
Leighton Holdings Limited

ACN 004 482 982

Financial Report 2001



Leighton
Holdings
Limited

Statements of Financial Performance

for the year ended 30 June 2001

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Revenues from ordinary activities	2	4,393,254	3,577,364	77,115	153,525
Expenses from ordinary activities	3	(4,183,361)	(3,371,494)	(38,024)	(29,074)
Borrowing costs		(10,872)	(5,453)	(8,019)	(8,364)
Share of net profits of associates and joint venture entities		3,219	957	-	-
Profit from ordinary activities before income tax expense	4	202,240	201,374	31,072	116,087
Income tax expense relating to ordinary activities	5	(42,312)	(43,371)	(6,702)	(1,129)
Profit from ordinary activities after income tax expense		159,928	158,003	24,370	114,958
Net profit attributable to outside equity interest		(3,772)	(23,923)	-	-
Net profit attributable to members of the parent entity		156,156	134,080	24,370	114,958
Basic earnings - cents per share	24	59.2	51.1		
Diluted earnings - cents per share	24	59.0	50.7		
Dividends - cents per share - Interim	24	14.0	13.0		
- Final	24	25.0	20.0		
Other changes in equity attributable to members of the parent entity					
Net exchange difference on translation of financial statements of self-sustaining foreign operations	20	12,229	(1,180)	-	-
Increase in asset revaluation reserve	20	-	19	-	-
Total other changes in equity attributable to members of the parent entity		12,229	(1,161)	-	-

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 4 to 25.

Statements of Financial Position

as at 30 June 2001

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Assets					
Cash assets	6	500,133	348,029	32,536	62,600
Receivables	7	662,640	548,109	462,752	455,922
Inventories	8	161,405	209,774	-	-
Other financial assets	9	65,081	28,340	730,788	716,354
Investments accounted for using the equity method	10	11,903	6,894	-	-
Deferred tax assets	11	80,287	56,170	8,791	17,669
Property, plant and equipment	12	528,907	508,945	25,516	25,839
Intangible assets	13	39,804	23,060	-	-
Total assets		2,050,160	1,729,321	1,260,383	1,278,384
Liabilities					
Payables	14	987,125	757,271	69,245	60,307
Current tax liabilities	15	37,813	8,199	7,616	5,730
Provisions	16	163,738	141,268	2,889	2,649
Deferred tax liabilities	17	21,079	39,914	10,033	16,751
Interest bearing liabilities	18	100,116	97,779	773,005	730,927
Total liabilities		1,309,871	1,044,431	862,788	816,364
Net assets		740,289	684,890	397,595	462,020
Equity					
Contributed equity	19	378,598	363,891	378,598	363,891
Reserves	20	2,303	4,207	-	9,746
Retained profits	21	359,269	292,482	18,997	88,383
Total parent entity interest		740,170	660,580	397,595	462,020
Outside equity interest	22	119	24,310	-	-
Total equity	23	740,289	684,890	397,595	462,020

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 4 to 25.

Statements of Cash Flows

for the year ended 30 June 2001

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash flows from operating activities					
Cash receipts in the course of operations		4,101,727	3,637,367	26,608	10,261
Cash payments in the course of operations		(3,484,360)	(3,205,455)	(4,774)	(45,435)
Dividends received		1,424	-	46,658	138,814
Interest received		17,119	12,256	577	88
Borrowing costs paid		(11,560)	(10,741)	(8,426)	(8,364)
Income taxes paid		(50,573)	(59,073)	(298)	255
Net cash provided by operating activities	40	573,777	374,354	60,345	95,619
Cash flows from investing activities					
(Increase) in investment in controlled entities and businesses		(34,873)	(86,314)	(61,766)	(86,768)
Decrease in investment in controlled entities		-	-	24,887	158,356
Payments for property, plant and equipment		(346,998)	(299,803)	(243)	(249)
Proceeds from sale of assets		99,816	117,313	-	55
(Increase) in investment in other entities		(49,430)	(18,197)	(80)	-
(Loans to)/repayments by executives		(970)	78	(970)	185
Net cash used in investing activities		(332,455)	(286,923)	(38,172)	71,579
Cash flows from financing activities					
Proceeds from share issues		14,707	2,007	14,707	2,007
Proceeds from borrowings		166,170	183,667	-	-
Repayment of borrowings		(182,282)	(207,440)	(23,695)	(21,874)
Loans from/(to) related entities		-	-	50,319	(84,936)
Distributions to outside equity interests		(24,192)	-	-	-
Dividends paid		(89,705)	(81,296)	(89,705)	(81,296)
Net cash provided by/(used in) financing activities		(115,302)	(103,062)	(48,374)	(186,099)
Net increase/(decrease) in cash held		126,020	(15,631)	(26,201)	(18,901)
Net cash at the beginning of the financial year	40	348,029	363,704	58,641	77,407
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year		26,084	(44)	96	135
Net cash at reporting date	40	500,133	348,029	32,536	58,641

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 4 to 25.

Notes to the Financial Statements

for the year ended 30 June 2001

1 Summary of significant accounting policies

(a) Basis of preparation

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 Act 2001. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets. The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amounts 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 except where there has been a change in accounting policy, are consistent with those of the previous year.

As a result of applying revised Accounting Standards AASB 1018 Statement of Financial Performance, AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts have been represented or reclassified to ensure comparability with the current reporting period.

(b) Change in accounting policy

The Consolidated Entity has elected in accordance with subsection 334 (5) of the Corporations Act 2001, to apply AASB 1041 Revaluation of Non-Current Assets for the reporting period ended 30 June 2001. The standard requires each class of non-current asset to be measured on either the cost or fair value basis. The Consolidated Entity has elected to revert to the cost basis for freehold and leasehold land and buildings and the cost has been deemed to be the carrying value as at 1 July 2000. There has been no change in the measurement basis for all other non-current assets. The change in accounting policy has had no effect on the financial performance of the Consolidated Entity in the current or prior financial years. The asset revaluation reserve balance in respect of land and buildings was transferred to retained profits.

(c) 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 statement of financial performance 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.

(d) Receivables

(i) Contract and trade debtors include all net receivables from construction and other contracting services which includes the progressive valuation of work completed on construction contracts 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. Contract and trade debtors are normally settled within 60 days of billing. The collectibility of contract and trade debtors is assessed at reporting date and provision is made for any doubtful debts.

(ii) Other amounts receivable generally arise from transactions other than the provision of construction and other contracting services and includes amounts in respect of sales of assets and taxes receivable. Interest may be charged at market rates where the terms of repayment exceed six months. The collectibility of other amounts receivable is assessed at reporting date and provision is made for any doubtful debts.

(iii) Prepayments represent the future economic benefits receivable in respect of economic sacrifices made in the current financial year.

(e) Revenue and profit recognition

(i) Construction revenues includes revenues from building, civil, mining and telecommunications contracting services. Revenue and profit is recognised 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. The whole of any expected loss is recognised in the financial statements as soon as a loss has become apparent.

(ii) Revenues and profits from property development and land sales are recognised when settled or at the date an unconditional contract of sale is signed.

(iii) Interest revenue is recognised as it accrues.

(iv) Dividends from other entities are recognised when received.

(v) The gross proceeds of asset sales are recognised at the date an unconditional contract of sale is signed.

(f) Investments

(i) Associates and joint venture entities

In the consolidated financial statements, investments in associates and joint venture entities over which the Consolidated Entity exercises significant influence are accounted for using equity accounting principles and are carried at the lower of equity accounted amount and recoverable amount.

(ii) Other investments

Investments 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 when received.

(g) 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 statement of financial performance as a deferred tax asset or liability.

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.

Notes to the Financial Statements

for the year ended 30 June 2001

1 Summary of significant accounting policies continued

(h) 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 reporting date are translated at the rates of exchange ruling on that date. Exchange differences arising on settlement or restatement are recognised in the statement of financial performance.

(ii) Translation of controlled foreign entities

All foreign controlled entities are self-sustaining operations. 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 which hedge investments in foreign controlled entities are recognised in the foreign currency translation reserve on consolidation.

(i) Property, plant and equipment

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

freehold buildings: straight line method – up to 40 years

major plant and equipment: cumulative number of hours worked – up to 10 years;

leased plant and equipment: straight line method – over the terms of the leases, not exceeding 10 years;

waste management assets: straight line method – economic life of the waste operations, not exceeding 20 years;

other equipment: - diminishing value method – up to 10 years

leasehold buildings and improvements: straight line method – over the terms of the leases, not exceeding 40 years;.

(ii) 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 statement of financial position 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 statement of financial position as a lease liability. Operating lease rentals are charged to the statement of financial performance as incurred.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

(i) Development properties

Cost includes the costs of acquisition, development and holding costs such as rates, taxes and borrowing costs. Borrowing costs are capitalised using a weighted average capitalisation rate of 6.21%. Holding costs on development properties not under active development are written off as incurred.

(ii) Raw materials and consumables.

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.

(k) 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 reporting 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 provisions 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 reporting 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 reporting 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 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.

(l) Payables

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 creditors are normally settled within 60 days. The liability for bills payable and promissory notes is shown at face value.

(m) 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 statement of financial performance.

Notes to the Financial Statements

for the year ended 30 June 2001

1 Summary of significant accounting policies continued

(n) 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 where appropriate. Derivative financial instruments are not held for speculative purposes.

(i) Interest rate swaps

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

(ii) 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.

(o) Rounding off amounts

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

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2 Revenues					
Construction contracting services		3,938,137	3,137,517	-	-
Other contracting services		185,591	205,315	-	-
Sale of development properties		98,194	34,961	-	-
Other development property revenue		50,807	67,556	-	-
Revenue from operating activities		4,272,729	3,445,349	-	-
Interest					
- Related parties	39	348	46	20,143	14,568
- Other parties		18,938	12,530	496	88
Dividends					
- Wholly owned controlled entities		-	-	46,591	138,814
- Other parties		1,424	-	67	-
Proceeds from sale of other assets		99,815	119,439	-	55
Other income from related parties	39	-	-	9,818	-
Revenues from ordinary activities	28	4,393,254	3,577,364	77,115	153,525
3 Expenses					
Materials		1,085,945	802,869	-	-
Subcontractors		1,303,633	1,043,990	-	-
Plant costs		700,541	605,326	-	-
Labour		734,073	651,652	1,334	1,286
Insurance		15,663	11,177	-	9
Amortisation of goodwill		11,875	1,770	-	-
Operating leases - minimum lease payments		40,428	36,373	-	-
Professional fees		68,849	51,361	1,600	1,467
Foreign exchange (gains) / losses		(136)	1,120	14,708	1,937
Book value of assets sold		89,308	90,618	-	39
Cost of development properties sold		89,457	31,066	-	-
Other expenses		43,725	44,172	613	1,745
Loss on liquidation of subsidiaries		-	-	19,769	22,591
Expenses from ordinary activities		4,183,361	3,371,494	38,024	29,074

Notes continued

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
4 Profit from ordinary activities before income tax expense					
Profit from ordinary activities before income tax expense is arrived at after charging/(crediting) the following items:					
Net (gain)/loss on the sale of:					
- Investments		(4,546)	(5,200)	-	-
- Interest in Eastern Distributor		(29,000)	-	-	-
- Property, plant and equipment		(5,961)	(676)	-	(16)
Borrowing costs					
- Related parties	39	1,761	-	1,761	-
- Other parties		9,114	5,453	6,258	8,364
Amortisation					
- Leasehold land and buildings		214	555	-	-
- Leasehold improvements		595	779	-	-
- Waste management assets		2,715	2,838	-	-
- Goodwill		11,875	1,770	-	-
Total amortisation		15,399	5,942	-	-
Depreciation					
- Buildings		1,451	1,319	484	484
- Plant and equipment		264,763	244,566	82	81
Total depreciation		266,214	245,885	566	565
Auditors' remuneration					
- Audit services by:					
Auditors of the company		1,070	1,004	-	-
Other auditors		302	281	-	-
- Other services by:					
Auditors of the company		1,375	651	-	233

5 Income tax expense					
Operating profit before income tax		202,240	201,374	31,072	116,087
Prima facie income tax expense at 34% (2000 : 36%)		68,762	72,495	10,564	41,791
The following items have affected income tax expense for the period:					
- Entertainment and other non-allowable items		1,902	1,496	122	(329)
- Depreciation and amortisation not allowable for tax		3,534	928	165	174
- Building allowance		(640)	(686)	(68)	(71)
- Rebateable dividends		-	-	(15,841)	(46,112)
- Recoupment of losses previously not recognised		(18,019)	(14,655)	12,534	5,796
- Overseas income tax rate differential		(5,426)	(9,750)	1,337	431
- Minority income not subject to tax and other		(1,085)	(8,385)	-	-
- Tax law changes		(4,839)	1,553	356	(554)
Current period income tax expense		44,189	42,996	9,169	1,126
- Under/(over) provision for prior year		(1,877)	375	(2,467)	3
Income tax expense relating to ordinary activities		42,312	43,371	6,702	1,129
Future income tax benefits					

The future income tax benefit (note 11) of \$80,287 (2000 - \$56,170) includes provision for employee benefits and asset writedowns not currently allowable as an income tax deduction and tax losses carried forward of \$8,478 (2000 - \$3,154). The unrecorded future tax benefit available to some members of the Consolidated Entity at 30 June 2001 in respect of tax losses, including capital losses, for which there is a possibility of recoupment at the applicable rates of tax was \$7,961 (2000 - \$19,261). 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.

6 Cash					
Funds on deposit		405,785	286,804	19,600	-
Cash at bank and on hand		94,348	61,225	12,936	62,600
		500,133	348,029	32,536	62,600

Notes continued

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
7 Receivables					
Contract debtors		485,489	372,042	-	-
Trade debtors		104,293	76,903	-	-
Other amounts receivable		49,150	73,977	16,664	31,904
Prepayments		16,014	23,384	-	-
Loans – related parties	39	7,694	1,803	1,667	697
Amounts receivable from controlled entities	39	-	-	444,421	423,321
		662,640	548,109	462,752	455,922
Progressive value of work completed on contracts		7,819,854	8,260,184	-	-
Net contract debtors excluding retentions		288,990	283,587	-	-
Retentions		23,486	12,431	-	-
Net contract debtors		312,476	296,018	-	-
Cash received to date		7,507,378	7,964,166	-	-
Total progressive value		7,819,854	8,260,184	-	-
Amounts due from customers - contract debtors		485,489	372,042	-	-
Amounts due to customers - trade creditors		(173,013)	(76,024)	-	-
Net contract debtors		312,476	296,018	-	-

8 Inventories					
Development properties					
Cost of acquisition		63,095	80,201	-	-
Development expenses capitalised		106,133	122,020	-	-
Rates, taxes, borrowing and other costs capitalised		33,674	37,947	-	-
		202,902	240,168	-	-
Less: property provisions		49,065	49,065	-	-
		153,837	191,103	-	-
Other inventories					
Raw materials and consumables – at cost		7,568	18,671	-	-
		161,405	209,774	-	-

Inventories includes development properties of \$48.491 million (2000: \$23.181 million) which are expected to be realised more than 12 months after reporting date.

Borrowing costs capitalised during the financial year: \$2,003 (2000: \$5,925)

9 Other financial assets					
Investment in other entities					
- Listed – Cost		17,809	25,177	33	-
- Unlisted – Cost		47,272	3,163	546	500
		65,081	28,340	579	500
Investment in controlled entities - Cost		-	-	730,209	715,854
		65,081	28,340	730,788	716,354

Quoted market value of investments in listed entities: \$36.455 million (2000: \$26.363 million)

Investment in listed entities includes a 14% (2000: 16%) interest in Portman Mining Ltd a company which is involved in coal mining operations, carrying value \$16.992 million (2000: \$19.927 million)

Investment in unlisted entities includes a 40% (2000: nil) interest in North Goonyella Coal Mine, carrying value \$29.477 million (2000: nil) and a 10% (2000: nil) interest in Southland Colliery which is involved in coal mining operations, carrying value \$9.967 million (2000: nil).

Other investments in other entities were not individually material to warrant additional disclosures.

Notes continued

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
10 Investments accounted for using the equity method					
Associates	25	971	1,676	-	-
Joint venture entities	26	10,932	5,218	-	-
		11,903	6,894	-	-
11 Deferred tax assets					
Future income tax benefit	5	80,287	56,170	8,791	17,669
12 Property, plant and equipment					
Land					
Cost	1(b)	16,831	3,904	7,166	6,950
Independent valuation - June 1998		-	11,430	-	-
		16,831	15,334	7,166	6,950
Buildings					
Cost	1(b)	52,301	25,217	19,353	19,353
Independent valuation - June 1998		-	25,050	-	-
Accumulated depreciation		(3,650)	(2,674)	(1,449)	(965)
		48,651	47,593	17,904	18,388
Leasehold land and buildings					
Cost	1(b)	2,698	659	-	-
Independent valuation - June 1998		-	1,293	-	-
Accumulated amortisation		(794)	(580)	-	-
		1,904	1,372	-	-
Leasehold improvements					
Cost		8,405	8,194	-	-
Accumulated amortisation		(6,835)	(6,352)	-	-
		1,570	1,842	-	-
Waste management assets					
Cost		33,803	29,527	-	-
Accumulated amortisation		(6,949)	(4,234)	-	-
		26,854	25,293	-	-
Plant and equipment					
Cost		1,095,544	1,009,082	1,868	1,841
Accumulated depreciation		(662,447)	(591,571)	(1,422)	(1,340)
		433,097	417,511	446	501
	27	528,907	508,945	25,516	25,839

An independent valuation of the Consolidated Entity's freehold and leasehold land and buildings carried out as at 30 June 2001 on the basis of open market values resulted in a valuation of \$76,827 (the Company: \$27,940). As land and buildings are recorded at cost, the increase in value has not been brought to account.

Plant and equipment includes construction equipment, motor vehicles and office furniture and equipment.

Notes continued

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
13 Intangible assets					
Goodwill – at cost		53,449	24,830	-	-
Accumulated amortisation		(13,645)	(1,770)	-	-
		39,804	23,060	-	-

14 Payables					
Trade creditors and accruals		874,908	677,144	2,950	3,850
Other creditors		41,733	25,031	-	-
Dividend payable		66,295	52,498	66,295	52,498
Bank overdraft		-	-	-	3,959
Amounts payable to related parties	39	4,189	2,598	-	-
		987,125	757,271	69,245	60,307

Trade creditors expected to be settled more than 12 months after reporting date : Consolidation Entity \$15.353 million (2000: \$17.446 million)
– Company \$Nil (2000: \$Nil).

15 Current tax liabilities					
Income tax payable		37,813	8,199	7,616	5,730

16 Provisions					
Employee entitlements		163,738	141,268	2,889	2,649

Employee entitlements expected to be settled more than 12 months after reporting date: Consolidated Entity \$112.562 million (2000: \$91.178 million) – Company of \$2.889 million (2000: \$2.649 million).

17 Deferred tax liabilities					
Deferred income tax		21,079	39,914	10,033	16,751

18 Interest bearing liabilities					
Unsecured loans		87,455	78,928	70,285	78,928
Lease liabilities	37	12,661	18,851	-	-
Payable to controlled entities	39	-	-	702,720	651,999
		100,116	97,779	773,005	730,927

Unsecured loans expected to be settled more than 12 months after reporting date: Consolidated Entity \$61.732 million (2000: \$58.571 million)
– Company \$46.857 million (2000: \$58.571 million).
Lease liabilities expected to be settled more than 12 months after reporting date: Consolidated Entity \$8.399 million (2000: \$8.075 million)
– Company \$Nil (2000: \$Nil).

Notes continued

	Consolidated		Company		
	Note	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
19 Contributed equity					
Issued share capital					
265,180,317 Ordinary shares fully paid (2000: 262,491,867)		378,598	363,891	378,598	363,891
Movements					
Balance at beginning of financial year		363,891	361,884	363,891	361,884
2,688,450 (2000: 371,000) shares issued from the exercise of options		14,707	2,007	14,707	2,007
Balance at reporting date		378,598	363,891	378,598	363,891

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

20 Reserves					
Asset revaluation		-	14,108	-	9,721
General		-	25	-	25
Foreign currency translation		2,303	(9,926)	-	-
		2,303	4,207	-	9,746
Movements					
Asset revaluation					
Balance at beginning of financial year		14,108	15,084	9,721	9,721
Increase (decrease) recognised in the statement of financial performance		-	19	-	-
Transfer to retained profits		(14,108)	(995)	(9,721)	-
Balance at reporting date		-	14,108	-	9,721
General					
Balance at beginning of financial year		25	25	25	25
Transfer to retained profits		(25)	-	(25)	-
Balance at reporting date		-	25	-	25
Foreign currency translation					
Balance at beginning of financial year		(9,926)	(11,820)	-	-
Increase (decrease) recognised in the statement of financial performance		12,229	(1,180)	-	-
Transfer to retained profits		-	3,074	-	-
Balance at reporting date		2,303	(9,926)	-	-

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation.

21 Retained profits					
Balance at beginning of financial year		292,482	247,166	88,383	60,110
Net profit attributable to members of the parent entity		156,156	134,080	24,370	114,958
Dividends		(103,502)	(86,685)	(103,502)	(86,685)
Transfers from foreign currency translation reserve		-	(3,074)	-	-
Transfers from asset revaluation reserve		14,108	995	9,721	-
Transfers from general reserve		25	-	25	-
Balance at reporting date		359,269	292,482	18,997	88,383

Notes continued

	Consolidated		Company		
	Note	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
22	Outside equity interest				
	Outside equity interest in controlled entities comprises:				
	Share capital	167	295	-	-
	Reserves	97	(1,259)	-	-
	Retained profits	(145)	25,274	-	-
		119	24,310	-	-

23	Total equity				
	Total equity at beginning of financial year	684,890	632,878	462,020	431,740
	Total changes in equity recognised in the statement of financial performance				
	- Net profit attributable to members of the parent entity	156,156	134,080	24,370	114,958
	- Total other changes in equity attributable to members of the parent entity	12,229	(1,161)	-	-
	Transactions with owners as owners				
	- Contributions of equity	14,707	2,007	14,707	2,007
	- Dividends	(103,502)	(86,685)	(103,502)	(86,685)
	Total changes in outside equity interest	(24,191)	3,771	-	-
	Total equity at reporting date	740,289	684,890	397,595	462,020

24 Dividends and earnings per share

Dividends

Dividends provided for or paid by the Company are:

Interim dividend

An unfranked interim ordinary dividend of 14 cents per share, (2000: 13 cents per share) was paid on 30 March 2001.

Unfranked (2000: 100% Franked at 36%)	37,207	34,187	37,207	34,187
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Final dividend

A partially franked final ordinary dividend of 25 cents per share, (2000: 20 cents per share) will be paid on 28 September 2001.

50% franked at 30% (2000: unfranked)	66,295	52,498	66,295	52,498
	103,502	86,685	103,502	86,685

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.

(Class C 30% franking credits)	9,018	-	-	-
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Earnings per share

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

	263,957,950	262,895,136
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Options to purchase ordinary shares not exercised at 30 June 2001 have been classified as potential ordinary shares and have been included in the determination of diluted earnings per share only.

Since the end of the financial year, 1,965,800 (2000: 276,950) 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.

Notes continued

Name	Principal activities	Reporting date	Ownership interest		Consolidated	
			2001	2000	Carrying amount	
			%	%	2001	2000
					\$'000	\$'000
25 Associates						
Vina Leighton Ltd	construction	30 June	50	50	539	736
Nextgen Holdings Ltd	telecommunications	30 June	20	-	200	-
Defence Maintenance Management Pty Ltd	maintenance	30 June	50	-	227	-
Zappaway Ltd	waste services	30 June	-	50	-	850
Other	-	-	-	-	5	90
					971	1,676

There were no post reporting 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 equity accounted loss was \$404 (2000: \$218). The Consolidated Entity's interests in associates at 30 June 2001 were not of a material size or contribution to the Consolidated Entity's activities to warrant additional disclosure. The company's interest in associates at 30 June 2001 was \$Nil (2000: \$Nil).

26 Joint venture entities

Silcar Maintenance Services	maintenance	30 June	50	50	7,381	5,218
STCJV Services	telecommunications	30 June	50	-	3,551	-
Roche Thiess Linfox Joint Venture	mobile plant / earthmoving	30 June	44	44	-	-
					10,932	5,218

Statement of financial performance

The Consolidated Entity's share of the joint venture entities' results consists of:

Revenues from ordinary activities	83,017	31,728
Expenses from ordinary activities	(79,394)	(30,553)
Profit from ordinary activities before income tax expense	3,623	1,175
Income tax expense	-	-
Net profit accounted for using the equity method	3,623	1,175

Statement of financial position

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

Assets	36,017	16,532
Liabilities	25,085	11,314
Net assets accounted for using the equity method	10,932	5,218

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

Balance at beginning of the financial year	-	-
Share of net profit of joint venture entities	3,623	1,175
Distributions from joint venture entities	(3,623)	(1,175)
Share of joint venture entities' retained profits at reporting date	-	-

Movements in carrying amount of joint venture entities

Carrying amount at the beginning of the financial year	5,218	-
Investment in joint venture entities acquired during the year	-	8,000
Contributions to the joint venture entities	8,421	660
Share of joint venture entities' net profit	3,623	1,175
Drawings from the joint venture entities	(6,330)	(4,617)
Carrying amount at reporting date	10,932	5,218

Notes continued

	Land \$'000	Buildings \$'000	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Waste management assets \$'000	Plant and equipment \$'000	Total property, plant and equipment \$'000
27 Reconciliation of property, plant and equipment carrying values							
Consolidated							
Carrying amount at the beginning of the financial year	15,334	47,593	1,372	1,842	25,293	417,511	508,945
Additions	216	1,248	746	315	4,276	331,099	337,900
Disposals	(15)	(69)	-	(24)	-	(83,677)	(83,785)
Acquisition through entities acquired	1,296	1,330	-	-	-	2,036	4,662
Depreciation and amortisation	-	(1,451)	(214)	(595)	(2,715)	(264,763)	(269,738)
Net foreign currency translation	-	-	-	32	-	30,891	30,923
Carrying amount at reporting date	16,831	48,651	1,904	1,570	26,854	433,097	528,907
Company							
Carrying amount at the beginning of the financial year	6,950	18,388	-	-	-	501	25,839
Additions	216	-	-	-	-	27	243
Depreciation and amortisation	-	(484)	-	-	-	(82)	(566)
Carrying amount at reporting date	7,166	17,904	-	-	-	446	25,516

	Contracting & project management \$'000	Property development \$'000	Unallocated \$'000	Total \$'000
28 Segment Information				
Industry				
2001				
Total revenue	4,223,543	149,001	20,710	4,393,254
Profit (loss) attributable to members before tax	190,942	12,116	(6,269)	196,789
Total assets	1,568,472	167,236	314,452	2,050,160
2000				
Total revenue	3,462,271	102,517	12,576	3,577,364
Profit (loss) attributable to members before tax	169,870	10,856	(3,209)	177,517
Total assets	1,297,088	195,877	236,356	1,729,321
Geographic				
2001				
Total revenue	3,012,384	1,361,884	18,986	4,393,254
Profit (loss) attributable to members before tax	115,159	83,130	(1,500)	196,789
Total assets	1,425,909	595,641	28,610	2,050,160
2000				
Total revenue	2,785,202	771,630	20,532	3,577,364
Profit (loss) attributable to members before tax	112,094	55,033	10,390	177,517
Total assets	1,242,709	486,612	-	1,729,321

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 profit/(loss) from ordinary activities 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.

Notes continued

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
29 Capital commitments					
Plant and equipment - payable no later than one year		63,138	16,291	-	-
Investments - payable no later than one year		-	25,495	-	-
- payable later than one year but not later than five years		126,797	-	-	-

30 Bank guarantees, insurance bonds and letters of credit					
Contingent liability under indemnities given on behalf of controlled entities in respect of:					
(i) Bank guarantees		702,348	486,579	702,033	486,104
(ii) Insurance, performance and payment bonds		122,951	100,997	111,951	67,547
(iii) Letters of credit		7,566	10,367	7,566	10,367

31 Financial Instruments

(a) Interest rate risk

The Consolidated Entity's exposures to interest rate risk and the effective weighted average interest rates for classes of financial assets and financial liabilities are set out below:

	Weighted average rate %	Floating rate \$'000	Fixed interest maturing in:			Non interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 year to 5 years \$'000	More than 5 years \$'000		
2001							
Financial assets							
Cash assets	4.9	489,152	-	-	-	10,981	500,133
Receivables	7.4	1,420	-	19,155	247	641,818	662,640
Non-interest bearing assets	-	-	-	-	-	65,081	65,081
		490,572	-	19,155	247	717,880	1,227,854
Financial liabilities							
Interest bearing liabilities	4.9	17,170	-	82,946	-	-	100,116
Non-interest bearing liabilities	-	-	-	-	-	987,125	987,125
		17,170	-	82,946	-	987,125	1,087,241
Interest rate swap (fixed to floating)#		70,285		(70,285)			
2000							
Financial assets							
Cash assets	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							
Interest bearing liabilities	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)			

#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% (2000: 7.21%) of the Consolidated Entity's medium term borrowing to a variable interest rate which was 3.62% as at 30 June 2001 (2000: 5.46%).

31 Financial instruments

(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 reporting date these foreign currencies were US dollars, Euro Dollars, Canadian Dollars 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 reporting date unrecognised gains/(losses) on hedges of anticipated foreign currency purchases amounted to a net loss of \$1,737 (2000: net loss of \$1,250).

(c) Credit risk

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

Recognised financial instruments

The Consolidated Entity's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position. The Consolidated Entity minimises concentrations of credit risk by undertaking transactions with a large number of customers in various countries. At reporting date, the Consolidated Entity was not materially exposed to any individual customer, and had appropriate insurance for its net investments in certain foreign countries to minimise its investment risk.

Unrecognised financial instruments

Credit risk on unrecognised 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 2001 amounted to \$373 (2000: \$413).

(d) Net fair values of financial assets and liabilities

Recognised financial instruments

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

Unrecognised 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 reporting date are:

	Consolidated	
	2001 \$'000	2000 \$'000
Interest rate swap	4,072	2,663
Forward foreign exchange contracts	(1,737)	(1,250)

32 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 appropriate 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 38 the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.
- (vi) Certain executives are entitled to a benefit pursuant to service agreement 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.

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
33 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.		56,257	42,694	7,297	6,675
Number of Directors of Leighton Holdings Limited whose remuneration was within the following bands:					
\$60,000 - \$69,999				-	1
\$70,000 - \$79,999				4	5
\$80,000 - \$89,999				2	1
\$100,000 - \$109,999				-	1
\$110,000 - \$119,999				2	-
\$120,000 - \$129,999				-	1
\$130,000 - \$139,999				1	-
\$190,000 - \$199,999				-	1
\$210,000 - \$219,999				1	-
\$2,330,000 - \$2,339,999				-	1
\$2,590,000 - \$2,599,999				1	-
\$3,380,000 - \$3,389,999				-	1
\$3,640,000 - \$3,649,999				1	-

Notes continued

	Consolidated		Company		
	Note	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
34 Remuneration of executives		36,302	28,679	-	-
The number of executive officers whose remuneration equals or exceeds \$100,000					
\$100,000 - \$109,999		-	1		
\$110,000 - \$119,999		-	2		
\$130,000 - \$139,999		-	1		
\$150,000 - \$159,999		-	1		
\$210,000 - \$219,999		1	-		
\$260,000 - \$269,999		-	1		
\$270,000 - \$279,000		1	-		
\$280,000 - \$289,000		1	-		
\$290,000 - \$299,000		1	-		
\$300,000 - \$309,999		1	-		
\$340,000 - \$349,999		1	-		
\$350,000 - \$359,999		2	2		
\$360,000 - \$369,999		1	-		
\$390,000 - \$399,999		2	-		
\$400,000 - \$409,999		-	2		
\$410,000 - \$419,999		-	2		
\$430,000 - \$439,999		1	-		
\$440,000 - \$449,999		-	1		
\$490,000 - \$499,000		2	-		
\$500,000 - \$509,999		-	2		
\$510,000 - \$519,999		-	1		
\$520,000 - \$529,999		-	1		
\$530,000 - \$539,000		1	-		
\$540,000 - \$549,999		-	1		
\$570,000 - \$579,999		1	2		
\$580,000 - \$589,000		1	-		
\$590,000 - \$599,999		1	-		
\$600,000 - \$609,999		1	1		
\$630,000 - \$639,999		1	-		
\$650,000 - \$659,999		-	1		
\$660,000 - \$669,999		-	1		
\$680,000 - \$689,999		-	1		
\$700,000 - \$709,999		-	1		
\$710,000 - \$719,999		1	1		
\$730,000 - \$739,999		3	-		
\$750,000 - \$759,000		1	-		
\$760,000 - \$769,999		-	1		
\$770,000 - \$779,999		1	2		
\$780,000 - \$789,999		-	1		
\$800,000 - \$809,999		-	1		
\$810,000 - \$819,999		-	1		
\$850,000 - \$859,999		1	-		
\$870,000 - \$879,999		1	-		
\$900,000 - \$909,999		1	-		
\$910,000 - \$919,999		1	1		
\$940,000 - \$949,999		3	-		
\$1,000,000 - \$1,009,999		2	-		
\$1,020,000 - \$1,029,999		1	-		
\$1,050,000 - \$1,059,999		-	1		
\$1,080,000 - \$1,089,999		-	1		
\$1,360,000 - \$1,369,999		1	-		
\$1,850,000 - \$1,859,999		-	1		
\$1,910,000 - \$1,919,000		-	1		
\$2,330,000 - \$2,339,999		-	1		
\$2,590,000 - \$2,599,000		1	-		
\$3,120,000 - \$3,129,000		1	-		
\$3,150,000 - \$3,159,000		1	-		
\$3,380,000 - \$3,389,999		-	1		
\$3,640,000 - \$3,649,000		1	-		

35 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 Watson Wyatt (Hong Kong) Limited. 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 audited 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	\$000's	61,230	67,792	6,562	56,795
Leighton Asia Superannuation Fund -	30 June 2000	\$000's	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").

The balance of options under LSEPP at 30 June 2001 was 1,000,250. During the year 2,688,450 (2000: 371,000) options were exercised and 10,000 (2000: 20,000) options lapsed. The options are exercisable at \$5.41 per option and will lapse on the earlier of 24 October 2001 or termination of the employee's employment for any reason other than death or retirement.

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.

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 pre-conditions of issue and achieving certain performance hurdles prior to exercise of options which are contained in the Plan rules.

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 under LESOP 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 2001 was \$8.28. During the financial year, 300,000 (2000 : 130,000) options lapsed leaving a balance of 6,535,000 options.

36 Loans to Executive Directors

Approval was given by shareholders for the establishment of a Senior Executive Loan Plan on 29 October 1982. Under the Plan, loans outstanding of \$1,666,583 (2000 - \$696,583) and ranging from \$246,583 to \$1,000,000 (2000:\$246,583 to \$450,000) have been made to 3 (2000 - 2) Executive Directors of Leighton Holdings Limited and related entities. Interest of \$84,634 (2000:\$45,510) was received on senior executive loans from Executive Directors.

Loans under the Plan were charged interest between 6% pa and 10% pa (2000 - 6% pa and 10% pa) and were secured by mortgages over property and were repayable up to 20 years from the dates of the loans. A loan of \$1,000,000 (2000 - \$Nil) was made during the year to W Wild. Repayment of principal of \$30,000 (2000 - \$185,000) in respect of senior executive loans was received during the year from R J Merkenhof.

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

	Consolidated		Company		
	Note	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
37 Lease and rental commitments					
Operating leases					
Lease commitments not capitalised					
- Not later than one year		46,799	28,727	-	-
- Later than one year but not later than five years		106,378	24,087	-	-
- Later than five years		25,204	1,290	-	-
		178,381	54,104	-	-
Finance leases					
Finance lease rentals are payable as follows					
- Not later than one year		5,239	9,531	-	-
- Later than one but not later than five years		9,386	12,481	-	-
		14,625	22,012	-	-
Less: Future lease finance charges		(1,964)	(3,161)	-	-
		12,661	18,851	-	-

The Consolidated Entity leases plant and equipment used in contract mining and civil engineering activities under finance and operating leases. Operating leases generally provide the Consolidated Entity with a right of renewal at which time all terms are renegotiated. The leases have no provision for contingent rentals. The leasing arrangements impose no restrictions on any financial arrangements of the Consolidated Entity.

38 Leighton Holdings Limited and controlled entities

Controlled Entities at reporting date		Interest held	Place of Incorporation
† Leighton Holdings Limited			Vic
AAECventure Pty Ltd	(2)	100%	NSW
A.C.N. 093124675 Pty Ltd	(2)	100%	NSW
Adelaide Terrace Investments Pty Ltd		100%	SA
Asia Mining Services		100%	Vietnam
Asian Region Investment Ltd		100%	Hong Kong
Ausindo Holdings Pte Ltd		100%	Singapore
Australian Services Joint Venture		65%	N/A
BOS Australia Pty Ltd		100%	WA
Doan Ket (Hong Kong) Ltd		100%	Hong Kong
E_Tube Pty Ltd	(2)	100%	NSW
Ewenissa Pty Ltd		100%	ACT
Giddens Investment Ltd		80%	Hong Kong
Green Builders Inc		100%	USA
Green Construction Company		100%	USA
Hunter Valley Earthmoving Co Pty Ltd		100%	NSW
Green Engineering and Mining Company	(4)	100%	USA
Infrastructure Technologies Ltd	(1)	32%	NSW
International Railroad Systems (Electronics) Pty Ltd		70%	SA
International Railroad Systems Pty Ltd		70%	WA
Jackimort Pty Ltd		100%	ACT
John Holland AD Holdings Pty Ltd	(2)	70%	Vic
John Holland AD Investments Pty Ltd	(2)	70%	Vic
John Holland AD Operations Pty Ltd	(2)	70%	Vic
John Holland Development & Investment Pty Ltd (formerly John Holland Engineering Pty Ltd)		70%	Vic
John Holland Group Pty Ltd		70%	Vic
John Holland Pty Ltd		70%	Vic
John Holland Rail Holdings Pty Ltd	(2)	70%	Vic
John Holland Rail Investments Pty Ltd	(2)	70%	Vic
John Holland Rail Operations Pty Ltd	(2)	70%	Vic
Lai Lap Foundation Engineering Ltd		100%	Hong Kong

38 Leighton Holdings Limited and controlled entities continued

Controlled entities at reporting date		Interest held	Place of Incorporation
† Leighton Admin Services Pty Ltd		100%	NSW
Leighton Asia Finance Ltd		100%	Hong Kong
Leighton Asia (Hong Kong) Holdings Ltd		100%	Hong Kong
Leighton Asia (Hong Kong) Holdings (No 2) Limited		100%	Hong Kong
Leighton Asia Ltd		100%	Cayman Islands
Leighton Contractors (Asia) Ltd		100%	Hong Kong
Leighton Contractors (Bangladesh) Ltd		100%	Bangladesh
Leighton Contractors (China) Ltd		100%	Hong Kong
Leighton Contractors (India) Private Ltd		100%	India
Leighton Contractors (Indo-China) Ltd		100%	Hong Kong
Leighton Contractors (Laos) Co Ltd		100%	Laos
Leighton Contractors (Malaysia) Sdn Bhd		100%	Malaysia
Leighton Contractors (Mauritius) Ltd		100%	Mauritius
Leighton Contractors (Philippines) Inc	(1)	32%	Philippines
† Leighton Contractors Pty Ltd		100%	NSW
Leighton Contractors (Singapore) Pte Ltd		100%	Singapore
Leighton Contractors (Vietnam) Ltd (formerly Hai Van Thiess Construction & Consultant Company)	(2)	100%	Vietnam
Leighton Development Inc		100%	USA
Leighton Equipment Leasing Pty Ltd	(4)	100%	NSW
† Leighton Finance Ltd		100%	NSW
Leighton Foundation Engineering Ltd		100%	Hong Kong
* Leighton Funds Management Pty Ltd		100%	Qld
Leighton Geotech Ltd	(1)	39%	Thailand
Leighton Indonesia Holdings Pte Ltd (formerly John Holland Construction (Singapore) Pte Ltd)		100%	Singapore
Leighton Investment Inc		100%	USA
Leighton Investments Malaysia (L) Ltd		100%	Malaysia
Leighton Investments Singapore Pte Ltd		100%	Singapore
* Leighton Motorway Investment Pty Ltd		100%	NSW
Leighton NA Inc		100%	USA
Leighton Office Trust		100%	N/A
Leighton Office Trust No 2	(2)	100%	N/A
Leighton Portfolio Services Pty Ltd		100%	ACT
† Leighton Properties (Brisbane) Pty Ltd		100%	Qld
* Leighton Properties Pty Ltd		100%	Qld
* Leighton Properties (Vic) Pty Ltd		100%	Vic
† Leighton Property Development Pty Ltd		100%	NSW
† Leighton Property Funds Management Limited		100%	ACT
* Leighton Property Management Pty Ltd		100%	NSW
Leighton Staff Shares Pty Ltd	(3)	100%	Vic
Leighton Superannuation Pty Ltd	(3)	100%	NSW
Leighton USA Finance Inc	(4)	100%	USA
* Lewis Scott Enterprises Pty Ltd		100%	NSW
LSE Antenna Services Pty Ltd		100%	Qld
† LSE Technology (Australia) Pty Ltd		100%	NSW
† LSE Technology Pty Ltd		100%	NSW
MCA Joint Venture Subic Inc(formerly John Holland Joint Venture Subic Inc)		40%	Philippines
Metronode Pty Ltd		100%	Vic
Moorabbin Trust	(2)	100%	N/A
Northland Maintenance Inc		100%	USA
North Goonyella Coal Mines Pty Ltd		100%	Qld
Pacific Water Pty Ltd		100%	NSW
* Peel Rail Pty Ltd (formerly Northcoast Motorway Pty Ltd)		100%	NSW
PT John Holland Constructions Indonesia		76%	Indonesia
PT Thiess Contractors Indonesia		100%	Indonesia
Quantum Explosives Pty Ltd		100%	Qld
† Ridgewood Development Pty Ltd		100%	Qld

38 Leighton Holdings Limited and controlled entities continued

Controlled entities at reporting date		Interest held	Place of Incorporation
Speedrail Group Pty Ltd		100%	NSW
St Kilda Road Trust		100%	N/A
Technical Resources Asia Ltd		100%	Hong Kong
† Technical Resources Pty Ltd		100%	NSW
Telecommunication and Infrastructure Pty Ltd	(2)	70%	Vic
Tensacciai Pty Ltd		70%	WA
Thai-Leighton Ltd	(1)	39%	Thailand
Thiess 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%	PNG
Thiess NG Pty Ltd	(2)	100%	Qld
Thiess Peru SA		100%	Peru
Thiess Investments Pty Ltd		100%	Qld
Thiess Property Services Pty Ltd		100%	N/A
Thiess Roche Lihir Joint Venture		65%	N/A
Thiess Venezeula SA		100%	Venezeula
Thiess S.A. Pty Ltd (formerly Thiess Services Pty Ltd)		100%	NSW
Thiess Services Pty Ltd (formerly Thiess Environmental Services Pty Ltd)		100%	Qld
Thiess Southland Ltd (formerly Australian Paper Recovery Pty Ltd)		100%	NSW
† Vision Hold Pty Ltd		100%	NSW
† Visionstream Australia Pty Ltd		100%	NSW
† Visionstream Pty Ltd		100%	Qld
† Visionstream Services Pty Ltd		100%	NSW
† Vytel Admin Pty Ltd		100%	NSW
Vytel Asia Pty Ltd (formerly City Sky Pty Ltd)		100%	Hong Kong
Vytel Investments Pty Ltd		100%	NSW
† Vytel Pty Ltd		100%	NSW
WebCon Pty Ltd	(2)	100%	NSW
† Yifta Pty Ltd		100%	ACT
Zanofile Trust	(2)	100%	N/A
80 Pacific Highway Trust		100%	N/A

(1) Entities controlled under shareholder agreements

(2) Incorporated/established in 2001 financial year

(3) Trustee Company

(4) Companies currently in liquidation

† 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 2001 as they are small proprietary companies.

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 Act 2001 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 Act 2001. 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 be 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.

Lewis Scott Enterprises Pty Limited, LSE Technology Pty Ltd, LSE Technology (Australia) Pty Limited, Visionstream Australia Pty Limited, Visionstream Services Pty Limited and Vytel Admin Pty Limited became parties to the Deed on 26 June 2001 by virtue of a Deed of Assumption approved by the ASIC.

Leighton Equipment Leasing Pty Limited have been released from its obligations under the Deed by executing a Revocation Deed dated 26 June 2001 which has been lodged with the ASIC.

38 Leighton Holdings Limited and controlled entities continued

A consolidated statement of financial performance and consolidated statement of financial position, 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 2001 is set out below:

Statement of financial performance

	2001 \$'000	2000 \$'000
Profit from ordinary activities before income tax expense	27,188	76,843
Income tax expense relating to ordinary activities	(7,629)	(12,667)
Profit from ordinary activities after income tax expense	19,559	64,176
Retained profits at the beginning of the financial year	115,083	137,592
Dividends provided for or paid	(103,502)	(86,685)
Aggregate of amounts transferred (to)/from reserves	13,655	-
Retained profits at the end of the reporting period	44,795	115,083

Statement of financial position

Assets

Cash assets	77,525	1,048
Receivables	174,635	160,433
Inventories	76,784	105,456
Other financial assets	767,898	712,610
Deferred tax assets	44,775	52,049
Property, plant and equipment	85,519	92,671
Intangible assets	5,721	-
Total assets	1,232,857	1,124,267

Liabilities

Payables	344,553	231,279
Current tax liabilities	16,909	13,967
Provisions	90,972	85,451
Deferred tax liabilities	20,596	36,098
Interest bearing liabilities	336,626	277,082
Total liabilities	809,656	643,877
Net assets	423,201	480,390

Equity

Contributed equity	378,598	363,891
Reserves	(193)	1,416
Retained profits	44,795	115,083
Total equity	423,201	480,390

Name	Principal activities	Consideration \$'000	Date acquired/ disposed	Proportion acquired
Acquisition of controlled entities and businesses				
BOS Australia Pty Ltd	engineering	3,400	16 Feb 2001	100%
Quantum Pty Ltd	maintenance	2,800	16 Mar 2001	100%

Disposal of Controlled entities and businesses

Nil

Liquidation of controlled entities

The following controlled entities were liquidated during the 2001 financial year:

Australian Services Joint Venture, Australian Waste Machinery Pty Ltd, Leighton Pacific Developments Inc, Leighton Parking Pty Ltd, Leighton USA Holdings Inc, Leighton USA Inc, Moussewood Pty Ltd and XGWM Pty Ltd.

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Related party and Company information**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 reporting date from:

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Wholly owned controlled entities	-	-	324,422	303,321
Partly owned controlled entities	-	-	120,000	120,000
Associates	6,027	1,106	-	-
Directors of the company or controlled entities	1,667	697	1,667	697
Aggregate amounts payable at reporting date to:			-	-
Wholly owned controlled entities	-	-	702,720	651,999
Associates	1,467	878	-	-
Joint venture entities	2,722	1,720	-	-

Interest

Interest received from related parties:

Directors of the company or controlled entities	85	46	85	46
Associates	263	-	-	-
Wholly owned controlled entities	-	-	10,120	13,536
Partly owned controlled entities	-	-	9,938	986

Interest paid to related parties:

Hochtief AG	1,761	-	1,761	-
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Other revenues

Fees charged to wholly owned controlled entities	-	-	9,818	-
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Number of employees

Number of employees at reporting date	12,615	12,698	10	10
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Directors

The Directors who held office as Directors of Leighton Holdings Limited during the year ended 30 June 2001 were: Morrish Alexander Besley, AO, Wallace MacArthur King, AM, Dieter Siegfried Adamsas, Geoffrey John Ashton, Geoffrey 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.

DP 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 200,000 (2000 - 4,000) shares acquired and 200,000 (2000 - Nil) shares sold. During the year Hochtief Limited acquired 969,866 (2000 - 7,874,423) shares giving a shareholding at reporting date of 131,836,305 (2000 - 130,866,439) shares. HP Keitel, B Peus and DP Robinson were directors of Hochtief Limited during the year. (These numbers have not been rounded to the nearest thousand)

Directors' holdings of shares and share options

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

	2001 No. held	2000 No. held
Ordinary shares	199,552	199,552
Options over ordinary shares	1,200,000	1,400,000

Company information

Leighton Holdings Limited is domiciled in Australia and is a company listed on the Australian Stock Exchange. The company was incorporated in Victoria, Australia. The address of the registered office is 472 Pacific Highway, St Leonards, NSW, Australia. The Consolidated Entity's operations and principal activities were building, civil engineering construction, contract mining, telecommunications, environmental services, property development and project management in Australia, Hong Kong and selected parts of South East Asia and South America.

Ultimate parent entity

The ultimate Australian parent entity is Hochtief Limited and the ultimate parent entity is RWE AG.

40 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 statement of financial position as follows:

Note	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash at bank and on hand	94,348	61,225	12,936	62,600
Funds on deposit	405,785	286,804	19,600	-
Bank overdraft	-	-	-	(3,959)
	500,133	348,029	32,536	58,641

Reconciliation of profit from ordinary activities after income tax expense to net cash provided by operating activities

Profit from ordinary activities after income tax expense	159,929	158,003	24,370	114,958
Distribution to outside equity interests	-	(25,889)	-	-
	159,929	132,114	24,370	114,958
Add (less) non-cash items				
Depreciation	269,738	250,057	566	565
Amortisation of goodwill	11,875	1,770	-	-
Amounts set aside to provisions	108,637	81,701	240	240
Foreign currency (gains)/losses	(136)	-	8,558	8,056
(Gain)/loss on sales of assets	(10,303)	(5,876)	19,769	(16)
Share of associates and joint ventures (profit) loss	(3,219)	-	-	-
Intercompany transactions	-	-	(11,170)	(8,019)
Net cash provided by operating activities before changes in assets and liabilities	536,521	459,766	42,333	115,784
Net changes in assets/liabilities				
(Increase)/decrease in receivables	(114,532)	(63,181)	14,867	(18,793)
(Increase)/decrease in inventories	48,369	(25,887)	-	-
(Decrease)/increase in payables	229,854	96,670	-	(2,756)
(Decrease)/increase in provisions	(89,200)	(69,271)	(900)	-
Income tax payable	(37,235)	(23,743)	4,045	1,384
	37,256	(85,412)	18,012	(20,165)
Net cash provided by operating activities	573,777	374,354	60,345	95,619

Details of credit facilities

The Consolidated Entity has a total of \$223 million (2000 - \$246 million) committed facilities of which \$153 million (2000: \$168 million) were undrawn as at 30 June 2001. These facilities include a private unsecured loan placement in the USA of US\$35 million (2000: US\$47 million). These facilities have maturity dates up to May 2004. The facilities are provided under negative pledge agreements with financial institutions.

Fair value of assets of controlled entities and businesses acquired

Cash consideration	34,873	86,314	-	-
Property, plant and equipment	4,663	77,935	-	-
Receivables	2,198	132,259	-	-
Inventories	541	30,534	-	-
Payables	(1,148)	(159,402)	-	-
Provisions	-	(19,842)	-	-
Net assets acquired	6,254	61,484	-	-
Goodwill on acquisition	28,619	24,830	-	-

41 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

Statutory Statements

Directors' Declaration

1. In the opinion of the Directors of Leighton Holdings Limited:
 - (a) The financial statements and notes, set out on pages 1 to 25, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2001 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 2001; 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 38 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 7th day of September 2001.

Signed in accordance with a resolution of Directors:



MA Besley AO
Chairman



WM 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 2001, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 41 and the Directors' Declaration. 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 in Australia 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 Act 2001, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



KPMG



DK Jukes
Partner

Dated at Sydney this 7th day of September 2001