, including sleeping in a traditional Mongolian ger (tent). This was an enjoyable experience as it enabled me to understand not only the life of a worker at the mine site, but also the traditional lifestyle of the Mongolian people, especially the 60-70 per cent of the population who are still living in gers.

In Hong Kong, I escorted the group to Ocean Park, Central Reclamation and Lai Chi Kok Transfer Scheme projects. The following day we departed for Macau, where we all enjoyed an extensive and exclusive tour of the recently completed City of Dreams project before enjoying dinner and a show at Macau's premier lifestyle and entertainment complex.

The Board visit to Mongolia, Hong Kong and Macau provided an excellent opportunity for Board members to experience and become better informed about Leighton projects, current and completed at each destination. As an intern, the opportunity to visit various Leighton Asia project sites also confirmed my enthusiasm for working at this fantastic company.

Martabe Gold Mine is recognised as a world class gold and silver asset; containing a resource base of 6.5Moz gold and 66Moz silver. Located in North Sumatra Province, Indonesia, it is part of G-Resources Group operations. PT Leighton Contractors Indonesia has been awarded a contract to undertake the mining activities, including mine haul road construction, topsoil removal, drill and blast, mining of waste and the construction of mine infrastructure.

Production will increase to 10 Mtpa once at full production and Leighton has commenced mobilisation, the first equipment was delivered on site in early August.

Hamish Tyrwhitt, Managing Director of Leighton Asia and Ray Hodgson, President Director of Leighton Asia Indonesia operations were present at the signing. Hamish said, "We are excited by the opportunity to work closely with G-Resources. Our project team has a solid reputation for delivering greenfield projects in Asia, drawing upon Leighton's core skills and significant abilities."

"This contract will enable Leighton Asia to diversify its mining operations in Indonesia both by commodity and geography. Accordingly we will be optimising local employment with intensive training programmes, highlighting our commitment to the local community and other important stakeholders," he said.

The award of the mining contract highlights Leighton Asia's ability to deliver robust mining solutions to clients across Asia and reaffirms the company's competitive position and solid abilities in Indonesia.





## This issue's featured value is: **Recognise the needs of the community**

Our core values define our corporate culture and direct how we behave. The behaviours associated with this value are: develop long term community partnerships, promote our brand, prioritise local employment, take the initiative and engage with our communities.

Our other core values are:

- Act with integrity and fairness
- Protect the environment
- Provide a safe and healthy workplace
- Encourage innovation and technological leadership
- Create a fun, challenging and performance driven culture
- Be commercially competitive

