



PearlStreet

ASX Announcement

12 July 2007

PearlStreet Signs MOU to Acquire Metlabs and ITS Businesses

Energy and resources sector asset services contractor, PearlStreet Limited (“PearlStreet”) (**ASX: PST**) today announced it has signed a Memorandum of Understanding (“MOU”) with Leighton Contractors Pty Ltd, a wholly owned subsidiary of Leighton Holdings Limited (**ASX:LEI**) to acquire the business and assets of:

- Metlabs which specialises in condition monitoring, non-destructive and mechanical testing, metallurgical services and engineering analysis; and
- ITS specialising in condition monitoring, oil analysis and lubrication services

The business and assets of Metlabs and ITS are currently wholly owned by Leighton Contractors through its Mayfield Engineering and Leighton Industrial Services subsidiaries.

Metlabs and ITS together employ 250 people with 145 in Western Australia, 20 in South Australia and 85 across the Eastern Seaboard. This will bring the total number of employees for the combined PearlStreet group on completion of the acquisition to approximately 520 across Australia.

The MOU provides for a purchase price of \$32.0m cash payable on completion, based on net tangible assets as at the effective date of 31 July 2007 of \$5.0m. Based on the information provided through the sale process to date, the combined PearlStreet Group after the acquisition would expect to generate annual revenues in excess of \$80 million.

The MOU constitutes agreement on the key commercial terms of the acquisition, completion of which remains subject to completion of final due diligence and the execution of a definitive Sale and Purchase Agreement.

PearlStreet Managing Director Anthony Wooles said that, should it proceed, the acquisition of Metlabs and ITS will establish PearlStreet as Australia’s largest asset integrity services provider. “We had previously identified the Metlabs business as our primary acquisition target, and we are pleased that Leighton’s own strategic requirements have resulted in this opportunity.”

“Metlabs has a range of significant blue-chip clients, primarily involved in the mining and minerals processing sector in WA. The acquisition will provide an outstanding geographic fit with our east coast operations of PearlStreet ETRS.” Mr Wooles said.

“We regard the ITS businesses as highly complimentary to both Metlabs and PearlStreet ETRS activities and we will continue to look to leverage these relationships.”

“The increased scale of the combined PearlStreet, Metlabs and ITS businesses will provide significant benefits to the Company, its employees and customers. Internally, we see scope for improved training, technology deployment and business development activities. Our customers will immediately benefit through access to a larger, more flexible workforce and additional technologies.”

PearlStreet is presently in discussions with the Bank of Western Australia Limited (“BankWest”) for provision of new debt facilities to fund the acquisition. The terms of these facilities remain to be finalised and provision of the facilities will be subject to formal credit approval and agreement on definitive documentation with BankWest. Under the terms of the MOU, the transaction is conditional on the Company procuring finance approvals within 21 days from the execution of the definitive Sale and Purchase Agreement.

The indicative timetable for the transaction, which is subject to change, is as follows:

- Finalise and execute Sale and Purchase Agreement – 30 July 2007
- Completion – 24 August 2007

PearlStreet expects to provide further information on the acquisition following conclusion of due diligence and finalization of definitive terms.

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For further information contact:

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Or visit the company website at <http://www.pearlstreet.com.au>

For more information about Leighton, please visit www.leightoncontractors.com.au