
Leighton Holdings Limited
Financial
Report 2000



Leighton
Holdings
Limited

Profit and Loss Statements

for the year ended 30 June 2000

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Operating Profit before Income Tax	1,2	201,374	181,818	116,087	88,341
Income Tax (Expense) Attributable to Operating Profit	3	(43,371)	(50,424)	(1,129)	(5,838)
Operating Profit after Income Tax		158,003	131,394	114,958	82,503
Outside Equity Interest in Operating Profit after Income Tax		(23,923)	(9,585)	—	—
Operating Profit after Income Tax Attributable to Members of the Company		134,080	121,809	114,958	82,503
Retained Profits at the Beginning of the Financial Year		247,166	203,299	60,110	55,549
Total Available for Appropriation		381,246	325,108	175,068	138,052
Dividends provided for or paid	24	(86,685)	(78,511)	(86,685)	(78,511)
Aggregate of Amounts Transferred to Reserves	22	(2,079)	569	—	569
Retained Profits at the End of the Financial Year		292,482	247,166	88,383	60,110

The profit and loss statements are to be read in conjunction with the notes to the financial statements set out on pages 4 to 28.

Balance Sheets

as at 30 June 2000

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current Assets					
Cash	4	348,029	364,262	62,600	77,407
Receivables	5	506,173	369,997	31,904	9,264
Inventories	6	186,593	98,251	—	—
Other	7	38,279	27,615	—	—
Total Current Assets		1,079,074	860,125	94,504	86,671
Non-Current Assets					
Receivables	8	16,950	23,930	697	4,728
Investments	9	33,469	14,921	1,139,675	914,045
Inventories	10	23,181	86,872	—	—
Property, Plant and Equipment	11	468,757	480,140	25,839	26,195
Intangibles	12	23,060	—	—	—
Other	13	84,830	110,006	17,669	10,133
Total Non-Current Assets		650,247	715,869	1,183,880	955,101
Total Assets		1,729,321	1,575,994	1,278,384	1,041,772
Current Liabilities					
Accounts Payable	14	684,729	572,508	3,850	6,606
Borrowings	15	28,433	20,247	24,316	19,689
Provisions	16	110,787	118,881	58,228	47,694
Other	17	2,598	496	—	—
Total Current Liabilities		826,547	712,132	86,394	73,989
Non-Current Liabilities					
Accounts Payable	18	17,446	14,574	—	—
Borrowings	19	69,346	72,921	710,570	524,628
Provisions	20	131,092	143,489	19,400	11,415
Total Non-Current Liabilities		217,884	230,984	729,970	536,043
Total Liabilities		1,044,431	943,116	816,364	610,032
Net Assets		684,890	632,878	462,020	431,740
Shareholders' Equity					
Share Capital	21	363,891	361,884	363,891	361,884
Reserves	22	4,207	3,289	9,746	9,746
Retained Profits		292,482	247,166	88,383	60,110
Shareholders' Equity Attributable to Members of the Company		660,580	612,339	462,020	431,740
Outside Equity Interest in Controlled Entities	23	24,310	20,539	—	—
Total Shareholders' Equity		684,890	632,878	462,020	431,740

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 4 to 28.

Statements of Cash Flows

for the year ended 30 June 2000

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities				
Cash receipts in the course of operations	3,637,367	3,121,174	10,261	25,943
Cash payments in the course of operations	(3,327,005)	(2,758,666)	(45,435)	(33,469)
Dividends received	—	—	138,814	62,443
Interest received	12,256	12,154	88	370
Borrowing costs paid	(10,741)	(6,976)	(8,364)	(6,450)
Income taxes paid	(59,073)	(67,622)	255	(108)
Net cash provided by operating activities	39	300,064	95,619	48,729
Cash Flows From Investing Activities				
(Increase) in investment in controlled entities and businesses	(86,314)	(6,150)	(86,768)	(136,266)
Decrease in investment in controlled entities	—	—	158,356	—
Payments for property, plant and equipment	(178,253)	(289,649)	(249)	(619)
Proceeds from sale of non-trading assets	117,313	49,570	55	10
(Increase) in investment in other entities	(18,197)	(1,160)	—	—
Decrease in investment in other entities	—	35,993	—	—
(Loans to)/repayments by executives and staff shareholders	78	(377)	185	(377)
Net cash used in investing activities	(165,373)	(211,773)	71,579	(137,252)
Cash Flows From Financing Activities				
Proceeds from share issues	2,007	3,196	2,007	3,196
Proceeds from borrowings	183,667	—	—	—
Repayment of borrowings	(207,440)	(19,675)	(21,874)	(19,675)
Loans from/(to) related entities	—	—	(84,936)	188,658
Dividends paid	(81,296)	(70,571)	(81,296)	(70,571)
Net cash provided by/(used in) financing activities	(103,062)	(87,050)	(186,099)	101,608
Net increase/(decrease) in cash held	(15,631)	1,241	(18,901)	13,085
Net cash at the beginning of the financial year	39	368,368	77,407	64,383
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year	(44)	(5,905)	135	(61)
Net cash at the end of the financial year	39	348,029	58,641	77,407

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 4 to 28.

Summary of Significant Accounting Policies

a

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their

recoverable amount and in assessing recoverable amounts net present value methods have not been used.

These accounting policies have been consistently applied by each entity in the Consolidated Entity and are consistent with those of the previous year.

Comparative figures have been, where appropriate, reclassified so as to be comparable with the figures stated in the current year.

Consolidation

The consolidated financial statements comprise the financial statements of Leighton Holdings Limited, being the parent entity ("the Company"), and its controlled entities ("the Consolidated Entity"). Results of controlled entities are included in the consolidated profit and loss from the date control is obtained and excluded from the date the entity is no longer controlled. Transactions and balances between entities within the Consolidated Entity have been eliminated in full.

b

Trade Debtors

Trade debtors includes all net receivables and includes the progressive valuation of work completed on construction contracts represented by amounts billed to and receivable from clients less cash received. The valuation of work completed is made after bringing to account a proportion of the estimated contract profits available and after recognising all known losses. Trade and other debtors are normally settled within 60 days. The collectibility of debts is assessed at balance date and provision is made for any doubtful debts.

c

Revenue and Profit Recognition

(i) Revenue and profit is recognised on construction contracts on the basis of the value of work completed. Stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract.

(ii) The whole of any expected loss on a construction contract is recognised in the financial statements as soon as a loss has become apparent.

(iii) Holding charges comprising rates, taxes and borrowing costs on properties under active development

are capitalised. Borrowing costs are capitalised using a weighted average capitalisation rate. Holding charges on all other development properties are written off as incurred.

(iv) Revenue and profits from property development and land sales are recognised on settlement of the contracts.

(v) Interest income is recognised as it accrues.

(vi) Dividends from controlled entities are brought to account in the profit and loss statement when they are declared.

(vii) The gross proceeds of asset sales are included as revenue of the Consolidated Entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

d

Investments

(i) Associates and Joint Venture Entities

In the consolidated financial statements, investments in associates and joint venture entities are accounted for using equity accounting principles and are carried at the lower of equity accounted amount and recoverable amount.

(iii) Other investments

Interests in other entities which are not controlled entities are carried at the lower of cost and recoverable amount and where applicable, dividends are included in operating profit as they are received.

e

Income Tax

The Consolidated Entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

The net future income tax benefit relating to losses and timing differences is not carried as an asset unless the benefit is virtually certain of being realised. Where assets have been revalued, no provision for potential capital gains tax has been made.

Income tax expense for the year has been calculated using a rate of 36%, however the deferred tax balances have been adjusted for the decreased corporate tax rate of 34% for the tax year 2000-01 and 30% thereafter.

f

Foreign Currency

(i) Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences arising on settlement or restatement are brought to account in the profit and loss statement.

(ii) Translation of controlled foreign entities

All foreign controlled entities are deemed self-sustaining. The financial reports of foreign controlled entities are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve. Exchange gains and losses on transactions hedging investments in foreign controlled entities are taken to the foreign currency translation reserve on consolidation.

g

Property, Plant and Equipment

(i) Depreciation is calculated so as to write off the net book value of property, plant and equipment over their estimated effective useful lives using in the case of:

freehold buildings – the straight line method;

major plant and equipment – the cumulative number of hours worked; other equipment – the diminishing value method.

(ii) Leasehold properties and improvements are amortised over the terms of the leases.

(iii) Depreciation periods for each

class of asset are as follows:

buildings: up to 40 years;

leasehold buildings: up to 40 years;

plant and equipment: up to 10 years;

leasehold improvements: up to 10 years.

(iv) Land and buildings are revalued at least every three years and any potential capital gains tax has not been taken into account as the Directors believe it is unlikely the Consolidated Entity will be liable for this tax on the basis there is no intention to sell the applicable properties.

(v) Where fixed assets are acquired by means of finance leases, the present value of the lease rentals and residuals is included as an asset in the balance sheet and is depreciated over the expected effective useful life of those assets. The net present value of future finance lease rentals and residuals is included in the balance sheet as a leasing liability. Operating lease rentals are charged to the profit and loss statement as incurred.

h

Inventories

Development properties, raw materials and consumables inventories are carried at the lower of cost and net realisable value. In the case of raw materials and consumables inventories, cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

i

Employee Entitlements

(i) Wages, Salaries, Annual Leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

(ii) Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the Consolidated Entity resulting from employees' services provided up to the balance date. Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the liability for these employee entitlements,

consideration has been given to estimated future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have also been included in the liability.

(iii) Superannuation

Employee superannuation funds exist to provide benefits for eligible employees or their dependants. Contributions by members of the Consolidated Entity are charged against profits.

Accounts Payable, Bills Payable and Promissory Notes

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally settled within 60 days. The liability for bills payable and promissory notes is shown at face value.

j

k

Goodwill

The excess of the purchase consideration for the acquisition of controlled entity operations over the fair value of the identifiable net assets acquired is amortised using the straight line method over the period during which the benefits are expected to arise, which period at present does not exceed ten years. The unamortised balance of goodwill is reviewed at least at each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss statement.

Non Current Assets - Other

(i) Waste Management Assets

Waste management assets are capitalised at the lower of cost and recoverable amount and are amortised over the economic life of the waste operations, which period at present does not exceed twenty years.

(ii) Mining Tenements

Mining tenements are capitalised at the lower of cost and recoverable amount and are amortised over the economic life of the investment.

m

Derivatives

Members of the Consolidated Entity from time to time are exposed to changes in interest rates and foreign exchange rates from their activities. It is the Consolidated Entity's policy to use derivative financial instruments to hedge these risks. Derivative financial instruments are not held for speculative purposes. Controls have been put in place to monitor compliance with this policy.

Interest Rate Swaps

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the profit and loss statement as an adjustment to borrowing costs during the period.

Forward Foreign Exchange Contracts

Exchange differences on specific hedge transactions arising up to the date of purchase or sale, together with any costs or gains arising at the time of entering the hedge, are deferred and included in the measurement of the purchase or sale.

Notes to the Financial Statements

for the year ended 30 June 2000

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
1 Revenue					
Revenue from operating activities					
Construction, Mining and Telecommunications contracts					
– Consolidated Entity		3,105,789	3,001,216	–	–
– Joint Venture Entities		31,728	12,770	–	–
Other contracting services		205,315	141,656	–	–
Property development		102,517	64,903	–	–
Interest					
– Related Parties	38	46	50	14,568	14,249
– Other Parties		12,530	12,154	88	363
Dividends					
– Wholly owned controlled entities		–	–	138,814	62,443
Proceeds from sale of Non-Current Assets		119,439	95,129	55	4,906
	27	3,577,364	3,327,878	153,525	81,961

2 Operating Profit

The operating profit before income tax is arrived at after charging/(crediting) the following items:

Net (Gain)/Loss on the following items:

– Sale of Investments		(5,200)	(4,896)	–	(4,896)
– Foreign exchange		1,120	(673)	1,937	(10,562)
– Sale of Property, Plant and Equipment		(676)	(4,511)	(16)	22
Depreciation and Amortisation					
– Buildings		1,319	783	484	481
– Leasehold Land and Buildings		555	25	–	–
– Leasehold Improvements		779	720	–	–
– Plant and Equipment		244,424	221,624	81	489
– Waste Management Assets		2,838	1,045	–	–
– Mining Tenements		142	95	–	–
– Goodwill		1,770	3,037	–	–
Operating lease rental expense					
– Minimum lease payments		36,373	35,224	–	–
Borrowing Costs					
– Wholly owned controlled entities		–	–	–	1,688
– Other Parties		5,453	6,679	8,364	6,153
Borrowing costs capitalised					
– Other parties		5,925	–	–	–
Auditors' Remuneration					
– Audit services by:					
Auditors of the Company		1,004	1,132	–	–
Other Auditors		281	80	–	–
– Other services by:					
Auditors of the Company		651	687	233	68
Share of Associates' net loss		218	107	–	–
Share of Joint Venture Entities' net (profit)	26	(1,175)	(2,921)	–	–
Provision for employee entitlements		81,701	82,687	240	240

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
3 Income Tax Expense				
Operating profit before income tax	201,374	181,818	116,087	88,341
Prima facie income tax expense at 36%	72,495	65,454	41,791	31,802
The following items have affected income tax expense for the period:				
– Entertainment and other non-allowable items	1,496	1,156	(329)	199
– Depreciation and amortisation not allowable for tax	928	893	174	173
– Building allowance	(686)	(646)	(71)	(71)
– Rebateable dividends	–	–	(46,112)	(22,480)
– Recognition of capital losses previously unrecognised	(14,655)	(12,701)	5,796	(6,381)
– Overseas income tax rate differential	(9,750)	(4,916)	431	238
– Minority income not subject to tax	(8,385)	(582)	–	–
– Restatement of deferred tax balances due to tax rate change	1,553	–	(554)	–
Current period income tax expense/(benefit)	42,996	48,658	1,126	3,480
– Under/(over) provision for prior year	375	1,766	3	2,358
	43,371	50,424	1,129	5,838

Future Income Tax Benefits

The future income tax benefit (note 13) of \$56,170 (1999 - \$85,840) includes provision for employee benefits and asset writedowns not currently allowable as an income tax deduction and tax losses carried forward of \$3,154 (1999: \$13,834). The unrecorded future tax benefit available to some members of the Consolidated Entity at 30 June 2000 in respect of tax losses, including capital losses, for which there is a possibility of recoupment at the applicable rates of tax was \$19,261 (1999 – \$19,938). The benefit of these tax losses will be utilised only if the relevant entities earn sufficient profit or capital gains in the future and continue to comply with the provisions of the relevant tax legislation relating to the deduction of carried forward tax losses. Income tax expense for the year has been calculated using a rate of 36%, however the deferred tax balances have been adjusted for the decreased corporate tax rate of 34% for the tax year 2000-01 and 30% thereafter.

	Consolidated		Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
4				
Current Assets – Cash				
Funds on deposit	286,804	335,113	–	1,231
Cash at bank and on hand	61,225	29,149	62,600	76,176
	348,029	364,262	62,600	77,407
5				
Current Assets – Receivables				
Contract debtors receivable	372,042	313,092	–	–
Trade and other amounts receivable	133,131	56,708	31,904	9,264
Loans - related parties	38 1,000	197	–	–
	506,173	369,997	31,904	9,264
Contract Valuations				
Progressive value of work completed at 30 June	8,260,184	5,803,001	–	–
Progressive Receivables				
Net contract receivables	283,587	259,872	–	–
Retentions held by clients	12,431	6,485	–	–
Net contract debtors receivable from clients	296,018	266,357	–	–
Cash received to date	7,964,166	5,536,644	–	–
Total Progressive Value	8,260,184	5,803,001	–	–
Amounts due from customers - contract debtors receivable	372,042	313,092	–	–
Amounts due to customers - trade creditors	(76,024)	(46,735)	–	–
Net contract debtors receivable from clients	296,018	266,357	–	–
6				
Current Assets – Inventories				
Development Properties				
Cost	60,854	62,055	–	–
Development expenses capitalised	118,990	50,269	–	–
Rates, taxes, borrowing costs, etc capitalised	36,243	7,898	–	–
	216,087	120,222	–	–
Less: Property provisions	48,165	29,968	–	–
	167,922	90,254	–	–
Other Inventories				
Raw materials and consumables	18,671	7,997	–	–
Total inventories	186,593	98,251	–	–
7				
Current Assets – Other				
Prepayments	23,384	8,463	–	–
Plant and equipment held for sale	14,895	19,152	–	–
	38,279	27,615	–	–

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
8					
Non-Current Assets – Receivables					
Loans – secured		697	4,728	697	4,728
Other accounts receivable		16,147	19,202	–	–
Loans – related parties	38	106	–	–	–
		16,950	23,930	697	4,728

9					
Non-Current Assets – Investments					
Controlled Entities					
Shares – Cost		–	–	715,854	787,602
Amounts receivable from controlled entities	38	–	–	423,321	125,943
		–	–	1,139,175	913,545
Other Entities					
Shares					
– Listed - Cost#		25,177	12,605	–	–
– Unlisted - Cost		1,398	853	500	500
		26,575	13,458	500	500
Associates					
Equity accounted	25	1,676	1,463	–	–
Joint Venture Entities					
Equity accounted	26	5,218	–	–	–
		33,469	14,921	1,139,675	914,045

#Quoted market value of shares \$26.4 million (1999 - \$10.6 million).

10					
Non-Current Assets – Inventories					
Development Properties					
Cost		19,347	38,811	–	–
Development expenses capitalised		3,030	68,216	–	–
Rates, taxes, borrowing costs, etc capitalised		1,704	21,774	–	–
		24,081	128,801	–	–
Less: Property provisions		900	41,929	–	–
		23,181	86,872	–	–

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
11 Non-Current Assets – Property, Plant, and Equipment				
Land				
Cost	3,904	628	–	–
Independent valuation – June 1998	11,430	14,130	6,950	6,950
	15,334	14,758	6,950	6,950
Buildings				
Cost	25,217	22,424	103	103
Independent valuation – June 1998	25,050	25,850	19,250	19,250
	50,267	48,274	19,353	19,353
Accumulated depreciation	(2,674)	(783)	(965)	(481)
	47,593	47,491	18,388	18,872
Leasehold Land and Buildings				
Cost	659	–	–	–
Independent valuation – June 1998	1,293	1,244	–	–
Accumulated amortisation	(580)	(25)	–	–
	1,372	1,219	–	–
Leasehold Improvements				
Cost	8,194	6,495	–	–
Accumulated amortisation	(6,352)	(5,108)	–	–
	1,842	1,387	–	–
Plant and Equipment				
Cost	992,222	933,029	1,841	1,704
Accumulated depreciation	(589,606)	(517,744)	(1,340)	(1,331)
	402,616	415,285	501	373
	468,757	480,140	25,839	26,195

Plant and equipment includes construction equipment, motor vehicles and office furniture and equipment. Land and buildings are independently revalued at least every three years and included in the financial statements at the revalued amounts. As part of this policy all land and buildings were revalued as at 30 June 1998 on an open market basis.

12 Non-Current Assets – Intangibles				
Goodwill - at cost	24,830	23,736	–	–
Accumulated amortisation	(1,770)	(23,736)	–	–
	23,060	–	–	–

13 Non-Current Assets – Other				
Waste management assets	29,527	23,492	–	–
Accumulated amortisation	(4,234)	(1,914)	–	–
	25,293	21,578	–	–
Mining tenements	2,002	2,002	–	–
Accumulated amortisation	(237)	(95)	–	–
	1,765	1,907	–	–
Future income tax benefit	³ 56,170	85,840	17,669	10,133
Other assets	1,602	681	–	–
	84,830	110,006	17,669	10,133

Notes continued

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
14 Current Liabilities – Accounts Payable					
Trade creditors		659,698	555,220	3,850	6,606
Other creditors		25,031	17,288	–	–
		684,729	572,508	3,850	6,606

15 Current Liabilities – Borrowings					
Bank overdraft		–	558	3,959	–
Unsecured loans#		20,357	19,689	20,357	19,689
Lease liabilities	36	8,076	–	–	–
		28,433	20,247	24,316	19,689

#The unsecured loans are provided under negative pledge agreements with financial institutions.

16 Current Liabilities – Provisions					
Income tax payable		8,199	31,942	5,730	585
Employee entitlements	34	50,090	39,830	–	–
Dividend		52,498	47,109	52,498	47,109
		110,787	118,881	58,228	47,694

17 Current Liabilities – Other					
Amounts payable to related parties	38	2,598	496	–	–

18 Non-Current Liabilities – Accounts Payable					
Trade creditors		17,446	14,574	–	–

19 Non-Current Liabilities – Borrowings					
Unsecured loans#		58,571	72,921	58,571	72,921
Lease liabilities	36	10,775	–	–	–
Payable to controlled entities	38	–	–	651,999	451,707
		69,346	72,921	710,570	524,628

#The unsecured loans are provided under negative pledge agreements with financial institutions.

20 Non-Current Liabilities – Provisions					
Deferred income tax		39,914	70,283	16,751	9,006
Employee entitlements	34	91,178	73,206	2,649	2,409
		131,092	143,489	19,400	11,415

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
21 Share Capital Issued				
262,491,867 Ordinary shares fully paid (1999 – 261,716,620)	363,891	361,884	363,891	361,884
Movements				
Opening balance	361,884	130,563	361,884	130,563
Transfer from				
– share premium reserve	22	228,065	–	228,065
– redemption reserve	22	60	–	60
Shares Issued				
– 371,000 (1999 - 590,800) shares issued from the exercise of options	2,007	3,196	2,007	3,196
Closing balance	363,891	361,884	363,891	361,884
22 Reserves				
General	25	25	25	25
Foreign currency translation	(9,926)	(11,820)	–	–
Asset revaluation	14,108	15,084	9,721	9,721
	4,207	3,289	9,746	9,746
Movements				
Foreign currency translation				
Opening balance	(11,820)	(3,293)	–	569
Translation adjustment on controlled foreign entities' financial statements and borrowings applicable to overseas investments (net of hedge)	(1,180)	(7,958)	–	–
Transfer to profit and loss statement	3,074	(569)	–	(569)
Closing balance	(9,926)	(11,820)	–	–
Asset revaluation				
Opening balance	15,084	15,084	9,721	9,721
Revaluation	19	–	–	–
Transfer to profit and loss statement	(995)	–	–	–
Closing balance	14,108	15,084	9,721	9,721
Share premium				
Opening balance	–	228,065	–	228,065
Included with share capital	21	(228,065)	–	(228,065)
Closing balance	–	–	–	–
Redemption				
Opening balance	–	60	–	60
Included with share capital	21	(60)	–	(60)
Closing balance	–	–	–	–

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
23 Outside Equity Interests in Controlled Entities				
Share capital	295	118	—	—
Reserves	(1,259)	(528)	—	—
Retained profits	25,274	20,949	—	—
	24,310	20,539	—	—

24 Dividends and Earnings Per Share

Dividends

Dividends provided for or paid by the Company are:

Interim Dividend

A fully franked interim ordinary dividend of 13 cents per share, (1999: 12 cents per share) was paid on 31 March 2000.

Franked at 36%

34,187	31,402	34,187	31,402
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Final Dividend

An unfranked final ordinary dividend of 20 cents per share, (1999: 18 cents per share franked at 36%) will be paid on 29 September 2000.

52,498	47,109	52,498	47,109
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86,685	78,511	86,685	78,511
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Dividend Franking Account

Balance of the franking account adjusted for franking credits which arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividend.

—	5,120	—	5,120
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Earnings

Basic earnings per share (cents per share)

51.1¢	46.6¢
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Diluted earnings per share (cents per share)

50.7¢	46.1¢
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Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share

262,189,136	261,420,099
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Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share

265,895,783	265,560,919
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Options to purchase ordinary shares not exercised at 30 June 2000 have not been included in the determination of basic earnings per share but have been included in the determination of diluted earnings per share.

Since the end of the financial year, 276,950 (1999 - 331,000) options have been exercised to acquire ordinary shares under the Leighton Staff Equity Participation Plan. Except as disclosed above there have been no other conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

25 Investments – Associates

Name	Principal Activities	Balance Date	Ownership Interest		Investment Carrying Amount	
			2000 %	1999 %	2000 \$'000	1999 \$'000
Vina Leighton Ltd	construction	30 June	50	50	736	738
Zappaway Ltd	waste services	30 June	50	50	850	642
Other	—	—	—	—	90	83
					1,676	1,463

There were no post balance date events which would materially affect the financial position or performance of any associate and there were no dissimilar accounting policies used by associates. The Consolidated Entity's interests in associates, at 30 June 2000, were not of a material size or contribution to the Consolidated Entity's activities to warrant additional disclosure. The company's interests in associates at 30 June 2000 was \$Nil (1999: \$Nil).

26

Investments – Joint Venture Entities

Name	Principal Activities	Balance Date	Ownership Interest		Investment Carrying Amount	
			2000 %	1999 %	2000 \$'000	1999 \$'000
Roche Thies Linfox Joint Venture	mobile plant/earthmoving	30 June	44	44	–	–
Silcar Maintenance Services	maintenance	30 June	50	–	5,218	–
					5,218	–

Note	Consolidated		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000

Profit and loss

The Company's and Consolidated Entity's share of the joint venture entities' results consist of:

Revenues	31,728	12,770	–	–
Expenses	(30,553)	(9,849)	–	–
Operating profit before tax	1,175	2,921	–	–
Income tax expense	–	–	–	–
Net profit	1,175	2,921	–	–

Balance sheet

The Company's and Consolidated Entity's share of the joint venture entities' assets and liabilities consist of:

Current assets	10,479	3,260	–	–
Non-current assets	6,053	2,871	–	–
Total assets	16,532	6,131	–	–
Current liabilities	10,433	4,401	–	–
Non-current liabilities	881	1,730	–	–
Total liabilities	11,314	6,131	–	–
Share of net assets	5,218	–	–	–

Share of post-acquisition retained profits attributable to joint venture entities

Share of joint venture entities' retained profits at the beginning of the financial year	–	–	–	–
Share of net profit of joint venture entities	1,175	2,921	–	–
Drawings from partnership	(1,175)	(2,921)	–	–
Share of joint venture entities' retained profits at the end of the financial year	–	–	–	–

Movements in carrying amount of joint venture entities

Carrying amount at the beginning of the financial year	–	–	–	–
Investment in joint venture entities acquired during the year	8,000	–	–	–
Contributions to the partnership	660	810	–	–
Share of joint venture entities' net profit	1,175	2,921	–	–
Drawings from the partnership	(4,617)	(3,731)	–	–
Carrying amount at the end of the financial year	5,218	–	–	–

27 Segment Information

Industry	Contracting & Project Management \$'000	Property Development \$'000	Unallocated \$'000	Total \$'000
2000				
Total Revenue	3,462,271	102,517	12,576	3,577,364
Operating Profit/(Loss) Before Tax	169,870	10,856	(3,209)	177,517
Total Assets	1,297,088	195,877	236,356	1,729,321
1999				
Total Revenue	3,245,702	64,903	17,273	3,327,878
Operating Profit/(Loss) Before Tax	169,098	5,495	(3,006)	171,587
Total Assets	1,154,736	178,603	242,655	1,575,994
Geographic	Australia/ Pacific \$'000	Asia \$'000	Americas \$'000	Total \$'000
2000				
Total Revenue	2,785,202	771,630	20,532	3,577,364
Operating Profit Before Tax	112,094	55,033	10,390	177,517
Total Assets	1,242,709	486,612	—	1,729,321
1999				
Total Revenue	2,614,143	693,119	20,616	3,327,878
Operating Profit Before Tax	111,537	48,055	11,995	171,587
Total Assets	1,187,970	366,165	21,859	1,575,994

The segment analysis is reported after eliminating the minority interest pre tax profits to reflect the pre tax profits attributable to the members.

All transactions with related parties are made on normal commercial terms and conditions and the aggregate of related party transactions are not material in the overall operations of the Consolidated Entity. The division of the operating profit/(loss) and assets into industry and geographic segments has been ascertained by reference to direct identification of assets and revenue/cost centres. Other expenses and assets which cannot be allocated to an industry segment are reported as unallocated. Total revenue includes the consolidated entities' share of joint venture entities' revenue.

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
28	Capital Commitments				
	Plant and equipment - payable no later than one year	16,291	41,899	—	—
	Investments - payable no later than one year	25,495	43,172	—	—

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
29	Bank Guarantees, Insurance Bonds and Letters of Credit				
	Contingent liability under indemnities given on behalf of controlled entities in respect of:				
	i) Bank guarantees	486,579	364,455	486,104	364,455
	ii) Insurance, performance and payment bonds	100,997	45,627	67,547	45,627
	iii) Letters of credit	10,367	6,424	10,367	6,424

	Weighted average rate	Floating rate	Fixed interest maturing in:			Non interest bearing	Total
			1 year or less	Over 1 year to 5 years	More than 5 years		
2000	%	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets							
Cash	6.1	343,956	—	—	—	4,073	348,029
Receivables	7.5	450	—	21,275	247	501,152	523,124
Non-interest bearing assets	—	—	—	—	—	35,071	35,071
		344,406	—	21,275	247	540,296	906,224
Financial liabilities							
Borrowings	6.5	18,851	833	78,095	—	—	97,779
Non-interest bearing liabilities	—	—	—	—	—	704,773	704,773
		18,851	833	78,095	—	704,773	802,552
Interest rate swap (fixed to floating)#		78,095		(78,095)			
1999							
Financial assets							
Cash	4.9	360,044	—	—	—	4,218	364,262
Receivables	7.5	500	—	28,122	359	331,687	360,668
Non-interest bearing assets	—	—	—	—	—	48,861	48,861
		360,544	—	28,122	359	384,766	773,791
Financial liabilities							
Borrowings	5.6	558	—	92,610	—	—	93,168
Non-interest bearing liabilities	—	—	—	—	—	587,578	587,578
		558	—	92,610	—	587,578	680,746
Interest rate swap (fixed to floating)#		90,110		(90,110)			

#Notional principal amounts. Interest rate swaps are entered into for the purpose of managing exposure to interest rate fluctuations. A swap is in place to convert the fixed rate interest of 7.21% (1999 - 7.21%) of the Consolidated Entity's medium term borrowing to a variable interest rate which was 5.46% as at 30 June 2000 (1999 - 5.62%).

30

Financial Instruments (continued)**(b) Foreign exchange risk**

To manage foreign exchange exposure, members of the Consolidated Entity enter into forward exchange contracts to hedge specific project receipts or expenditure and plant and equipment purchase commitments denominated in foreign currencies. As at balance date these foreign currencies were US Dollars, German Deutsche Marks, Euro Dollars, English Pounds and Hong Kong Dollars, these amounts are not material. These contracts will all be settled within an 18 month period.

As these contracts are hedging anticipated purchases, any unrealised gains and losses on the contracts, together with the costs of the transactions will be recognised in the financial statements at the time the underlying transaction occurs. At balance date unrecognised gains/(losses) on hedges of anticipated foreign currency purchases amounted to a net loss of \$1,250 (1999: net loss of \$90).

(c) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparties failed to perform as contracted.

On - Balance sheet financial instruments

The Consolidated Entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. The Consolidated Entity minimises concentrations of credit risk by undertaking transactions with a large number of customers in various countries. At balance date, the Consolidated Entity was not materially exposed to any individual overseas country or individual customer.

Off - Balance sheet financial instruments

Credit risk on off-balance sheet derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The maximum credit risk exposure on foreign exchange contracts is the full amount of the foreign currency the Consolidated Entity will be required to pay when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Consolidated Entity. The credit risk on interest rate swaps is limited to the next amount to be received from counterparties on contracts that are favourable to the Consolidated Entity. The accrued amount due to the Consolidated Entity at 30 June 2000 amounted to \$413 (1999: \$361).

(d) Net Fair Values of Financial Assets and Liabilities

On - Balance sheet financial instruments

The Consolidated Entity's financial assets and liabilities, excluding listed investments, included in the balance sheet are carried at amounts that approximate net fair value. The market value of listed investments is disclosed in Note 9.

Off - Balance sheet financial instruments

The net fair value of off-balance sheet financial instruments, being the amounts receivable or (payable) in order to realise favourable contracts and settle unfavourable contracts at balance date are:

	Consolidated	
	2000	1999
	\$'000	\$'000
Interest rate swap	2,663	3,472
Forward foreign exchange contracts	(1,250)	(90)

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
31 Other Contingent Liabilities				
(i) The Company is called upon to give in the ordinary course of business guarantees and indemnities in respect of the performance by controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities are indeterminable in amount.				
(ii) There exists in some members of the Consolidated Entity the normal design liability in relation to completed design and construction projects. The Directors are of the opinion that there is adequate insurance cover for this liability.				
(iii) Certain members of the Consolidated Entity have the normal contractor's liability in relation to construction contracts which liability may include litigation by or against the entities.				
(iv) Controlled entities have entered into joint venture arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint venture arrangement.				
(v) Under the terms of the Class Order described in Note 37 the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.				
(vi) The Company has entered into a transaction whereby it will participate in any movement in the economic value of the Tabcorp Holdings Ltd shares sold.				
(vii) Certain executives are entitled to a benefit pursuant to service agreements with the Consolidated Entity subject to ongoing conditions being fulfilled. The amounts are provided in the financial statements of the Consolidated Entity. Any amounts that become payable will be disclosed as remuneration in the relevant year.				

32 Directors' Remuneration				
Income paid or payable or otherwise made available to Directors of Leighton Holdings Limited and Executive and Non-executive Directors of controlled entities.	42,694	47,979	6,675	16,179
Number of Directors of Leighton Holdings Limited whose remuneration were within the following bands:				
\$60,000 – \$69,999			1	4
\$70,000 – \$79,999			5	2
\$80,000 – \$89,999			1	1
\$100,000 – \$109,999			1	–
\$120,000 – \$129,999			1	1
\$180,000 – \$189,999			–	1
\$190,000 – \$199,999			1	–
\$2,220,000 – \$2,229,999			–	1
\$2,330,000 – \$2,339,999			1	–
\$3,110,000 – \$3,119,999			–	1
\$3,380,000 – \$3,389,999			1	–
\$10,040,000 – \$10,049,999#			–	1

#Includes \$9.8 million paid on retirement in August 1998 pursuant to an employment agreement.

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
33 Remuneration of Executives		28,679	34,599	-	-
The number of executive officers whose remuneration equals or exceeds \$100,000 were within the following bands:					
\$100,000 – \$109,999		1	-	-	-
\$110,000 – \$119,999		2	-	-	-
\$130,000 – \$139,999		1	-	-	-
\$150,000 – \$159,999		1	-	-	-
\$260,000 – \$269,999		1	-	-	-
\$350,000 – \$359,999		2	-	-	-
\$370,000 – \$379,999		-	1	-	-
\$400,000 – \$409,999		2	1	-	-
\$410,000 – \$419,999		2	2	-	-
\$430,000 – \$439,999		-	1	-	-
\$440,000 – \$449,999		1	1	-	-
\$450,000 – \$459,999		-	3	-	-
\$500,000 – \$509,999		2	2	-	-
\$510,000 – \$519,999		1	-	-	-
\$520,000 – \$529,999		1	-	-	-
\$540,000 – \$549,999		1	1	-	-
\$550,000 – \$559,999		-	1	-	-
\$570,000 – \$579,999		2	-	-	-
\$600,000 – \$609,999		1	-	-	-
\$610,000 – \$619,999		-	1	-	-
\$620,000 – \$629,999		-	1	-	-
\$650,000 – \$659,999		1	-	-	-
\$660,000 – \$669,999		1	1	-	-
\$670,000 – \$679,999		-	1	-	-
\$680,000 – \$689,999		1	-	-	-
\$690,000 – \$699,999		-	1	-	-
\$700,000 – \$709,999		1	1	-	-
\$710,000 – \$719,999		1	-	-	-
\$720,000 – \$729,999		-	1	-	-
\$760,000 – \$769,999		1	-	-	-
\$770,000 – \$779,999		2	1	-	-
\$780,000 – \$789,999		1	1	-	-
\$800,000 – \$809,999		1	-	-	-
\$810,000 – \$819,999		1	-	-	-
\$860,000 – \$869,999		-	1	-	-
\$910,000 – \$919,999		1	-	-	-
\$990,000 – \$999,999		-	1	-	-
\$1,060,000 – \$1,069,999		1	-	-	-
\$1,080,000 – \$1,089,999		1	-	-	-
\$1,230,000 – \$1,239,999		-	1	-	-
\$1,460,000 – \$1,469,999		-	1	-	-
\$1,470,000 – \$1,479,999		-	1	-	-
\$1,580,000 – \$1,589,999		-	1	-	-
\$1,850,000 – \$1,859,999		1	-	-	-
\$1,910,000 – \$1,919,000		1	-	-	-
\$2,220,000 – \$2,229,999		-	1	-	-
\$2,330,000 – \$2,339,999		1	-	-	-
\$3,110,000 – \$3,119,999		-	1	-	-
\$3,380,000 – \$3,389,999		1	-	-	-
\$10,040,000 – \$10,049,999#		-	1	-	-

#Includes \$9.8 million paid on retirement in August 1998 pursuant to an employment agreement.

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current	16	50,090	39,830	–	–
Non-Current	20	91,178	73,206	2,649	2,409
		141,268	113,036	2,649	2,409

34 Employee Entitlements

Aggregate employee entitlements

Superannuation

The superannuation plans provide defined benefits based on years of service and final average salary or accumulated benefits based on contributions and the actual earnings of the fund. Employees contribute to the plans at various percentages of their salaries or wages. The Consolidated Entity also contributes to the plans at various percentages of the employee's salary or wages. Future contributions to superannuation plans sponsored by the Consolidated Entity are not legally enforceable provided that vested benefits are fully funded. The Consolidated Entity also contributes to various industry award funds in accordance with the relevant awards. Contributions are enforceable in accordance with the relevant award.

The Leighton Superannuation Fund and the Leighton Asia Superannuation Fund are the only plans providing defined benefits to employee members.

Actuarial assessments are performed every three years. The Leighton Superannuation Fund was assessed at 30 June 2000 by Mercer Campbell Cook & Knight Pty Ltd. The Leighton Asia Superannuation Fund was assessed at 30 June 2000 by the Wyatt Company. Based on these assessments, the Directors are of the view that the assets of each of the funds are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans, and voluntary or compulsory termination of each employee. The following values are based on the defined benefits section only of the most recent financial reports of the funds which were prepared as at 30 June 2000 for the Leighton Superannuation Fund and the Leighton Asia Superannuation Fund.

Fund		Accrued Benefits	Market Value of Assets	Surplus	Vested Benefits
Leighton Superannuation Fund -	30 June 2000	61,230	67,792	6,562	56,795
Leighton Asia Superannuation Fund -	30 June 2000	3,189	3,606	417	2,622
Total		64,419	71,398	6,979	59,417

Accrued benefits have been determined based on the amounts calculated in the last actuarial assessments and Directors' estimates, based on the advice of the trustees of the funds, of the benefits that have accrued in the periods between the last actuarial assessment and the financial year end. Accrued benefits are benefits the plans are presently expected to pay at some future date, resulting from membership of the plans. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor, other than resignation from the plan.

Leighton Staff Equity Participation Plan

The Company has an employee share acquisition scheme known as the Leighton Staff Equity Participation Plan ("LSEPP") established by a Trust Deed dated 23 June 1981, as amended by further Deeds dated 18 March 1983 and 6 October 1995 ("the Trust Deed").

Under LSEPP, options to acquire ordinary shares in the Company may be granted to Group employees. Interest free loans may be provided by the Company to assist in financing the acquisition of shares allotted pursuant to LSEPP.

The total number of shares and options which may be issued under LSEPP, when aggregated with the number of shares issued by the Company during the previous 5 years under all employee share schemes adopted by the Company, must not exceed 5% of the Company's issued ordinary shares as at the date any invitation to acquire shares or options under LSEPP is extended. Further, under the Australian Stock Exchange Listing Rules no shares or options may be granted to Directors or their associates without shareholder approval.

On 24 October 1996, the Company granted options over 5,005,500 unissued ordinary shares to 184 employees under LSEPP. The options may be exercised at any time at a price of \$5.41 per share. 371,000 (1999 - 590,800) options were exercised during the year. The options will lapse on the earlier of 24 October 2001 or termination of the employee's employment for any reason other than death or retirement. During the financial year 20,000 options have expired leaving a balance of 3,698,700 options. The market value of shares under these options at 30 June 2000 was \$5.38.

As at 30 June 2000 there were on issue under LSEPP no shares in respect of which there were outstanding loans. There have been 10,959,800 shares issued under the terms of LSEPP since its inception.

In accordance with amendments approved by shareholders at the Company's Annual General Meeting on 5 November 1998, no further invitations will be issued to employees to acquire shares or options under LSEPP unless and until shareholders determine otherwise.

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000

34 Employee Entitlements (continued)

Leighton Employees Share Plan and Leighton Executive Share Option Plan

Shareholder approval was obtained at the Annual General Meeting on 5 November, 1998 to establish the Leighton Employees Share Plan ("LESP") and the Leighton Executive Share Options Plan ("LESOP"). Subject to certain eligibility criteria, all permanent employees of the Consolidated Entity are entitled to participate in LESP. The rules of LESP permit the Company to make an annual offer of shares in the Company to eligible employees. The maximum value of shares which may be offered to any employee in any one year is \$1,000. The rules of LESOP allows the Company to offer selected executives options over unissued ordinary shares in the Company.

All offers under both of the above plans are at the discretion of the Company and are subject to two pre-conditions:

- (i) No offer may be made unless in the financial year last occurring before the date of the offer, the return on shareholders funds was not less than the most recently published media return on ordinary shareholders funds for companies included in the ASX 100 Industries Accumulation Index.
- (ii) No offer may be made if the number of shares so offered, when aggregated with the number of shares issued by the Company during the previous five years under all employee share schemes, would exceed 5% of the total number of issued shares in the Company.

The Company issued 404,247 shares to participating employees, equivalent to \$1000 per employee, on 8 February 2000 under LESP.

On 5 August 1999 the Company granted options over 6,965,000 unissued ordinary shares to 274 employees under LESOP including 1,000,000 options issued to Directors or Director related entities of Leighton Holdings Limited. No options issued to Directors were exercised during the financial year. These options may only be exercised between 5 August 2001 and 5 August 2004 at a price of \$5.84. The market value of shares under these options at 30 June 2000 was \$5.38. During the financial year, 130,000 options have expired leaving a balance of 6,835,000 options.

35 Loans to Executive Directors

Approval was given by shareholders for the establishment of the Leighton Staff Equity Participation Plan on 22 July 1981 and a senior executive loan plan on 29 October 1982. Loans outstanding under the Leighton Staff Equity Participation Plan amount to Nil (1999 - \$Nil). Under the Senior Executive Loan Plan, loans outstanding of \$696,583 (1999 - \$881,583) and ranging from \$246,583 to \$450,000 (1999 - \$60,000 to \$500,000) have been made to 2 (1999 - 4) Executive Directors of Leighton Holdings Limited and related entities. Interest of \$45,510 (1999 - \$23,826) was received on senior executive loans from Executive Directors.

Loans under the Staff Equity Participation Plan are interest free and repayable from dividend income earned by the shares acquired under the Plan. The loans are secured by a charge over the shares issued under the Plan. No new loans were issued during the year.

Loans under the Senior Executive Loan Plan were charged interest between 6% p.a. and 10% p.a. (1999 - 6% p.a. and 10% p.a.), were secured by mortgages over property and were repayable up to 20 years from the dates of the loans. No new loans were issued during the year (1999 - \$500,000). Repayments of principal of \$185,000 (1999 - Nil) in respect of senior executive loans were received during the year from R J Merkenhof, R Wilson and S McLellan.

The amounts in this note have not been rounded off to the nearest thousand dollars.

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
36 Lease and Rental Commitments					
Operating Leases					
Plant, equipment and motor vehicle leases		25,307	33,747	—	—
Other leases		3,247	2,472	—	—
Property leases		25,550	22,043	—	—
		54,104	58,262	—	—
Lease commitments not capitalised					
– Not later than one year		28,727	26,964	—	—
– Later than one year but not later than five years		24,087	30,420	—	—
– Later than five years		1,290	878	—	—
		54,104	58,262	—	—
Finance Leases					
Plant and equipment		18,851	—	—	—
Finance lease rentals are payable as follows					
– Not later than one year		9,531	—	—	—
– Later than one but not later than five years		12,481	—	—	—
		22,012	—	—	—
Less: Future lease finance charges		(3,161)	—	—	—
		18,851	—	—	—
Lease liabilities provided for in the financial statements					
Current	15	8,076	—	—	—
Non current	19	10,775	—	—	—
		18,851	—	—	—

Plant and equipment used in contract mining and civil engineering is leased over its economic life and the leases are structured to match income from contracts. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

37 Leighton Holdings Limited and Controlled Entities

Controlled Entities at Balance Date	Interest held	Place of Incorporation
† Leighton Holdings Limited	Vic.	
† Adelaide Terrace Investments Pty Ltd	100%	S.A.
Asia Mining Services	80%	Vietnam
Asian Region Investment Ltd	80%	Hong Kong
Ausindo Holdings Pte Ltd	100%	Singapore
Australian Paper Recovery Pty Ltd	100%	N.S.W.
Australian Services Joint Venture	65%	N/A
Australian Waste Machinery Pty Ltd	100%	Vic.
Citysky Limited	80%	Hong Kong
Defence Maintenance Management Pty Ltd (4)	35%	Vic.
Doan Ket (Hong Kong) Ltd	80%	Hong Kong
Ewenissa Pty Ltd	100%	A.C.T.
Giddens Investment Ltd	80%	Hong Kong
Green Builders Inc	100%	U.S.A.
Green Construction Company	100%	U.S.A.
Green Engineering and Mining Company (In Liq)	100%	U.S.A.

37 Leighton Holdings Limited and Controlled Entities (continued)

Controlled Entities at Balance Date		Interest held	Place of Incorporation
Hai Van Thiess Construction & Consultant Company		56%	Vietnam
Hunter Valley Earthmoving Co. Pty Ltd		100%	N.S.W.
Infrastructure Technologies Ltd	(1)(4)	32%	N.S.W.
International Railroad Systems (Electronics) Pty Ltd	(4)	70%	S.A.
International Railroad Systems Pty Ltd	(4)	70%	W.A.
Jackimort Pty Ltd		100%	A.C.T.
John Holland Construction (Singapore) Pte Ltd	(5)	80%	Singapore
John Holland Engineering Pty Ltd	(4)	70%	Vic.
John Holland Group Pty Ltd	(4)	70%	Vic.
John Holland Joint Venture Subic Inc	(4)	40%	Philippines
John Holland Pty Ltd	(4)	70%	Vic.
Lai Lap Foundation Engineering Ltd		80%	Hong Kong
† Leighton Admin Services Pty Ltd		100%	N.S.W.
Leighton Asia Finance Ltd		80%	Hong Kong
Leighton Asia (Hong Kong) Holdings Ltd		80%	Hong Kong
Leighton Asia (Hong Kong) Holdings (2) Limited (formerly John Holland Asia Limited)	(5)	80%	Hong Kong
Leighton Asia Ltd		80%	Cayman Islands
Leighton Contractors (Asia) Ltd		80%	Hong Kong
Leighton Contractors (Bangladesh) Ltd	(2)	80%	Bangladesh
Leighton Contractors (China) Ltd		80%	Hong Kong
Leighton Contractors (India) Private Ltd		80%	India
Leighton Contractors (Indo-China) Ltd		80%	Hong Kong
Leighton Contractors (Laos) Co Ltd		80%	Laos
Leighton Contractors (Malaysia) Sdn. Bhd.		80%	Malaysia
Leighton Contractors (Mauritius) Ltd	(2)	80%	Mauritius
Leighton Contractors (Philippines) Inc.	(1)	32%	Philippines
† Leighton Contractors Pty Ltd		100%	N.S.W.
Leighton Contractors (Singapore) Pte Ltd		80%	Singapore
Leighton Development Inc		100%	U.S.A.
* Leighton Equipment Leasing Pty Ltd		100%	N.S.W.
† Leighton Finance Ltd		100%	N.S.W.
Leighton Foundation Engineering Ltd		80%	Hong Kong
* Leighton Funds Management Pty Ltd		100%	Old.
Leighton Geotech Ltd	(1)	39%	Thailand
Leighton Investment Inc		100%	U.S.A.
Leighton Investments Malaysia (L) Ltd		80%	Malaysia
Leighton Investments Singapore Pte Ltd		80%	Singapore
* Leighton Motorway Investment Pty Ltd		100%	N.S.W.
Leighton NA Inc		100%	U.S.A.
Leighton Office Trust		100%	N/A
Leighton Pacific Developments Inc (In Liq)		100%	U.S.A.
Leighton Parking Pty Ltd (In Liq)		100%	N.S.W.
Leighton Portfolio Services Pty Ltd	(2)	100%	A.C.T.
† Leighton Properties (Brisbane) Pty Ltd		100%	Old.
* Leighton Properties Pty Ltd		100%	Old.
* Leighton Properties (Vic) Pty Ltd		100%	Vic.
† Leighton Property Development Pty Ltd		100%	N.S.W.
† Leighton Property Funds Management Limited		100%	A.C.T.
* Leighton Property Management Pty Ltd		100%	N.S.W.
Leighton Staff Shares Pty Ltd	(3)	100%	Vic.
Leighton Superannuation Pty Ltd	(3)	100%	N.S.W.
Leighton USA Holdings Inc (In Liq)		100%	U.S.A.
Leighton USA Finance Inc (In Liq)		100%	U.S.A.

37 Leighton Holdings Limited and Controlled Entities (continued)

Controlled Entities at Balance Date		Interest held	Place of Incorporation
Leighton USA Inc (In Liq)		100%	U.S.A.
Lewis Scott Enterprises Pty Ltd	(6)	100%	N.S.W.
LSE Antenna Services Pty Ltd	(6)	100%	Qld.
LSE Technology (Australia) Pty Ltd	(6)	100%	N.S.W.
LSE Technology Pty Ltd	(6)	100%	N.S.W.
Moussewood Pty Ltd (In Liq)		100%	Qld.
Nextgen Networks Pty Ltd	(2)	100%	N.S.W.
* Northcoast Motorway Pty Ltd		100%	N.S.W.
Northland Maintenance Inc		100%	U.S.A.
Pacific Water Pty Ltd		100%	N.S.W.
PT John Holland Constructions Indonesia	(5)	76%	Indonesia
PT Thiess Contractors Indonesia		100%	Indonesia
Quantum Explosives Pty Ltd		100%	Qld.
† Ridgewood Development Pty Ltd		100%	Qld.
Speedrail Group Pty Ltd		100%	N.S.W.
St Kilda Road Trust		100%	N/A
Technical Resources Asia Ltd		80%	Hong Kong
† Technical Resources Pty Ltd		100%	N.S.W.
Tensacciai Pty Ltd	(4)	70%	W.A.
Thai-Leighton Ltd	(1)	39%	Thailand
Thiess Pty Ltd (formerly Thiess Contractors Pty Ltd)		100%	Qld.
Thiess Argentina SA		100%	Argentina
Thiess Chile SA		100%	Chile
Thiess Contractors International Pty Ltd		100%	Qld.
Thiess Contractors (Malaysia) Sdn.Bhd.		100%	Malaysia
Thiess Contractors (NZ) Ltd		100%	New Zealand
Thiess Contractors (PNG) Ltd		100%	P.N.G.
Thiess Environmental Services Pty Ltd		100%	Qld.
Thiess Peru SA		100%	Peru
Thiess Investments Pty Ltd		100%	Qld.
Thiess Property Services Pty Ltd		100%	Qld.
Thiess Roche Lihir Joint Venture		65%	N/A
Thiess Venezeula SA		100%	Venezeula
Thiess Services Pty Ltd		100%	Vic.
† Vision Hold Pty Ltd	(2)	100%	N.S.W.
Visionstream Australia Pty Ltd	(2)	100%	N.S.W.
† Visionstream Pty Ltd		100%	Qld.
Visionstream Services Pty Ltd	(2)	100%	N.S.W.
Vytel Admin Pty Ltd	(2)	100%	N.S.W.
Vytel Investments Pty Ltd	(2)	100%	N.S.W.
† Vytel Pty Ltd	(2)	100%	N.S.W.
XGWM Pty Ltd (formerly Garretts Waste Management Pty Ltd)		100%	Vic.
† Yifta Pty Ltd		100%	A.C.T.
80 Pacific Highway Trust		100%	N/A

(1) Entities controlled under shareholder agreements

(2) Incorporated in 2000 financial year

(3) Trustee Company

(4) Entities acquired as part of John Holland Group Pty Ltd acquisition

(5) Entities acquired as part of John Holland Asia Ltd acquisition

(6) Entities acquired as part of LSE Technology Pty Ltd acquisition

† These companies (Leighton Holdings Limited (LHL) Class Order Companies) have the benefit of an ASIC Class Order 98/1418.

* These companies are parties to the Deed of Cross Guarantee but do not have the benefit of ASIC Class Order 98/1418 at 30 June 2000 as they are small proprietary companies.

37 **Leighton Holdings Limited and Controlled Entities** (continued)**Acquisition of Controlled Entities and Businesses**

Name	Consideration \$'000	Date Acquired/Disposed	Proportion Acquired
Hunter Valley Earthmoving Co Pty Ltd	48,702	1 July 1999	100%
John Holland Group Pty Ltd	–	1 January 2000	70%
John Holland Asia Ltd	7,209	26 May 2000	100%
LSE Technology Pty Ltd	15,018	30 March 2000	100%
Assets of Total Energy Systems acquired by Quantum Explosives Pty Ltd	15,385	2 August 1999	100%

Disposal of Controlled Entities and Businesses

Reef Networks Pty Ltd	5,200	23 June 2000	–
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Liquidation of Controlled Entities

ACN 002 821 892 Pty Ltd
 Burton Properties Pty Ltd
 Dovida Pty Ltd
 Kaparidge Pty Ltd
 Landetting Nominees Pty Ltd
 Mamasan Pty Ltd
 Multicon Engineering Pty Ltd
 Multicon Holdings Pty Ltd
 Northcrest Development Inc
 Pluteus ACT (No7) Pty Ltd
 Swanblaze Pty Ltd

Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 dated 13 August 1998, relief was granted to the LHL Class Order Companies from the Corporations Law requirements for preparation, audit and publication of financial statements. As a condition of the Class Order the Company and each of the LHL Class Order Companies are party to a Deed of Cross Guarantee dated 9 June 1994. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt of a LHL Class Order Company in the event of its winding up under certain provisions of the Corporations Law. If a winding up occurs under other provisions of the Law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The LHL Class Order Companies have also given similar guarantees in the event that the Company or other LHL Class Order Companies party to the Deed of Cross Guarantee are wound up.

37 **Leighton Holdings Limited and Controlled Entities** (continued)

A consolidated profit and loss statement and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2000 is set out below:

Profit and Loss Statement

	2000 \$'000	1999 \$'000
Operating Profit before Income Tax	76,843	78,948
Income Tax (Expense) Attributable to Operating Profit	(12,667)	(19,286)
Operating Profit after Income Tax	64,176	59,662
Retained Profits at the Beginning of the Financial Year	137,592	155,872
Dividends provided for or paid	(86,685)	(78,511)
Aggregate of Amounts Transferred (to)/from Reserves	–	569
Retained Profits at the End of the Financial Year	115,083	137,592

Balance Sheet**Current Assets**

Cash	1,048	26,911
Receivables	159,735	139,447
Inventories	82,275	46,911
Other	1,267	8,144

Total Current Assets

244,325	221,413
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Non-Current Assets

Receivables	698	36,186
Investments	712,610	724,148
Inventories	23,181	14,372
Property, Plant and Equipment	91,404	108,165
Other	52,049	59,471

Total Non-Current Assets

879,942	942,342
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Total Assets

1,124,267	1,163,755
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Current Liabilities

Accounts Payable	176,039	183,715
Borrowings	90,822	19,131
Provisions	79,914	73,281

Total Current Liabilities

346,775	276,127
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Non-Current Liabilities

Accounts Payable	130,430	209,477
Borrowings	58,571	72,951
Provisions	108,101	89,553

Total Non-Current Liabilities

297,102	371,981
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Total Liabilities

643,877	648,108
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Net Assets

480,390	515,647
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Shareholders' Equity

Share Capital	363,891	361,884
Reserves	1,416	16,171
Retained Profits	115,083	137,592

Total Shareholders' Equity

480,390	515,647
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	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000

38 Related Party Information

Directors

The Directors who held office as Directors of Leighton Holdings Limited during the year ended 30 June 2000 were:

Morrish Alexander Besley, AO
Wallace MacArthur King, AM
Dieter Siegfried Adamsas
Geoffrey John Ashton
Geoff James Dixon
Achim Drescher
Ian Rutledge Johnson
Hans-Peter Keitel
David Allen Mortimer
Busso Peus
David Paul Robinson
Rodney Malcolm Wylie, OBE

Directors' Transactions

During the year dividends were paid to Directors on their shareholdings on the same basis as other shareholders.

D.P. Robinson is a partner in the firm of chartered accountants Harveys which receives fees from Hochtief Limited for services provided to that company which is a related party.

The terms and conditions of transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

During the year Directors or director related entities of Leighton Holdings Limited acquired and disposed of shares on the open market. The aggregate details of those transactions were 4,000 (1999 - Nil) shares acquired and Nil (1999 - Nil) shares sold. During the year Hochtief Limited acquired 7,874,423 (1999 - 360,000) shares giving a shareholding at year end of 130,866,439 (1999 - 122,992,016) shares. H.P. Keitel, B. Peus and D.P. Robinson were directors of Hochtief Limited during the year.

Directors' holdings of shares and share options

The interest of Directors of the Company in shares and share options of the Company at balance date are set out below:

	2000	1999
	No. held	No. held
Ordinary shares	199,552	195,552
Options over ordinary shares	1,400,000	400,000

Transactions with Related Parties

Transactions with related parties are made on normal commercial terms and conditions and the aggregate of the related party transactions was not material in the overall operations of the Consolidated Entity.

Amounts Receivable from and Payable to Related Parties

Aggregate amounts receivable at balance date from:

Wholly owned controlled entities - non current	-	-	303,321	125,943
Partly owned controlled entities - non current	-	-	120,000	-
Associates - current	1,000	197	-	-
Associates - non current	106	-	-	-
Aggregate amounts payable at balance date to:				
Wholly owned controlled entities - non current	-	-	651,999	451,707
Associates - current	878	496	-	-
Joint venture entities - current	1,720	-	-	-

Interest

Interest received from related parties:

Directors of the company and controlled entities	46	50	46	26
Wholly owned controlled entities	-	-	13,536	14,223
Partly owned controlled entities	-	-	986	-

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Cash Flow Information**Reconciliation of Cash Balances**

For the purposes of the Statements of Cash Flows, cash includes cash on hand, at bank and short term deposits at call, net of outstanding overdrafts. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2000	1999	2000	1999
Note	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	61,225	29,149	62,600	76,176
Interest bearing deposits	286,804	335,113	–	1,231
Bank overdraft	–	(558)	(3,959)	–
	348,029	363,704	58,641	77,407

Reconciliation of Operating Profit After Income Tax to Net Cash Provided by Operating Activities

Operating profit after income tax	158,003	131,394	114,958	82,503
Distribution to minority interests	(25,889)	(5,818)	–	–
	132,114	125,576	114,958	82,503
Add (less) non-cash items				
Depreciation	250,057	224,292	565	970
Amortisation of goodwill	1,770	3,037	–	–
Amounts set aside to provisions	81,701	82,687	240	240
Foreign currency (gains)/losses	–	–	8,056	(8,589)
(Gain)/loss on sales of non-current assets	(5,876)	(9,407)	(16)	(4,874)
Intercompany transactions	–	–	(8,019)	(18,205)
Net cash provided by operating activities before changes in assets and liabilities	459,766	426,185	115,784	52,045
Net changes in assets/liabilities				
(Increase)/decrease in prepayments	(14,921)	(4,982)	–	–
(Increase)/decrease in receivables	(48,260)	(38,613)	(18,793)	6,069
(Increase)/decrease in inventories	(25,887)	(39,535)	–	–
(Decrease)/increase in accounts payable	(24,880)	47,609	(2,756)	(11,944)
(Decrease)/increase in provisions	(69,271)	(73,403)	–	(3,172)
Income tax payable	(23,743)	(17,197)	1,384	5,731
	(206,962)	(126,121)	(20,165)	(3,316)
Net cash provided by operating activities	252,804	300,064	95,619	48,729

Details of Credit Facilities

The Consolidated Entity has a total of \$246 million (1999 - \$269 million) committed facilities of which \$168 million (1999 - \$176 million) were undrawn as at 30 June 2000. These facilities include a Private Unsecured Loan Placement in the USA of \$US47 million (1999 - \$US59 million). These facilities have maturity dates up to May 2004.

Fair Value of Assets of Controlled Entities and Businesses Acquired

Cash consideration	86,314	6,150	–	–
Property, Plant and Equipment	77,935	3,013	–	–
Receivables	132,259	100	–	–
Inventories	30,534	–	–	–
Accounts payable	(138,653)	–	–	–
Finance lease	(20,749)	–	–	–
Provisions	(19,842)	–	–	–
Net Assets Acquired	61,484	3,113	–	–
Goodwill on acquisition	24,830	3,037	–	–

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Events Subsequent to Balance Date

Since June 30 2000, Leighton Contractors Pty Limited has entered into a Memorandum of Understanding with Macquarie Infrastructure Group to sell its 11% stake in Airport Motorways Limited.

Directors Declaration on the Financial Statements set out on pages 1 to 28

1. In the opinion of the Directors of Leighton Holdings Limited:

(a) The financial statements and notes are in accordance with the Corporations Law, including;

(i) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2000 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 37 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

Dated at Sydney this 1st day of September, 2000.

Signed in accordance with a resolution of Directors:



M A Besley AO
Chairman



W M King AM
Chief Executive Officer

Independent Auditors' Report to the Members of Leighton Holdings Limited Scope

We have audited the financial report of Leighton Holdings Limited for the financial year ended 30 June 2000, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the Directors' Declaration set out on pages 1 to 29. The financial report includes the consolidated financial statements of the Consolidated Entity, comprising the Company and the entities it controlled at the year end or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position and performance as represented by the results of their operations and their cash flows.

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

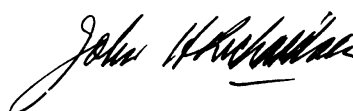
Audit Opinion

In our opinion, the financial report of Leighton Holdings Limited is in accordance with:

- (a) the Corporations Law, including:
- (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



KPMG
Chartered Accountants



John H Richardson
Partner
Dated at Sydney this 1st day of September, 2000.