



LEIGHTON HOLDINGS LIMITED
**FINANCIAL
REPORT 2002**

Leighton Holdings Limited

ACN 004 482 982

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Financial Report 2002

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Statements of Financial Performance

for the year ended 30 June 2002

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues from ordinary activities	2	5,034,845	4,393,254	186,458	77,115
Expenses from ordinary activities	3	(4,817,566)	(4,181,595)	(18,839)	(38,024)
Borrowing costs		(6,817)	(12,638)	(2,823)	(8,019)
Share of net profits of associates and joint venture entities		23,201	3,219	-	-
Profit from ordinary activities before income tax expense	4	233,663	202,240	164,796	31,072
Income tax (expense) benefit relating to ordinary activities	6	(59,450)	(42,312)	2,938	(6,702)
Profit from ordinary activities after income tax expense		174,213	159,928	167,734	24,370
Net profit attributable to outside equity interest		(4,991)	(3,772)	-	-
Net profit attributable to members of the parent entity	22	169,222	156,156	167,734	24,370
Other changes in equity attributable to members of the parent entity					
Net exchange difference on translation of financial statements of self-sustaining foreign operations	21	(27,351)	12,229	-	-
Total other changes in equity attributable to members of the parent entity		(27,351)	12,229	-	-
Total changes in equity from non-owner transactions attributable to the members of the parent entity		141,871	168,385	167,734	24,370
Basic earnings per share - cents	26	63.1	59.2		
Diluted earnings per share - cents	26	62.8	59.1		
Dividends per share - cents - Interim	25	16.0	14.0		
- Final	25	26.0	25.0		
Dividend payout ratio		67.1%	66.3%		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 4 to 31.

Statements of Financial Position

as at 30 June 2002

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Assets					
Cash assets	7	588,363	500,133	60,046	32,536
Receivables	8	804,268	662,640	565,907	462,752
Inventories	9	53,596	161,405	-	-
Investments in other entities	10	84,691	65,081	792,042	730,788
Investments accounted for using the equity method	11	49,217	11,903	-	-
Deferred tax assets	12	88,697	80,287	4,225	8,791
Property, plant and equipment	13	614,249	528,907	-	25,516
Intangible assets	14	34,693	39,804	-	-
Total assets		2,317,774	2,050,160	1,422,220	1,260,383
Liabilities					
Payables	15	1,182,861	987,125	77,021	69,245
Current tax liabilities	16	18,525	37,813	1,974	7,616
Provisions	17	251,764	163,738	2,240	2,889
Interest bearing liabilities	18	64,346	100,116	859,922	773,005
Deferred tax liabilities	19	5,732	21,079	8,516	10,033
Total liabilities		1,523,228	1,309,871	949,673	862,788
Net assets		794,546	740,289	472,547	397,595
Equity					
Contributed equity	20	399,391	378,598	399,391	378,598
Reserves	21	(25,048)	2,303	-	-
Retained profits	22	414,916	359,269	73,156	18,997
Total parent entity interest		789,259	740,170	472,547	397,595
Outside equity interest	23	5,287	119	-	-
Total equity	24	794,546	740,289	472,547	397,595

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 4 to 31.

Statements of Cash Flows

for the year ended 30 June 2002

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash flows from operating activities					
Cash receipts in the course of operations		4,875,965	4,101,727	40,752	26,608
Cash payments in the course of operations		(4,122,205)	(3,484,360)	(22,243)	(4,774)
Dividends received		2,020	1,424	137,735	46,658
Interest received		17,556	17,119	369	577
Borrowing costs paid		(7,130)	(11,560)	(3,199)	(8,426)
Income taxes paid		(108,949)	(50,573)	345	(298)
Net cash provided by operating activities	41	657,257	573,777	153,759	60,345
Cash flows from investing activities					
Payments for investments in controlled entities and businesses		(33,270)	(34,873)	(63,043)	(61,766)
Proceeds from investments in controlled entities		-	-	18,046	24,887
Payments for property, plant and equipment		(446,212)	(346,997)	(234)	(243)
Proceeds from sale of assets		37,465	99,815	28,582	-
Proceeds from/(payments for) investments in other entities		11,841	(49,430)	(16,303)	(80)
(Loans to)/repayments by executives		497	(970)	497	(970)
Net cash used in investing activities		(429,679)	(332,455)	(32,455)	(38,172)
Cash flows from financing activities					
Proceeds from share issues		20,793	14,707	20,793	14,707
Proceeds from borrowings		-	166,170	-	-
Repayment of borrowings		(27,867)	(182,282)	(21,770)	(23,695)
Loans from/(to) related entities		-	-	19,315	50,319
Distributions to outside equity interests		-	(24,192)	-	-
Dividends paid		(109,971)	(89,705)	(109,971)	(89,705)
Net cash used in financing activities		(117,045)	(115,302)	(91,633)	(48,374)
Net increase/(decrease) in cash held		110,533	126,020	29,671	(26,201)
Net cash at the beginning of the financial year	7	500,133	348,029	32,536	58,641
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year		(22,303)	26,084	(2,161)	96
Net cash at reporting date	7	588,363	500,133	60,046	32,536

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 4 to 31.

Notes to the Financial Statements

for the year ended 30 June 2002

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.

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.

(b) Changes in accounting policies

(i) As a result of applying revised Accounting Standard, AASB 1005 Segment Reporting, a number of comparative amounts in the segment information note (note 30) have been represented or reclassified to ensure comparability with the current reporting period.

(ii) As a result of applying revised Accounting Standard, AASB 1027 Earnings per Share, basic and diluted earnings per share (Note 26) for the comparative period ended 30 June 2001 have been adjusted so that the basis of calculation used is consistent with that of the current period. Diluted earnings per share in previous years adjusted the earnings used in the determination of basic earnings per share by taking into account earnings that would have arisen had the dilutive options been exercised during the financial year. Under the revised accounting standard diluted earnings per share is calculated by adjusting the weighted average number of shares to include potential ordinary shares assumed to have been issued for no consideration.

(iii) Interest payable on deferred incentive arrangements was previously included in employee costs in the statement of financial performance. From 1 July 2001 these amounts have been classified as borrowing costs, 2002: \$1,871 (2001: \$1,766). Due to this change, the comparative information of the Consolidated Entity has been restated as follows: - in the statement of financial performance: expenses from ordinary activities \$4,181,595 (previously \$4,183,361); borrowing costs \$12,638 (previously \$10,872); - note 3 labour costs \$732,307 (previously \$734,073); - note 4 borrowing costs related parties \$3,527 (previously \$1,761); - note 30 Australia/Pacific segment result \$123,051 (previously \$121,285); - total segment result \$206,208 (previously \$204,442), Australia/Pacific borrowing costs \$10,106 (previously \$8,340). This change has had no impact on the result or the statement of financial position of the Consolidated Entity in the current or previous financial years. (These amounts are in thousands of dollars)

(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. Outside interests in the equity and results of the entities that are controlled by the Company are shown as separate items in the consolidated financial statements.

(d) 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. Profits are not recognised on contracts during the establishment and initial stages and accordingly recognition of profit is deferred during that period. For such contracts the difference between the revenue and costs is carried forward as either a contract receivable or contract payable. Where a contract has progressed beyond the early stages contract revenue and expenses are recognised on a percentage completion basis and expected losses are recognised as soon as they become apparent. Costs in respect of tendering for projects are expensed to the statement of financial performance.

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

(iii) Other development property revenue is recognised on an accruals basis and includes management fee entitlement for services rendered and rental income.

(iv) Interest revenue is recognised as it accrues.

(v) Dividends are recognised when received.

(vi) Income from investments in coal mines is recognised on an accruals basis.

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

(e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, 2002: 5.2% (2001: 6.2%). Borrowings costs include, interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings finance lease charges, and certain exchange differences arising from foreign currency borrowings.

Notes to the Financial Statements

for the year ended 30 June 2002

1 Summary of significant accounting policies

(f) 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.

(g) Cash

Cash at bank and on hand and funds on deposit are stated at nominal value. 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.

(h) 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.

(i) 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. 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.

(j) Investments

(i) Associates

Investments in entities over which the Consolidated Entity exercises significant influence but not control are accounted for using equity accounting principles and are carried at the lower of equity accounted amount and recoverable amount.

(ii) Joint venture entities

Investments in entities that are subject to joint control are accounted for using equity accounting principles and are carried at the lower of equity accounted amount and recoverable amount.

(iii) Listed and unlisted investments are carried at the lower of cost and recoverable amount. Unlisted mining entities represents investments in mining entities that are not subject to joint control or significant influence.

(k) Property, plant and equipment

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;

office and 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.

(l) Recoverable amount of non-current assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs. In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

Notes to the Financial Statements

for the year ended 30 June 2002

1 Summary of significant accounting policies

(m) Goodwill

Goodwill represents the excess of the purchase consideration for the acquisition of a business or shares in a controlled entity over the fair value of the identifiable net assets acquired. Goodwill 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.

(n) 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.

(o) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues. Bills of exchange and promissory notes are carried at the principal amount plus deferred interest. Finance lease liability is the net present value of future finance lease rentals and residuals.

(p) Employee entitlements and provisions

(i) Wages, salaries, annual leave

The provision 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 provision 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 long service leave 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.

(iv) Employee option plans

Ownership based remuneration is provided to employees via the Leighton Executive Share Option Plan (note 38). When the options are exercised, the amounts received from employees are recognised in the statements of financial position as share capital.

(v) Retention arrangements

Retention arrangements are in place ranging from three years to retirement for certain key employees which are payable upon completion of the retention period. Amounts are accrued on a pro-rata basis during the retention period. The provisions have been calculated based on current salary rates and include related on-costs.

(vi) Annual bonus and deferred incentive arrangements

Annual bonuses and deferred incentives are provided at reporting date at nominal amounts based on current salary rates and includes related on-costs.

(vii) Directors and executives remuneration

Annual leave, long service leave, retention and retirement arrangements and deferred incentive arrangements are included in directors and executives remuneration when paid.

(q) Contributed equity

Issued and paid up capital is recognised at the consideration received by the company.

(r) 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 from hedging net investments in self-sustaining operations, or relating to amounts payable or receivable in foreign currency forming part of a net investment in a self-sustaining foreign operation, are transferred to the foreign currency translation reserve on consolidation together with any related income tax effect. Exchange differences due to hedging specific anticipated transactions are deferred and included in the measurement of the transaction when the transaction occurs. All other exchange differences arising on settlement or restatement at reporting date 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 together with any related income tax effect are recognised in the foreign currency translation reserve on consolidation.

Notes to the Financial Statements

for the year ended 30 June 2002

1 Summary of significant accounting policies cont'd

(s) 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.

(t) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at reporting date, as well as any dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the reporting date and the completion of the financial report.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) 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.

Notes continued

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
2 Revenues					
Construction contracting services		4,585,413	3,929,318	-	-
Other contracting services		186,241	185,591	-	-
Income from investments in coal mines		12,182	8,819	-	-
Sale of development properties		129,064	98,194	-	-
Other development property revenue		66,681	50,807	-	-
Revenue from operating activities		4,979,581	4,272,729	-	-
Interest					
- Related parties	40	264	348	17,498	20,143
- Other parties		15,204	18,938	138	496
Dividends/distributions					
- Wholly owned controlled entities		-	-	137,255	46,591
- Other parties		2,331	1,424	480	67
Proceeds from sale of other assets		37,465	99,815	28,582	-
Other income from related parties	40	-	-	2,505	9,818
Revenues from ordinary activities	30	5,034,845	4,393,254	186,458	77,115

3 Expenses					
Materials		1,308,727	1,085,945	-	-
Subcontractors		1,516,979	1,303,633	-	-
Plant costs		751,911	700,541	-	-
Labour		803,076	732,307	1,441	1,334
Insurance		22,262	15,663	-	-
Amortisation of goodwill		6,037	11,875	-	-
Operating leases - minimum lease payments		58,441	40,428	-	-
Professional fees		96,911	68,849	151	1,600
Foreign exchange (gains) / losses		(1,952)	(136)	(10,328)	14,708
Book value of assets sold		30,880	89,308	25,183	-
Cost of development properties sold		118,821	89,457	-	-
Provision against future Nextgen investment		45,000	-	-	-
Other expenses		60,473	43,725	2,392	613
Loss on liquidation of subsidiaries		-	-	-	19,769
Expenses from ordinary activities		4,817,566	4,181,595	18,839	38,024

Notes continued

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
4 Profit from ordinary activities before income tax expense					
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:					
Net Gains					
Net gain on the sale of:					
- Investments		323	4,546	47	-
- Property, plant and equipment		6,262	5,961	3,352	-
- Interest in Eastern Distributor		-	29,000	-	-
Expenses					
Borrowing costs					
- Related parties	40	2,915	3,527	-	1,761
- Other parties		3,902	9,111	2,823	6,258
Amortisation					
- Leasehold land and buildings		170	214	-	-
- Leasehold improvements		1,161	595	-	-
- Waste management assets		3,429	2,715	-	-
- Goodwill		6,037	11,875	-	-
Total amortisation		10,797	15,399	-	-
Depreciation					
- Buildings		1,519	1,451	481	484
- Plant and equipment		301,475	264,763	132	82
Total depreciation		302,994	266,214	613	566

5 Auditors remuneration

Auditors of the company

- Audit		1,236	1,070	-	-
- Tax services		301	280	-	-
- Other services		362	1,095	-	-
		1,899	2,445	-	-

Other Auditors

- Audit		357	302	-	-
- Tax services		154	136	-	-
- Other services		131	303	-	-
		642	741	-	-

The consolidated entity may use KPMG on assignments in addition to their statutory audit duties to leverage their experience and expertise with the consolidated entity. These assignments are primarily tax advice and due diligence reporting on acquisitions, or where the assignment is awarded on a competitive basis.

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
6 Income tax expenses					
Profit from ordinary activities before income tax		233,663	202,240	164,796	31,072
Prima facie income tax expense at 30% (2001 : 34%)		70,099	68,762	49,439	10,564
The following items have affected income tax expense for the period:					
- Entertainment and other non-allowable items		4,329	1,902	79	122
- Depreciation and amortisation not allowable for tax		3,124	3,534	145	165
- Building allowance		(774)	(640)	(60)	(68)
- Rebateable and exempt dividends		-	-	(37,949)	(15,841)
- Recoupment of losses previously not recognised		(5,491)	(18,019)	(5,125)	12,534
- Overseas income tax rate differential		1,238	(5,426)	-	1,337
- Minority income not subject to tax and other		(444)	(1,085)	(1,020)	-
- Tax law changes		(12,949)	(4,839)	-	356
Current period income tax expense		59,132	44,189	5,509	9,169
- Under/(over) provision for prior year		318	(1,877)	(8,447)	(2,467)
Income tax expense (benefit) relating to ordinary activities		59,450	42,312	(2,938)	6,702
Future income tax benefits - The future income tax benefit (note 12) of \$88,697 (2001: \$80,287) includes provision for employee benefits and asset writedowns not currently allowable as an income tax deduction and tax losses carried forward of \$3,994 (2001: \$8,478). The unrecorded future tax benefit available to some members of the Consolidated Entity at 30 June 2002 in respect of Australian and Overseas tax losses, including capital losses, for which there is a possibility of recoupment at the applicable rates of tax was \$7,142 (2001: \$7,961). The benefit of these tax losses will be utilised only if the relevant entities earn sufficient profit or capital gains in the future, continue to comply with the provisions of the relevant tax legislation relating to the deduction of carried forward tax losses and there are no changes in tax legislation adversely affecting the consolidated entity in realising the benefit.					
7 Cash					
Funds on deposit		438,759	405,785	8,214	19,600
Cash at bank and on hand		149,604	94,348	51,832	12,936
		588,363	500,133	60,046	32,536
8 Receivables					
Contract debtors		553,909	485,489	-	-
Trade debtors		139,688	104,293	-	-
Other amounts receivable		96,746	49,150	6,768	16,664
Prepayments		9,557	16,014	-	-
Loans – related parties	40	4,368	7,694	1,170	1,667
Amounts receivable from controlled entities	40	-	-	557,969	444,421
		804,268	662,640	565,907	462,752
Progressive value of work completed on contracts		9,160,126	7,819,854	-	-
Net contract debtors excluding retentions		410,753	288,990	-	-
Retentions		25,619	23,486	-	-
Net contract debtors		436,372	312,476	-	-
Cash received to date		8,723,754	7,507,378	-	-
Total progressive value		9,160,126	7,819,854	-	-
Amounts due from customers - contract debtors		553,909	485,489	-	-
Amounts due to customers - trade creditors		(117,537)	(173,013)	-	-
Net contract debtors		436,372	312,476	-	-

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
9 Inventories					
Development properties					
Cost of acquisition		10,992	63,095	-	-
Development expenses capitalised		31,591	106,133	-	-
Rates, taxes, borrowing and other costs capitalised		7,839	33,674	-	-
		50,422	202,902	-	-
Less: property provisions		7,136	49,065	-	-
		43,286	153,837	-	-
Other inventories					
Raw materials and consumables – cost		10,310	7,568	-	-
		53,596	161,405	-	-

Inventories includes development properties of \$26,852 (2001: \$48,491) which are expected to be realised more than 12 months after reporting date.

Borrowing costs capitalised during the financial year: \$1,639 (2001: \$2,003).

10 Investments in other entities

Listed		35,876	17,809	16,836	579
Unlisted - mining entities		48,615	47,241	-	-
- other		200	31	-	-
		84,691	65,081	16,836	579
Investment in controlled entities - cost		-	-	775,206	730,209
		84,691	65,081	792,042	730,788

Quoted market value of investments in listed entities: \$64,869 (2001: \$36,455).

Investment in listed entities includes a 14% (2001: 14%) interest in Portman Mining Ltd a company which is involved in mining operations, carrying value \$16,992 (2001: \$16,992) and a 9% (2001: Nil) interest in James Fielding Group which is involved in property development, carrying value \$16,304 (2001: Nil).

Investment in unlisted entities includes the following investments in coal mining operations: North Goonyella Coal Mine, 40% (2001: 40%), carrying value \$29,479 (2001: \$29,477), Southland Colliery 10% (2001: 10%), carrying value \$12,601 (2001: \$9,967) and Burton Coal Mine, 5% (2001: 5%), carrying value \$6,535 (2001: \$7,796).

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

11 Investments accounted for using the equity method

Associates	27	2,434	971	-	-
Joint venture entities	28	46,783	10,932	-	-
		49,217	11,903	-	-

12 Deferred tax assets

Future income tax benefit	6	88,697	80,287	4,225	8,791
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Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
13 Property, plant and equipment					
Land - cost		19,556	16,831	-	7,166
Buildings - cost		55,470	52,301	-	19,353
Accumulated depreciation		(5,165)	(3,650)	-	(1,449)
		50,305	48,651	-	17,904
Leasehold land and buildings - cost		2,027	2,698	-	-
Accumulated amortisation		(891)	(794)	-	-
		1,136	1,904	-	-
Leasehold improvements - cost		20,925	8,405	-	-
Accumulated amortisation		(6,881)	(6,835)	-	-
		14,044	1,570	-	-
Waste management assets - cost		37,179	33,803	-	-
Accumulated amortisation		(10,378)	(6,949)	-	-
		26,801	26,854	-	-
Plant and equipment - cost		1,206,801	1,095,544	-	1,868
Accumulated depreciation		(704,394)	(662,447)	-	(1,422)
		502,407	433,097	-	446
	29	614,249	528,907	-	25,516

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 valuation is not required to be brought to account. Plant and equipment includes construction equipment, motor vehicles and office furniture and equipment.

14 Intangible assets

Goodwill		54,375	53,449	-	-
Accumulated amortisation		(19,682)	(13,645)	-	-
		34,693	39,804	-	-

15 Payables

Trade creditors and accruals		1,064,675	874,908	7,122	2,950
Other creditors		42,254	41,733	-	-
Dividend payable		69,899	66,295	69,899	66,295
Amounts payable to related parties	40	6,033	4,189	-	-
		1,182,861	987,125	77,021	69,245

Trade creditors expected to be settled more than 12 months after reporting date: Consolidated Entity \$17,037 (2001: \$15,353) – Company \$Nil (2001: \$Nil).

16 Current tax liabilities

Income tax payable		18,525	37,813	1,974	7,616
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Notes continued

Note	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
17 Provisions				
Provision for future Nextgen investment	45,000	-	-	-
Employee entitlements	206,764	163,738	2,240	2,889
	251,764	163,738	2,240	2,889

Employee entitlements expected to be settled more than 12 months after reporting date: Consolidated Entity \$144,405 (2001: \$112,562) – Company \$2,240 (2001: \$2,889).

Employee entitlements includes deferred incentives (bonuses) \$38,346 (2001: \$31,582) – Company Nil (2001: Nil). and retention and retirement arrangements payable to employees: \$24,712 (2001: \$20,603) – Company \$2,240 (2001: \$2,889). The amount of deferred incentive bonus accrued to 11 February 2000 for W.M. King which is payable to him unconditionally on retirement from the Consolidated Entity is \$15,765 (note 36).

18 Interest bearing liabilities

Unsecured loans		56,865	87,455	41,837	70,285
Lease liabilities	31	7,481	12,661	-	-
Payable to controlled entities	40	-	-	818,085	702,720
		64,346	100,116	859,922	773,005

Unsecured loans expected to be settled more than 12 months after reporting date: Consolidated Entity \$33,669 (2001: \$61,732) – Company \$20,918 (2001: \$46,857).

Lease liabilities expected to be settled more than 12 months after reporting date: Consolidated Entity \$4,119 (2001: \$8,399) – Company \$Nil (2001: \$Nil).

19 Deferred tax liabilities

Deferred income tax		5,732	21,079	8,516	10,033
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20 Contributed equity Issued share capital

268,842,117 Ordinary shares fully paid (2001: 265,180,317)		399,391	378,598	399,391	378,598
Movements					
Balance at beginning of financial year		378,598	363,891	378,598	363,891
3,661,800 (2001: 2,688,450) shares issued from the exercise of options		20,793	14,707	20,793	14,707
Balance at reporting date		399,391	378,598	399,391	378,598

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.

21 Reserves Foreign currency translation

Balance at beginning of financial year		2,303	(9,926)	-	-
Increase (decrease) recognised in the statement of financial performance		(27,351)	12,229	-	-
Balance at reporting date		(25,048)	2,303	-	-

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.

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
22 Retained profits					
Balance at beginning of financial year		359,269	292,482	18,997	88,383
Net profit attributable to members of the parent entity		169,222	156,156	167,734	24,370
Dividends		(113,575)	(103,502)	(113,575)	(103,502)
Transfers from asset revaluation reserve		-	14,108	-	9,721
Transfers from general reserve		-	25	-	25
Balance at reporting date		414,916	359,269	73,156	18,997
23 Outside equity interest					
Outside equity interest in controlled entities comprises:					
Share capital		317	317	-	-
Reserves		445	445	-	-
Retained profits		4,525	(643)	-	-
		5,287	119	-	-
24 Total equity					
Total equity at beginning of financial year		740,289	684,890	397,595	462,020
Total changes in equity from non-owner transactions attributable to the members of the parent entity		141,871	168,385	167,734	24,370
Transactions with owners as owners					
- Contributions of equity		20,793	14,707	20,793	14,707
- Dividends		(113,575)	(103,502)	(113,575)	(103,502)
Total changes in outside equity interest		5,168	(24,191)	-	-
Total equity at reporting date		794,546	740,289	472,547	397,595
25 Dividends					
Dividends provided for or paid by the Company are:					
2001 final dividend paid on shares issued post reporting date.		670	-	670	-
Interim dividend					
A partially franked interim ordinary dividend of 16 cents per share, (2001: 14 cents per share) was paid on 28 March 2002.					
Franked: 70% (2001: Unfranked) tax rate 30%.		43,006	37,207	43,006	37,207
Final dividend					
A partially franked final ordinary dividend of 26 cents per share, (2001: 25 cents per share) will be paid on 30 September 2002.					
Franked: 70% (2001: 50%) tax rate 30% (2001: 30%).		69,899	66,295	69,899	66,295
		113,575	103,502	113,575	103,502
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.		20,926	3,865		

The New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits. As a result the "franking credits available" were converted to 20,926 as at 30 June 2002. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits. (The comparative has been restated to the same basis previously 9,018).

	Consolidated	
	2002	2001
26 Earnings per share		
Basic earnings - cents per share	63.1	59.2
Diluted earnings - cents per share	62.8	59.1
Net profit attributable to the members of the parent entity used in the calculation of basic and diluted earnings per share (\$'000's)	169,222	156,156
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	268,009,928	263,957,950
Effect of dilutive securities – share options	1,549,718	192,349
Adjusted weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share.	269,559,646	264,150,299

Options to purchase ordinary shares not exercised at 30 June 2002 which have not been included in the determination of diluted earnings per share as they are not dilutive – 6,070,000 (2001: nil).

Since the end of the financial year, 1,668,650 (2001: 1,965,800) options have been exercised to acquire ordinary shares under the Leighton Executive Share Option 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 the financial report.

Name	Principal activities	Reporting date	Ownership interest		Consolidated	
			2002	2001	Carrying amount	
			%	%	2002	2001
					\$'000	\$'000
27 Associates						
Vina Leighton Ltd	construction	30 June	50	50	793	539
Defence Maintenance Management Pty Ltd	maintenance	30 June	50	50	-	227
Sedgman Pty Ltd	coal mine design	30 June	50	-	1,641	-
Reef Networks Pty Ltd	telecommunications	30 June	30	30	-	-
Other					-	205
					2,434	971

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 profit/(loss) was \$260 (2001: (\$404)). The Consolidated Entity's interests in associates at 30 June 2002 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 2002 was \$Nil (2001: \$Nil).

Notes continued

Name	Principal activities	Reporting date	Consolidated	
			Ownership interest	
			2002 %	2001 %
28 Joint venture entities				
ADrail joint venture	construction	30 June	20	20
Asia Pacific Transport joint venture	rail project	30 June	12	12
BJB joint venture	maintenance	31 Dec	38	38
John Holland Downer EDI joint venture	construction	30 June	60	60
John Holland Barclay Mowlem joint venture	construction	31 Dec	50	50
JH SEMF joint venture	construction	30 June	50	50
John Holland Lahey joint venture	construction	30 June	50	-
JM joint venture	construction	30 June	50	60
Macarthur Chambers joint venture	development	30 June	50	50
Silcar Maintenance Services	maintenance	30 June	50	50
STCJV Services	telecommunications	30 June	50	50
Roche Thies Linfox joint venture	mobile plant / earthmoving	30 June	44	44
			2002 \$'000	2001 \$'000
Statement of financial performance				
The Consolidated Entity's share of the joint venture entities' results consists of:				
Revenues from ordinary activities			240,612	83,017
Expenses from ordinary activities			(217,671)	(79,394)
Profit from ordinary activities before income tax expense			22,941	3,623
Income tax expense			-	-
Net profit accounted for using the equity method			22,941	3,623
Statement of financial position				
The Consolidated Entity's share of the joint venture entities' assets and liabilities consists of:				
Current assets			71,390	27,292
Non current assets			59,688	8,725
Total assets			131,078	36,017
Current liabilities			55,678	23,668
Non current liabilities			28,617	1,417
Total liabilities			84,295	25,085
Net assets accounted for using the equity method			46,783	10,932
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			23,005	3,623
Distributions from joint venture entities			(11,364)	(3,623)
Share of joint venture entities' retained profits at reporting date			11,641	-
Movements in carrying amount of joint venture entities				
Carrying amount at the beginning of the financial year			10,932	5,218
Contributions to the joint venture entities			30,414	8,421
Share of joint venture entities' net profit			22,941	3,623
Drawings from the joint venture entities			(17,504)	(6,330)
Carrying amount at reporting date			46,783	10,932

There were no post reporting date events, which would materially affect the financial position or performance of any joint venture entity, and there were no dissimilar accounting policies used by joint venture entities.

Notes continued

	Land	Buildings	Leasehold land and buildings	Leasehold improvements	Waste management assets	Plant and equipment	Total property, plant and equipment \$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
29 Reconciliation of property, plant and equipment carrying values							
Consolidated							
Carrying amount at the beginning of the financial year	16,831	48,651	1,904	1,570	26,854	433,097	528,907
Additions	2,868	3,199	-	13,719	3,442	418,610	441,838
Disposals	(143)	(26)	(490)	(32)	(66)	(29,832)	(30,589)
Depreciation and amortisation	-	(1,519)	(170)	(1,161)	(3,429)	(301,475)	(307,754)
Net foreign currency translation	-	-	(108)	(52)	-	(17,993)	(18,153)
Carrying amount at reporting date	19,556	50,305	1,136	14,044	26,801	502,407	614,249
Company							
Carrying amount at the beginning of the financial year	7,166	17,904	-	-	-	446	25,516
Additions	-	-	-	-	-	234	234
Disposals	(7,166)	(17,423)	-	-	-	(548)	(25,137)
Depreciation and amortisation	-	(481)	-	-	-	(132)	(613)
Carrying amount at reporting date	-	-	-	-	-	-	-

30 Segment Information

Geographical segments

The consolidated entity comprises the following main geographical segments based on the consolidated entity's management reporting system:

Australia/Pacific	Operations throughout Australia, New Zealand and the Pacific region in all business segments.
South East Asia	Operations predominately in Hong Kong, Indonesia, Malaysia and the Philippines. The principal activities undertaken in this region are civil and building, contract mining and telecommunications.
Americas	Operating predominately in Peru, South America on mining and mine related infrastructure contracts.

Segment revenues, expenses, assets and liabilities are based on the geographical location of the assets.

Business segments

The consolidated entity provides construction and other contracting services in the following disciplines: civil engineering and building, mining and resources, property development, telecommunications infrastructure and environmental services. These disciplines represent the business segments of the consolidated entity. The investment and treasury activities of the consolidated entity represent the corporate business segment.

Notes continued

	Australia/ Pacific \$'000	South East Asia \$'000	Americas \$'000	Eliminations \$'000	Total \$'000
30 Segment Information - continued					
Primary segment - geographical					
2002					
Total operating revenue	3,914,876	1,219,387	85,930	-	5,220,193
Joint venture entities' operating revenue	(240,612)	-	-	-	(240,612)
Proceeds from sale of assets	32,312	5,153	-	-	37,465
Segment revenue	3,706,576	1,224,540	85,930	-	5,017,046
Other unallocated revenue					17,799
Revenue from ordinary activities					5,034,845
Segment result	124,021	77,692	9,188	-	210,901
Share of net profit of equity accounted investments	23,207	(6)	-	-	23,201
Borrowing costs	(6,222)	(595)	-	-	(6,817)
Profit/(loss) attributable to members before tax	141,006	77,091	9,188	-	227,285
Profit attributable to outside equity interest					6,378
Profit from ordinary activities before income tax expense					233,663
Income tax expense relating to ordinary activities					(59,450)
Profit from ordinary activities after income tax expense					174,213
Depreciation and amortisation	213,408	94,518	5,865	-	313,791
Other non-cash expenses	143,239	12,779	611	-	156,629
Assets	1,789,691	565,345	25,759	(63,021)	2,317,774
Equity accounted investments	48,424	793	-	-	49,217
Acquisition of segment assets	333,271	103,794	4,264	-	441,329
Liabilities	1,247,697	387,094	26,875	(138,438)	1,523,228
2001					
Total operating revenue	3,034,569	1,302,191	18,986	-	4,355,746
Joint venture entities' operating revenue	(83,017)	-	-	-	(83,017)
Proceeds from sale of assets	45,388	54,427	-	-	99,815
Segment revenue	2,996,940	1,356,618	18,986	-	4,372,544
Other unallocated revenue					20,710
Revenue from ordinary activities					4,393,254
Segment result	123,051	84,657	(1,500)	-	206,208
Share of net profit of equity accounted investments	3,975	(756)	-	-	3,219
Borrowing costs	(10,106)	(2,532)	-	-	(12,638)
Profit/(loss) attributable to members before tax	116,920	81,369	(1,500)	-	196,789
Profit attributable to outside equity interest					5,451
Profit from ordinary activities before income tax expense					202,240
Income tax expense relating to ordinary activities					(42,312)
Profit from ordinary activities after income tax expense					159,928
Depreciation and amortisation	171,643	107,823	2,147	-	281,613
Other non-cash expenses	100,309	8,328	-	-	108,637
Assets	1,520,779	708,657	28,477	(207,753)	2,050,160
Equity accounted investments	11,364	539	-	-	11,903
Acquisition of segment assets	289,328	41,271	16,399	-	346,998
Liabilities	916,994	414,185	30,780	(52,088)	1,309,871

Notes continued

	Civil and Building	Mining and Resources	Property Development	Telecommunications	Environmental	Corporate	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

30 Segment information - continued

Secondary segment – business

2002

Total operating revenue	2,814,158	1,405,515	195,745	618,534	186,241	-	-	5,220,193
Segment revenue	2,646,966	1,405,515	195,745	545,114	186,241	-	37,465	5,017,046
Assets	788,432	673,739	111,315	134,022	112,789	497,477	-	2,317,774
Acquisition of segment assets	104,605	293,786	41	30,860	11,570	467	-	441,329

2001

Total operating revenue	2,477,999	1,040,548	149,001	502,607	185,591	-	-	4,355,746
Segment revenue	2,460,973	1,040,548	149,001	436,616	185,591	-	99,815	4,372,544
Assets	664,710	546,645	178,473	96,049	113,781	450,502	-	2,050,160
Acquisition of segment assets	101,575	231,872	67	3,719	9,013	752	-	346,998

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 allocation of the profit/(loss) from ordinary activities and assets into business 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 a business segment are reported as unallocated.

	Consolidated		Company	
Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

31 Lease and rental commitments

Operating leases

Lease commitments not capitalised

- Not later than one year	53,700	46,799	-	-
- Later than one year but not later than five years	133,334	106,378	-	-
- Later than five years	23,814	25,204	-	-
	210,848	178,381	-	-

Finance leases

Finance lease rentals are payable as follows

- Not later than one year	3,961	5,239	-	-
- Later than one but not later than five years	4,614	9,386	-	-
	8,575	14,625	-	-
Less: Future lease finance charges	(1,094)	(1,964)	-	-
	7,481	12,661	-	-

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.

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
32 Capital commitments					
Plant and equipment - payable no later than one year		65,152	63,138	-	-
Investments - payable no later than one year		91,800	-	-	-
- payable later than one year but not later than five years		32,864	126,797	-	-

An additional investment in Nextgen Networks Pty Ltd of up to \$50 million may be required during the 2 year period after completion of the network subject to the operating performance of Nextgen Networks Pty Ltd. The network is expected to be completed by 30 June 2003.

33 Bank guarantees, insurance bonds and letters of credit

Contingent liability under indemnities given on behalf of controlled entities in respect of:

(i) Bank guarantees	689,130	702,348	689,130	702,033
(ii) Insurance, performance and payment bonds	144,343	122,951	144,343	111,951
(iii) Letters of credit	25,335	7,566	25,335	7,566

34 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			
2002								
Financial assets								
Cash assets	4.2	578,377	-	-	-	9,986	588,363	
Receivables	7.0	1,170	-	5,044	-	798,054	804,268	
Non-interest bearing assets		-	-	-	-	84,691	84,691	
		579,547	-	5,044	-	892,731	1,477,322	
Financial liabilities								
Interest bearing liabilities	5.2	15,029	-	49,317	-	-	64,346	
Non-interest bearing liabilities		-	-	-	-	1,182,861	1,182,861	
		15,029	-	49,317	-	1,182,861	1,247,207	
Interest rate swap (fixed to floating)#		41,836		(41,836)				
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)				

#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% (2001: 7.21%) of the Consolidated Entity's medium term borrowing to a variable interest rate, which was 3.91% as at 30 June 2002 (2001: 3.62%).

34 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 reporting date these foreign currencies were US dollars, Euros 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 \$78 (2001: net loss of \$1,737).

(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.

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 2002 amounted to \$146 (2001: \$373).

(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 10 (investments in other entities).

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	
	2002	2001
	\$'000	\$'000
Interest rate swap	1,697	4,072
Forward foreign exchange contracts	(78)	(1,737)

35 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.
- (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 39 the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.
- (vi) Certain executives may receive benefits pursuant to retention arrangements with the Consolidated Entity subject to ongoing conditions being fulfilled. The amount of the retention arrangement will be disclosed as remuneration in the year of payment.

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
36 Directors' remuneration					
Remuneration paid or payable or otherwise made available to Directors of Leighton Holdings Limited and Executive and Non-executive Directors of controlled entities.		57,576	56,257	9,356	7,297

Number of Directors of Leighton Holdings Limited whose remuneration was within the following bands:

\$70,000 - \$79,999	-			-	4
\$80,000 - \$89,999	-			4	2
\$90,000 - \$99,000	-			3	-
\$110,000 - \$119,999	-			-	2
\$120,000 - \$129,999	-			2	-
\$130,000 - \$139,999	-			-	1
\$170,000 - \$179,999	-			1	-
\$210,000 - \$219,999	-			-	1
\$460,000 - \$469,999	-			1	-
\$910,000 - \$919,999	-			1	-
\$2,590,000 - \$2,599,999	-			-	1
\$2,780,000 - \$2,789,999	-		(a)	1	-
\$3,640,000 - \$3,649,999	-			-	1
\$4,140,000 - \$4,149,999	-		(b)	1	-

The above remuneration bands for 2002 exclude deferred incentives (noted in the directors report) of (a) \$450,000 and (b) \$4,897,309 that will be payable to directors on the completion of certain conditions. (Note 17)
(These numbers have not been rounded to the nearest thousand.)

37 Remuneration of executives

Remuneration paid or payable or otherwise made available to executive officers of Leighton Holdings Limited and controlled entities.		33,061	36,302	-	-
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The number of executive officers whose remuneration equals or exceeds 100,000

\$210,000 - \$219,999	-			-	1
\$260,000 - \$269,999	-			1	-
\$270,000 - \$279,999	-			-	1
\$280,000 - \$289,999	-			-	1
\$290,000 - \$299,999	-			-	1
\$300,000 - \$309,999	-			1	1
\$310,000 - \$319,999	-			2	-
\$340,000 - \$349,999	-			1	1
\$350,000 - \$359,999	-		(a)	1	2
\$360,000 - \$369,999	-			-	1
\$370,000 - \$379,999	-		(b)	1	-
\$380,000 - \$389,999	-		(c)	3	-
\$390,000 - \$399,999	-			-	2
\$430,000 - \$439,999	-			-	1
\$480,000 - \$489,999	-		(d)	1	-
\$490,000 - \$499,999	-			-	2
\$500,000 - \$509,999	-			2	-
\$520,000 - \$529,999	-			1	-

Notes continued

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
37 Remuneration of executives - continued					
\$530,000 - \$539,999		-	1		
\$560,000 - \$569,999		1	-		
\$570,000 - \$579,999		1	1		
\$580,000 - \$589,999		-	1		
\$590,000 - \$599,999		1	1		
\$600,000 - \$609,999		-	1		
\$630,000 - \$639,999		-	1		
\$650,000 - \$659,999		1	-		
\$670,000 - \$679,999		1	-		
\$690,000 - \$699,999	(e)	2	-		
\$710,000 - \$719,999		-	1		
\$730,000 - \$739,999	(f)	1	3		
\$740,000 - \$749,999	(g)	1	-		
\$750,000 - \$759,999		-	1		
\$770,000 - \$779,999	(h)	1	1		
\$780,000 - \$789,999		1	-		
\$790,000 - \$799,999	(i)	1	-		
\$840,000 - \$849,999		1	-		
\$850,000 - \$859,999		-	1		
\$870,000 - \$879,999	(j)	1	1		
\$900,000 - \$909,999		-	1		
\$910,000 - \$919,999		-	1		
\$930,000 - \$939,999		1	-		
\$940,000 - \$949,999		-	3		
\$950,000 - \$959,999	(k)	1	-		
\$970,000 - \$979,999	(l)	1	-		
\$1,000,000 - \$1,009,999		-	2		
\$1,020,000 - \$1,029,999		-	1		
\$1,070,000 - \$1,079,999	(m)	1	-		
\$1,080,000 - \$1,089,999	(n)	1	-		
\$1,130,000 - \$1,139,999		1	-		
\$1,220,000 - \$1,229,999		1	-		
\$1,310,000 - \$1,319,999	(o)	1	-		
\$1,360,000 - \$1,369,999		-	1		
\$1,970,000 - \$1,979,999	(p)	1	-		
\$2,590,000 - \$2,599,999		-	1		
\$2,780,000 - \$2,789,999	(q)	1	-		
\$3,120,000 - \$3,129,999		-	1		
\$3,150,000 - \$3,159,999		-	1		
\$3,640,000 - \$3,649,999		-	1		
\$4,140,000 - \$4,149,999	(r)	1	-		

The above remuneration bands for 2002 exclude deferred incentives (noted in the directors report) of (a) \$25,000, (b) \$25,000 (c) \$50,000 (d) \$34,000, (e) \$34,325, (f) \$34,000, (g) \$34,000, (h) \$34,000 (i) \$34,000 (j) \$40,000, (k) \$34,325, (l) \$100,000, (m) \$34,000, (n) \$34,325, (o) \$60,000, (p) \$57,208, (q) \$450,000 (r) \$4,897,309 that will be payable to executives in future years on the completion of certain conditions. (Note 17)
(These numbers have not been rounded to the nearest thousand.)

38 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 an actuarial review of the defined benefits section of the Leighton Superannuation Fund and the Leighton Asia Superannuation Fund as at 30 June 2002.

Fund		Accrued benefits	Market value of assets	Surplus	Vested benefits
Leighton Superannuation Fund	-\$000's	52,212	54,855	2,643	50,604
Leighton Asia Superannuation Fund	-\$000's	3,262	3,389	127	2,563
Total		55,474	58,244	2,770	53,167

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 2002 was nil. During the year 1,000,250 (2001: 2,688,450) options were exercised and no (2001: 10,000) options lapsed. The options were exercisable at \$5.41 per option and lapsed on 24 October 2001. 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.

Leighton Employees Share Plan

Shareholder approval was obtained at the Annual General Meeting on 5 November 1998 to establish the Leighton Employees Share Plan ("LESP"). 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. No shares were issued under LESP during the current year (prior year – nil).

Leighton Executive Share Option Plan

Shareholder approval was obtained at the Annual General Meeting on 5 November 1998 to establish the Leighton Executive Share Option Plan ("LESOP"). The rules of LESOP allows the Company to offer selected executives options over unissued ordinary shares in the Company. The following options have been granted by the Company under LESOP:

(i) 6,965,000 options granted on 5 August 1999 to 274 employees at an exercise price of \$5.84 per option and with an expiry date of 5 August 2004. During the year 2,661,550 options were exercised and no options lapsed. The balance of unexercised 1999 options is 3,873,450.

(ii) 5,980,000 options were granted on 27 March 2002 to 276 employees at an exercise price of \$10.96 per option, with an expiry date of 27 March 2007 and 90,000 options were granted on 12 April 2002 to 1 employee at an exercise price of \$10.44 per option with an expiry date of 12 April 2007. None of these options has lapsed.

The market value of the Leighton Holdings Limited shares which are applicable to these options at 30 June 2002 was \$10.39.

All offers under both the LESP and LESOP 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.

During the year Directors or director related entities of Leighton Holdings Limited were granted 1,000,000 options and exercised 450,000 options which had been granted in 1999 and 200,000 options which had been granted in 1996. (Unless specified, the amounts in this note have not been rounded off to the nearest thousand dollars.)

	Interest held	Place of Incorporation
39 Leighton Holdings Limited and controlled entities at reporting date		
† Leighton Holdings Limited		Vic
AAECventure Pty Ltd	100%	NSW
A.C.N. 093124675 Pty Ltd	100%	NSW
† Adelaide Terrace Investments Pty Ltd	100%	SA
Asian Region Investment Ltd	100%	Hong Kong
Ausindo Holdings Pte Ltd	100%	Singapore
BOS Australia Pty Ltd	100%	WA
Doan Ket (Hong Kong) Ltd	100%	Hong Kong
E_Tube Pty Ltd	100%	NSW
Ewenissa Pty Ltd	100%	ACT
* Fastrax Victoria Pty Ltd (formally Peel Rail Pty Ltd)	100%	NSW
Giddens Investment Ltd	100%	Hong Kong
Green Construction Company	100%	USA
Hunter Valley Earthmoving Co Pty Ltd	100%	NSW
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
JH Rail Holdings Pty Ltd	70%	Vic
JH Rail Investments Pty Ltd	70%	Vic
JH Rail Operations Pty Ltd	70%	Vic
John Holland AD Holdings Pty Ltd	70%	Vic
John Holland AD Investments Pty Ltd	70%	Vic
John Holland AD Operations Pty Ltd	70%	Vic
John Holland Development & Investment Pty Ltd	70%	Vic
John Holland Group Pty Ltd	70%	Vic
John Holland Investment Pty Ltd	70%	Vic
John Holland Pty Ltd	70%	Vic
John Holland Services Pty Ltd	(2) 70%	Vic
Lai Lap Foundation Engineering Ltd	100%	Hong Kong
† Leighton Admin Services Pty Ltd	100%	NSW
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) 40%	Philippines
† Leighton Contractors Pty Ltd	100%	NSW
Leighton Contractors (Singapore) Pty Ltd	100%	Singapore
Leighton Contractors (Vietnam) Ltd	100%	Vietnam
† Leighton Finance Ltd	100%	NSW
Leighton Foundation Engineering Ltd	100%	Hong Kong
* Leighton Funds Management Pty Ltd	100%	Qld
Leighton Geotech Ltd	(1) 49%	Thailand
Leighton Indonesia Holdings Pty 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

Notes continued

		Interest held	Place of Incorporation
39	Leighton Holdings Limited and controlled entities at reporting date – continued		
	Leighton NA Inc	100%	USA
	Leighton Office Trust	100%	N/A
	Leighton Office Trust No 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 Services Australia Pty Ltd (2)	100%	NSW
	Leighton Staff Shares Pty Ltd (3)	100%	Vic
	Leighton Superannuation Pty Ltd (3)	100%	NSW
	* 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	40%	Philippines
	Metronode Pty Ltd	100%	Vic
	Moorabbin Trust	100%	N/A
	Nestdeen Pty Ltd (2)	100%	NSW
	Northland Maintenance Inc	100%	USA
	North Goonyella Coal Mines Pty Ltd	100%	Qld
	Pacific Water Pty Ltd	100%	NSW
	PT Leighton Contractors Indonesia (formerly PT John Holland Contractors Indonesia)	95%	Indonesia
	PT Thiess Contractors Indonesia	100%	Indonesia
	Quantum Explosives Pty Ltd	100%	Qld
	† Ridgewood Development Pty Ltd	100%	Qld
	Speedrail Group Pty Ltd	100%	NSW
	Technical Resources Asia Ltd	100%	Hong Kong
	† Technical Resources Pty Ltd	100%	NSW
	Telecommunication Infrastructure Pty Ltd	70%	Vic
	Tensacciai Pty Ltd	70%	WA
	Thai Leighton Ltd (1)	49%	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 (NZ) Ltd	100%	New Zealand
	Thiess Contractors (PNG) Ltd	100%	PNG
	Thiess Golding Joint Venture (2)	67%	N/A
	Thiess Mauritius Pty Ltd (2)	100%	Mauritius
	Thiess NC (2)	100%	New Caledonia
	Thiess NG 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 S.A. Pty Ltd	100%	Vic
	Thiess Services Pty Ltd	100%	Qld
	Thiess Southland Pty Ltd	100%	NSW
	Viet Thiess Contractors Limited	90%	Vietnam

		Interest held	Place of Incorporation
39	Leighton Holdings Limited and controlled entities at reporting date – continued		
	† 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 Ltd	100%	Hong Kong
	Vytel Investments Pty Ltd	100%	NSW
	† Vytel Pty Ltd	100%	NSW
	Vytel Spectrum Pty Ltd	100%	NSW
	WebCon Pty Ltd	100%	NSW
	Westlink Motorway Ltd	50%	NSW
	Westlink (Services) Pty Ltd	50%	NSW
	† Yifta Pty Ltd	100%	ACT
	Zanofile Trust	100%	N/A

(1) Entities controlled under shareholder agreements

(2) Incorporated/established in 2002 financial year

(3) Trustee Company

† 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 2002 as they are small proprietary companies.

Liquidation of controlled entities

The following controlled entities were liquidated during the 2002 financial year: Asia Mining Services, Australian Services Joint Venture, Green Builders Inc, Green Engineering and Mining Company, Leighton Asia Finance Ltd, Leighton Development Inc, Leighton Equipment Leasing Pty Ltd, Leighton USA Finance Inc.

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 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.

2002
\$'000

2001
\$'000

39 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 2002 is set out below:

Statement of financial performance

Profit from ordinary activities before income tax expense	157,418	27,188
Income tax expense relating to ordinary activities	(7,527)	(7,629)
Profit from ordinary activities after income tax expense	149,891	19,559
Retained profits at the beginning of the financial year	44,795	115,083
Dividends provided for or paid	(113,575)	(103,502)
Aggregate of amounts transferred (to)/from reserves	-	13,655
Retained profits at the end of the reporting period	81,111	44,795

Statement of financial position

Assets

Cash assets	114,482	77,525
Receivables	167,596	174,635
Inventories	42,848	76,784
Investments in other entities	1,033,716	767,898
Investments accounted for using the equity method	22,409	-
Deferred tax assets	48,976	44,775
Property, plant and equipment	114,701	85,519
Intangible assets	4,460	5,721
Total assets	1,549,188	1,232,857

Liabilities

Payables	415,979	344,553
Current tax liabilities	24,080	16,909
Provisions	148,143	90,972
Deferred tax liabilities	14,007	20,596
Interest bearing liabilities	466,670	336,627
Total liabilities	1,068,879	809,657

Net assets

480,309 **423,200**

Equity

Contributed equity	399,391	378,598
Reserves	(193)	(193)
Retained profits	81,111	44,795
Total equity	480,309	423,200

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
40 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:					
Wholly owned controlled entities		-	-	437,969	324,421
Partly owned controlled entities		-	-	120,000	120,000
Associates		3,198	6,027	-	-
Directors of the company or controlled entities		1,170	1,667	1,170	1,667
Aggregate amounts payable at reporting date to:					
Wholly owned controlled entities		-	-	818,085	702,720
Associates		411	1,467	-	-
Joint venture entities		5,622	2,722	-	-
Interest					
Interest received / receivable from related parties:					
Directors of the company or controlled entities		60	85	60	85
Associates		204	263	-	-
Wholly owned controlled entities		-	-	9,237	10,120
Partly owned controlled entities		-	-	8,201	9,938
Interest paid / payable to related parties:					
Directors of the company or controlled entities		1,871	1,766	-	-
Associates		9	-	-	-
Joint venture entities		1,035	-	-	-
Hochtief AG		-	1,761	-	1,761
Other revenues					
Fees charged to wholly owned controlled entities		-	-	2,505	9,818
Number of employees					
Number of employees at reporting date		15,228	12,615	10	10

Directors

The Directors who held office as Directors of Leighton Holdings Limited during the year ended 30 June 2002 were: John Morschel, Wallace MacArthur King AM, Dieter Siegfried Adamsas, Martin Carl Albrecht AC, Geoffrey John Ashton, Geoffrey James Dixon, Achim Drescher, Ian Rutledge Johnson, Hans-Peter Keitel, David Allen Mortimer, Busso Peus, David Paul Robinson, Morrish Alexander Besley AOC (retired 8 November 2001) and Rodney Malcolm Wylie OBE (retired 16 August 2001).

Directors Transactions

During the year dividends were paid to Directors on their shareholdings on the same basis as other shareholders. DP Robinson is a principal in the firm of chartered accountants, Harveys, which receives fees from Hochtief Australia 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 654,000 (2001: 200,000) shares acquired and 620,000 (2001: 200,000) shares sold.

During the year Hochtief Australia Limited acquired 2,864,622 (2001: 969,866) shares giving a shareholding at reporting date of 134,700,927 (2001: 131,836,305) shares. HP Keitel, B Peus and DP Robinson were directors of Hochtief Australia Limited during the year.

Interest is provided on deferred incentives which may be payable to Executive Directors in future years upon completion of certain conditions of employment. Interest is provided at a rate between 4.2% and 5.6% (2001: 5.0% and 6.5%). During the financial year \$1,539,000 (2001: \$1,515,000) was provided in respect of executive directors of Leighton Holdings Limited.

(These numbers have not been rounded to the nearest thousand.)

40 Related party and Company information – continued**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:

	2002	2001
	No. held	No. held
Ordinary shares	405,835	199,552
Options over ordinary shares	1,700,000	1,200,000

Loans to executives

The Leighton Senior Executive Loan Plan was approved by shareholders on 29 October 1982. Two loans (2001: 3) totalling \$1,170,000 (2001: \$1,666,583) and ranging from \$220,000 to \$950,000 (2001: \$246,583 to \$1,000,000) made under the plan to senior executives of Leighton Holdings Limited and related entities were outstanding. Interest of \$59,883 (2001: \$84,634) was received on senior executives loans. Loans under the Plan were charged interest between 4% pa and 8% pa (2001: 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. No loans were made during the year (2001: \$1,000,000). Repayments of principal of \$496,583 (2001: \$30,000) in respect of senior executive loans were received during the year from W King, R J Merkenhof and B Wild. (These numbers have not been rounded off to the nearest thousand dollars.)

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 construction and other contracting services in the following disciplines: civil engineering and building, mining and resources, property development, telecommunications infrastructure and environmental services in Australia, Hong Kong and selected parts of South East Asia and South America.

Ultimate parent entity

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

Notes continued

	Consolidated		Company		
	Note	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
41 Cash flow information					
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		174,213	159,928	167,734	24,370
Add (less) non-cash items					
Depreciation		307,754	269,738	613	566
Amortisation of goodwill		6,037	11,875	-	-
Amounts set aside to provisions		156,629	108,637	(649)	240
Foreign currency (gains)/losses		(1,952)	(136)	(4,517)	8,558
(Gain)/loss on sales of assets		(6,585)	(10,302)	(3,399)	19,769
Share of associates and joint ventures profit		(23,201)	(3,219)	-	-
Intercompany transactions		-	-	(17,498)	(11,170)
Net changes in assets/liabilities					
(Increase)/decrease in receivables		(116,040)	(114,532)	9,896	14,867
(Increase)/decrease in inventories		94,048	48,369	-	-
(Decrease)/increase in payables		175,598	229,854	4,172	-
(Decrease)/increase in provisions		(66,199)	(89,200)	-	(900)
Income tax payable		(43,045)	(37,235)	(2,593)	4,045
Net cash provided by operating activities		657,257	573,777	153,759	60,345

Details of credit facilities

The Consolidated Entity has a total of \$1.34 billion (2001: \$1.34 billion) loan and guarantee facilities of which \$435 million (2001: \$433 million) were undrawn as at 30 June 2002. These facilities include a private unsecured loan placement in the USA of US\$23 million (2001: US\$35 million). These facilities have maturity dates up to June 2005. 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	-	-
Property, plant and equipment	-	4,663	-	-
Receivables	-	2,198	-	-
Inventories	-	541	-	-
Payables	-	(1,148)	-	-
Provisions	-	-	-	-
Net assets acquired	-	6,254	-	-
Goodwill on acquisition	-	28,619	-	-

42 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.

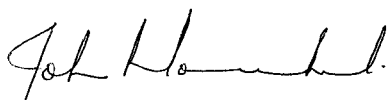
Statutory Statements

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 31, 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 2002 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 11th day of September 2002.

Signed in accordance with a resolution of Directors:



JP Morschel
Chairman



WM King AM
Chief Executive Officer

Independent Auditors' Report to the members of Leighton Holdings Limited

Scope

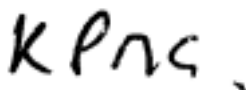
We have audited the financial report of Leighton Holdings Limited for the financial year ended 30 June 2002, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 42 set out on pages 1 to 31 and the Directors' Declaration. 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 in Australia 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 Act 2001, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2002 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
Dated at Sydney this 11th day of September 2002



DK Jukes
Partner



SJ Marshall
Partner