MULTIPLEX

Multiplex Limited
(ABN 96 008 687 063)

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MULTIPLEX GROUP (MXG) FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2005

Multiplex Group ("the Group") recorded a $148.1 million net profit after tax for the year ended 30 June 2005. This result is before stapled eliminations outside equity interest ("OEI"), predominantly Multiplex Step up Income Trust issued Exchangeable Securities (SITES). The result includes a $165.4 million contribution from Multiplex Property Trust ("the Trust") and an after tax loss from Multiplex Limited ("the Company") of $17.3 million, both before OEI.

Key financial summary:

- Aggregated Group net profit after tax, stapled eliminations and OEI was $83.8 million.
- A strong performance from the Trust with a net profit before OEI contribution of $165.4 million.
- Revenue increased to $4.15 billion over the period, mainly attributable to an increase of $637 million in Trust revenues. This includes divestment proceeds on Trust investments (including 222 Exhibition Street, Melbourne and 50% of Ernst & Young Tower, Sydney).
- Earnings Per Security, fully diluted, after stapled eliminations and OEI was 11.6 cents per security, down from 17.4 cents per security last year.
- The Company loss was largely due to the disappointing result from the construction division, which recorded a loss of $62.0 million.
- An additional general contingency of A$8.6 million after tax has been provided in relation to the Wembley project.
- All other divisions recorded strong profit, with divisional contributions being: Development $95.0 million; Property Funds Management $16.5 million; and Facilities and Infrastructure Management $4.1 million.
- The sale of a partial share in the Cricklewood project in the UK (one of the development sales referred to on 1July) has enabled a profit of $8.6 million to be recognised in FY2005. This represents the first tranche of consideration for this transaction.
- Due to the adoption of a more conservative construction project recognition framework, the full year result does not take into account $12.2 million in early completion bonuses included in previous forecasts.
- Net tangible assets per stapled security were $3.55, including SITES.
- Total assets for the Group were $7.0 billion.
- Multiplex Group distributions totalled $207.1 million.
- The final distribution to be paid on or before 31 August 2005 is 14.0 cents per security. This distribution comprises a final distribution from the Trust and no Company dividend.

Multiplex Group Chief Executive Officer, Andrew Roberts, said: "The result is very disappointing and has been significantly impacted by the substantial losses experienced at Wembley National Stadium. Progress since the introduction of an accelerated works program has been encouraging and we remain on program to hand over at the end of March 2006. However, despite this, the Company has made a further A$8.6 million after tax provision today as a contingency against residual risks that remain until project completion."

"The sale of half of our 50 per cent interest in the Cricklewood urban regeneration scheme in the United Kingdom is consistent with our stated strategy to rationalise our development pipeline, reduce our exposure to long dated projects and introduce new partners or co-investors."

This was one of the two possible transactions referred to in the earnings update on 1 July 2005 as potentially impacting the FY2005 result. Income from the other development sale is now expected to occur in FY2006. The Cricklewood transaction was subject to conditions subsequent which have now been fulfilled enabling the Company to realise an $8.6 million after-tax profit in FY2005. Multiplex retains the preferred contractor role. Additional profits on the sale are expected to be realised in FY2006 upon receipt of the balance of purchase consideration.

“All other operating business units outside of identified construction loss projects performed strongly. It is unfortunate that the Wembley performance undermined the strong contribution from other parts of the Group. This reflects the benefits of the Group’s integrated property model, which captures profit at every stage of the property lifecycle,” Mr Roberts said.

Multiplex Property Trust

The Trust contributed $165.4 million before OEI ($150.2 million after OEI) to the overall Group result. The net profit attributable to OEI in the Trust of $15.2 million relates to the payment to Multiplex SITES Trust.

Over the year investment sales have contributed $21.5 million to net profit, including the sale of Exhibition St, James Hardie New Zealand properties and the sale of 50% of the Latitude E&Y Tower, amongst others. Through the Ronin acquisition, the Trust acquired investments in ANZO, Darling Park and Bourke St which, alongside investments made in 2005 in the Multiplex NZ Property Fund and Multiplex Acumen Property Fund, have generated a $32 million contribution in the form of equity accounted profits.

The largest contribution to the 2005 Trust growth is attributable to the increase in net property income of $98 million. This arose through the Ronin acquisition, income from completed property investments and a full 12 months of income on the original Trust properties.

At 30 June 2005, occupancy of the completed assets was at 93%. The Trust has enjoyed considerable success having conducted rent reviews over 350,000 square metres of area, securing an average uplift of 4.1%, leased over 125,000 square metres of lettable area and has achieved a tenant retention rate of 87% by income and 88% by area.

Property Development

The Property Development division contributed a profit before tax of $95.0 million to the overall Group result in 2005 compared to a net profit before tax of $72.3 million in 2004.

The commercial office and industrial and retail property sectors are continuing to perform well, benefiting from well located projects in diversified geographic areas. Performance of the Master Plan Community/Land sector exceeded expectations. The Multi-residential sector provided returns in spite of reduced sales activity.

Although as yet there has been no positive contribution from the New Zealand operations, these are expected to start contributing to profit during the second half of the 2006 financial year.

Overall there has been a margin improvement in Developments.

Construction

The Construction division incurred a loss before tax of $62.0 million in 2005 compared to a profit before tax of $73.2 million in 2004.

Two loss projects in the United Kingdom (Wembley and West India Quay) undermined solid contributions from NSW, Victoria, WA and Engineering. The divisions performance in Queensland was however disappointing.

New risk control measures have been introduced in the Construction division. After anticipated completions this month of two projects in Queensland, the division will have only one current loss making project (Wembley).

The overall average gross margin in Construction, excluding Wembley and West India Quay, averaged 5.3%.

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Previously, Multiplex Group's accounting methodology recognised completion bonuses on a proportionate basis from the inception of the project, once the likelihood of earning the bonus was probable and could be reliably estimated. From the financial year 2005 onwards the Company has adopted a more conservative methodology requiring a project to be substantially complete before such bonuses will be recognised. The reduction in net profit after tax of this change in methodology was $12.2 million.

The problems associated with the construction of the Wembley National Stadium and the unfavourable results on the completed West India Quay project have notably impacted the UK result. Given residual risks remaining on the Wembley project, it was considered prudent to provide for an additional general contingency of $8.6 million (after tax) for the year.

The division's expected total gross profit backlog on currently contracted work exceeds $200 million.

Facilities and Infrastructure Management

The Facilities and Infrastructure Management division contributed a net profit before tax of $4.1 million to the overall Group result.

Divisional turnover was $38 million. New contracts have been awarded in the Social Infrastructure and Major Commercial segments including Casey Community Hospital, Luna Park complex and the NSW Police Headquarters in Parramatta.

The Property Services Sector has also grown substantially on the back of the integrated property and facilities management contracts with the Trust on various properties including Ernst and Young Centre, World Square Retail (NSW) and 240 & 324 Queen Street (Queensland).

Overall net margins have remained consistent with the prior year.

Property Funds Management

The Property Funds Management division contributed a net profit before tax of $16.5 million to the overall Group result against a prior year net profit before tax of $5.4 million.

The major items contributing to these results are an increase in Funds Management fees of $5.7 million, transaction fees of $0.85 million from the sales of 186 St Georges Terrace and ADPT Reed Street and syndication fees net of commissions and capital raising costs of $10 million.

The increased fees were partially offset by additional staff and operating costs necessary to administer the new Funds including the Ronin portfolio acquired during the year by the Trust.

Outlook

After taking into account the adverse timing effect of the AIFRS treatment of development profits (settlements basis) and the more conservative methodology of recognising completion bonuses, the Board has provided a revised forecast of $215.0 million before stapling eliminations and OEI.

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