



2002

Leighton Holdings Limited Concise Annual Report
Review of Operating Company Activity

2 Review of Operating Company Activity

32	The Group's Operating Companies
39	Thiess
42	Leighton Contractors
45	Leighton Asia
48	John Holland
51	Leighton Properties

The Group's Operating Companies

Thiess

Focus and Activities

Integrated engineering and services company specialising in:

- Building
- Civil engineering
- Mining
- Process engineering
- Environmental services
- Utilities services
- Telecommunications
- Facilities O&M

Management & Key Statistics

Managing Director: Roger Trundle

Percentage Ownership: 100%

No. of Employees: 7,759

Established: 1935

A member of the Leighton Group since 1983

Head Office: Brisbane

Operates in Australia, South East Asia, near-Pacific region

www.thiess.com.au

Key Operating Subsidiaries and Joint Ventures

PT Thiess Contractors Indonesia

Thiess Services

Hunter Valley Earthmoving Co

Silcar Maintenance Services (50% JV with Siemens)

STCJV Services (50% JV with Siemens)

Sedgman (50% interest)

Thiess Roche Linfox JV (44% JV with Roche 44% and Linfox 12%)

Activity by Industry

Total Operating Revenue			Total Work in Hand	
55%	\$1,200m	Mining & Resources	60%	\$3,013m
		Engineering &		
27%	\$580m	Infrastructure	26%	\$1,284m
8%	\$186m	Environmental	8%	\$379m
7%	\$152m	Building & Property	3%	\$170m
3%	\$76m	Telecommunications	3%	\$140m
	\$2,194m			\$4,986m

Leighton Contractors

Focus and Activities

Project development and construction contractor specialising in:

- Civil engineering
- Infrastructure development
- Building
- Contract mining
- Process engineering
- Telecommunications services

Management & Key Statistics

Managing Director: Bob Merkenhof

Percentage Ownership: 100%

No. of Employees: 2,008

Established: 1949

Head Office: Sydney

Operates in Australia

www.leightoncontractors.com.au

Key Operating Subsidiaries and Joint Ventures

Vytel

Visionstream

LSE Technology

Metronode

Broad Construction Services* (70% interest)

*Acquired July 2002

Note: Leighton Contractors and its key subsidiaries have the benefit of the Leighton Holdings ASIC class order 98/1418

Activity by Industry

Total Operating Revenue			Total Work in Hand	
		Engineering &		
27%	\$336m	Infrastructure	32%	\$290m
41%	\$515m	Telecommunications	46%	\$408m
21%	\$269m	Building & Property	10%	\$93m
11%	\$135m	Mining & Resources	12%	\$109m
	\$1,255m			\$900m

Leighton Asia

Focus and Activities

Multi-disciplined contractor specialising in:

- Civil engineering and infrastructure
- Building
- Contract mining
- Marine engineering
- Process engineering
- Telecommunications
- Rail

Management & Key Statistics

Managing Director: John Faulkner

Percentage Ownership: 100%

No. of Employees: 3,797

Established: 1975

Head Office: Hong Kong

Operates in Hong Kong, Malaysia, the Philippines, Thailand, Vietnam, Indonesia, and other selected countries in Asia.

www.leightonasia.com

On 1 July 2002 Leighton Asia was restructured into two separate entities, each with its own managing director. Will Hamilton MD Leighton Asia (Northern) and David Savage MD Leighton Asia (Southern).

Key Operating Subsidiaries and Joint Ventures

Leighton Contractors (Asia)

Leighton Contractors (Malaysia)

Leighton Contractors (Philippines)

Thai Leighton

PT Leighton Contractors Indonesia

Leighton Contractors (Vietnam)

Vytel Asia (50% JV with Vytel)

Activity by Industry

Total Operating Revenue			Total Work in Hand	
		Engineering &		
62%	\$521m	Infrastructure	60%	\$886m
30%	\$247m	Building & Property	21%	\$298m
8%	\$71m	Mining & Resources	18%	\$271m
–	–	Environmental	1%	\$20m
	\$839m			\$1,475m

John Holland

Focus and Activities

Multi-disciplined construction and services contractor specialising in:

- Civil, mechanical and process engineering
- Building
- Rail
- Telecommunications

Management & Key Statistics

Managing Director: Bill Wild

Percentage Ownership: 70%*

No. of Employees: 1,568

Established: 1949

A member of the Leighton Group since January 2000

Head Office: Melbourne

Operates in Australia and Pacific region

www.johnholland.com.au

*30% owned by Heytesbury Pty Ltd

Key Operating Subsidiaries and Joint Ventures

Quantum

Lucon*

Defence Maintenance Management (50% JV with Multiplex)

Infratek Networks (45% JV with ALSTOM 45% and Sinclair Knight Merz 10%)

*Acquired September 2002

Activity by Industry

Total Operating Revenue			Total Work in Hand	
56%	\$409m	Engineering & Infrastructure	64%	\$643m
40%	\$293m	Building & Property	36%	\$363m
4%	\$28m	Telecommunications	–	\$4m
	\$730m			\$1,010m

Leighton Properties

Focus and Activities

Provides specialist services in:

- Property development
- Development risk management

Management & Key Statistics

Managing Director: Vyril Vella

Percentage Ownership: 100%

No. of Employees: 20

Established: 1972

Head Office: Sydney

Operates along the east coast of Australia

www.leightonproperties.com.au

Thiess

“WITH RECORD LEVELS OF WORK IN HAND, WE ARE WELL POSITIONED TO PROVIDE A SOUND PERFORMANCE IN THE COMING YEAR.”

Roger Trundle *Managing Director*

Overview

Thiess recorded another good performance, reporting a 22 percent increase in operating revenue with work in hand at a record level of \$5 billion. Our positive outlook is supported by strong workloads in Australia and overseas across the resources, infrastructure, engineering and services sectors. An ongoing priority is the focus on client relationships and the development of our people.

The year in review

The company’s mining and resources activities continued to be a major source of revenue over the year. In Australia, we progressed operations at 12 mine sites in New South Wales and Queensland, and were recently awarded the construction of new coal handling facilities at the Hail Creek coal mine in Queensland.

In Indonesia, we performed strongly on our \$1 billion contract for PT Arutmin at the Satui and Senakin coal mines, and progressed well at the Kideco and KPC mines. In other resources-related work, Thiess is undertaking a significant process engineering project at QAL’s alumina refinery, and major civil works at the Comalco alumina refinery at Gladstone, Queensland and at the Goro Nickel project in New Caledonia. Work is ongoing on the LNG4 project at the North West Shelf in Western Australia.

A highlight was the award of two major rail projects towards the end of the year – the Epping to Chatswood section of the Parramatta Rail Line in Sydney and two packages of the Regional Fast Rail project in Victoria.

In Queensland, Awoonga Dam was successfully completed and has been recognised as a leading alliance project. New works have commenced on road projects at Karuah and Charleston in New South Wales.

Building work undertaken during the year included the Royal Prince Alfred Hospital and Shoal Bay resort in New South Wales, the commencement of Stage 3 of the Lavarack Barracks in Queensland, and a number of residential/commercial projects in Victoria.

The Services business contributed with ongoing work across the environmental, telecommunications and utilities sectors. Facilities operations and maintenance continues to grow with good levels of new work won.

We have continued to source and secure new projects and at the same time have actively strengthened relationships with our existing clients and business partners with high levels of repeat business.

Outlook

With the construction sector upturn now becoming apparent, good opportunities are emerging in civil and process engineering, and in large-scale transport infrastructure projects in Australia. Both domestic and international markets continue to provide organic growth in mining and resources, where an increasing demand for minerals should provide good levels of activity. An improving outlook for building and property should also add to our workload, with steady levels of ongoing business from our environmental, utilities and telecommunications activities.

Thiess will consolidate its position in our broadly based business by focusing on our clients' needs and service delivery. We will continue to build on the capability and enthusiasm of our people and, with record levels of work in hand, are well positioned to provide a sound performance in the coming year.

Board

M C Albrecht *AC Chairman*
R S Trundle *Managing Director*
D J Argent, E F Finger AO, R J Flew, A C Hardy,
Hon R J Kelly, W M King AM
Secretary D J Argent

Senior Executives

R S Trundle *Managing Director*
D J Argent *Director, Finance & Administration*
B J Campain *Executive General Manager, Thiess Services*
M L Fox *Executive General Manager, Qld/NT/Pacific*
N N Jukes *Executive General Manager, Operations*
D K Saxelby *Executive General Manager, NSW/ACT & Vic*

R H Wilson *Executive General Manager, Development & Corporate Services*
E P Buratto *General Manager, WA*
M F Connell *General Manager, Human Resources*
D N Johnson *General Manager, Vic/Tas/SA/NZ*
T L Bulmer *General Manager, South America*
B A Munro *General Manager, South East Asia*
D J Overall *General Manager, Process Engineering*
I D Wade *General Manager, Information Systems*

Leighton Contractors

“LEIGHTON CONTRACTORS IS WELL-PLACED TO CAPITALISE ON ITS REPUTATION AND CAPABILITY, TO SUSTAIN GROWTH IN OUR MAJOR MARKETS.”

Bob Merkenhof *Managing Director*

Overview

Leighton Contractors performed well in 2001/02, meeting corporate targets for both revenue and funds employed. The company has successfully restructured for growth and has identified or been short-listed on a range of large projects across the country.

During the year we continued to broaden our skills base and extend our engineering capabilities into complex process and heavy engineering work. The new Amcor bottling facility in South Australia's Barossa Valley was completed ahead of schedule, and the recently awarded contract for engineering, procurement and construction of the Australian Magnesium Corporation's \$1 billion Stanwell magnesium plant, near Rockhampton in Queensland, marks our first large scale process engineering venture.

The year in review

While engineering and infrastructure activities were down on last year, largely due to the timing of government projects, Brisbane's Inner City Bypass has been completed eight months ahead of schedule and work is well under way on the Port of Brisbane motorway alliance project.

It has been a successful year with regards to our building activity. In Sydney we completed work at the St Vincent's Hospital as well as the ABC's new Ultimo headquarters. The acquisition in July 2002 of WA-based commercial building contractors, Broad Construction, has supplemented our building capability nationally.

Since year-end we have also been awarded the contract to design and construct the new Southern Cross Rail Station in Melbourne's Spencer Street. Construction of Nextgen Networks' 8,400 kilometres of fibre-optic cable has progressed well with over 5,000 kilometres already laid. Other telecommunications opportunities, however, have been limited.

We continued to perform well in the mineral and resources sector and recently added to our work levels in this area. The \$89 million St Ives gold mine contract in the Kambalda region of Western Australia is our first alliance mining project and is performing well.

We further developed our business capabilities throughout the year, focusing on opportunities in new sectors such as food and beverage, energy and utilities, and rail infrastructure where we expect to see growth.

Outlook

Leighton Contractors is well-placed to capitalise on its reputation and capability, as we look forward to sustained growth in our major markets over the next four to five years.

The recent award of new contracts for the Australian Magnesium Corporation and Southern Cross Station has doubled our work in hand since June to approx \$2 billion.

We are confident that the construction cycle is at the beginning of a resurgence, which will present a growing number of major opportunities in the transport and resources sectors over the coming years. Infrastructure development and process engineering are set to provide growth and, whilst telecommunications activities are expected to come off recent highs, we expect to be able to build on the solid foundations laid this year.

Board

D S Adamsas *Chairman*
R J Merkenhof *Managing Director*
R L Hawkins, A L Jacobs, I M Luck, P J McMorrow,
R F Morris, R P Turchini, L W Voyer,
Secretary A L Jacobs

Senior Executives

R J Merkenhof *Managing Director*
I M Luck *General Manager, Vic, SA & Tas*
P J McMorrow *General Manager, WA*
R P Turchini *General Manager, NSW & ACT*
L W Voyer *General Manager, Qld & NT*
D E Wilson *General Manager, Strategic Development*
A L Jacobs *Chief Financial Officer*
B A Bowman *Information Systems Manager*
R L Hawkins *National Manager, Development*
J E Grierson *National Manager, Estimating*
D M Simpson *General Counsel*

Vytel Pty Limited

P R Cooper *Managing Director*

B T J de Boer *Operations Director*

D Phizacklea *Commercial Manager*

B M Faulks *Business Development Director*

P C Harrison *General Manager, Development*

Leighton Asia

“THE DIVERSITY OF OUR CURRENT WORKLOAD HAS US WELL POSITIONED TO COUNTER THE CONTINUED VOLATILITY OF ASIA’S ECONOMIES.”

John Faulkner *Managing Director*

Overview

Leighton Asia had a satisfactory year despite continued sluggishness in Asia’s economies. Revenue remained at a similar level and work in hand increased to \$1.5 billion. In an uncertain economic environment the challenge is to identify clients and projects that maintain our growth. Our regional spread of work lessens dependence on any one market and provides a solid expansion platform.

The year in review

Performance was driven by strong results from Malaysia and Hong Kong. In Malaysia we neared completion on several projects related to the Manjung Power Station. The Teachers’ Housing project continues to be successful, achieving 16 million man-hours without a lost-time injury. Through Vytel Asia, we secured a \$42 million contract to design and install mobile phone base stations throughout peninsula and eastern Malaysia.

Hong Kong delivered a solid result on the back of good progress on existing rail projects. We were awarded a \$200 million housing project for the Hong Kong Housing Authority and a \$160 million design and construct contract for a permanent aviation fuel facility for Hong Kong International Airport. We secured a \$100 million contract to extend the sewerage system on Hong Kong island. The Australian International School was awarded the Hong Kong Institute of Architects Medal of the Year for design excellence.

Our rail workload was enhanced with the award of a \$100 million double-tracking project north of Jakarta. This project, coupled with extensions and accelerations on the Sebuku and ABK Loa Janan coal mines, enabled Indonesia to make a worthy contribution.

In the Philippines, the \$100 million manufacturing facility for Philip Morris progressed well. Delays in obtaining final approval to commence the North Luzon Expressway affected this year’s result, but the project should provide a major workload boost going forward.

Expanding to new markets, we won our first projects in Macau and Sri Lanka and returned to Singapore after a 10-year absence.

Outlook

Leighton Asia's strong workload will provide the foundation for another good performance this year. Our spread of work across disciplines and countries helps to counter the effects of the region's fluctuating economies.

To provide a more locally based structure and enhance our focus and control, Leighton Asia will be divided into two geographically separate operating entities - Leighton Asia (Northern) and Leighton Asia (Southern). Will Hamilton and David Savage have been promoted to be Managing Directors of these new entities.

In the Northern region, Hong Kong offers good prospects in infrastructure, although commercial building and housing sectors remain subdued. The Philippines and Vietnam offer further opportunities in the power sector. Our growing rail portfolio has expanded with the recent award of a track work contract for the Taiwan High Speed Rail project.

A key challenge for Leighton Asia (Southern) will be replacing the workload previously provided by Malaysia's Manjung power station and Teachers' Housing projects. We are poised to secure a number of projects in the next six months and with the Malaysian Government committed to major infrastructure investment, the outlook is positive. Resource projects in Indonesia also offer considerable opportunities for continued growth.

Board

N K Chan *Chairman*

J Faulkner *Managing Director*

Dr H M Bästlein, W K Hamilton, P G Pollard,

W M King AM, Dr P Noé, D Savage, A B M F Stephens

Secretary M Wong

Corporate

J Faulkner *Managing Director*

P G Pollard *Director and General Manager, Finance & Administration*

D Pestridge *Group Commercial Manager*

M Wong *Group Financial Controller*

C I Gordon *Group Communications Manager*

B Cunningham *Business Development Director, Australia/Asia*

Leighton Asia (Northern)

W K Hamilton *Managing Director*
J Dujmovic *General Manager, Hong Kong*
J P Leslie *Operations Manager, Thailand*
G Francis *Country Manager, Vietnam*
P F Gomm *General Manager, Philippines*
J F Nash *Engineering and Estimating Manager, Hong Kong*
D J Montgomery *Finance & Administration Manager, Hong Kong*
S K Le Cornu *Finance & Administration Manager, Thailand and Vietnam*
M Templeton *Finance & Administration Manager, Philippines*

Leighton Asia (Southern)

D Savage *Managing Director*
R D Hodgson *President Director, Indonesia*
H Tyrwhitt *General Manager, Malaysia and Brunei*
E Wardle *General Manager, Singapore, Sri Lanka & India*
J Russell *Finance & Administration Manager, Indonesia*
J S Holland *Corporate Manager, Finance & Administration, Malaysia and Brunei*
Tjoeng Hing Kok *New Business, Indonesia*
K G Plumbe *New Business, Malaysia and Brunei*
S Heath *New Business, Singapore, Sri Lanka & India*

John Holland

“THE COMPANY’S REGIONALLY DRIVEN CONSTRUCTION BUSINESS GREW STRONGLY AND RAIL SERVICES AND INFRASTRUCTURE WORK CONTINUED TO BE A KEY DRIVER OF OUR GROWTH.”

Bill Wild *Managing Director*

Overview

John Holland delivered a good performance for the year, increasing revenue by 34 percent to \$730 million and growing work in hand by 59 percent.

The company’s regionally-driven construction business grew strongly and rail services and infrastructure work continued to be a key driver of our growth.

The acquisition of Fletcher Projects has given John Holland a broader market presence in the construction management field and opens up a number of opportunities for the company across Australia.

The year in review

John Holland’s presence in the rail sector has been strengthened this year and we now have a major share of outsourced rail maintenance and infrastructure work across Australia. The Alice Springs to Darwin rail project is performing very well, with track-laying having started in April and now proceeding at over 4 kilometres per day. The award of two packages of work valued at \$296 million for the Victoria fast rail project was a major milestone. We have also secured a five-year, \$150 million extension to the WestNet rail maintenance project in Western Australia.

Our performance in New South Wales was notable during the year. Work commenced on the design and construction of the replacement research reactor at Lucas Heights in Sydney. We undertook a significant amount of building work and began work on a \$70 million prison construction and maintenance contract in northern NSW. Operations progressed well on our \$180 million joint venture contract for facilities management of Department of Defence bases. Marking a strategic return to the resources sector, we were also awarded a contract for site preparation and earthworks at BHP-Billiton’s Mt Arthur North coal mine in the Hunter Valley.

Our Victorian operations performed to expectation, with a number of contract awards during the year including a civil engineering package for the Carlesruhe section on the Calder Freeway.

We have established a specialist services group encompassing rail maintenance, telecommunications services, mechanical and process engineering services, and facilities management and building services to cater for the increased outsourcing of such work. We recently acquired Lucon, previously Lurgi Construction, a provider of mechanical and process engineering fabrication, construction and maintenance services. This dual strategy of providing operations and maintenance services to support our core construction business has delivered a solid contribution this year and is expected to become an even more significant part of our business offering.

Outlook

Growth prospects are positive. The introduction of Fletcher to the company will allow John Holland to pursue an increasing number of opportunities in a number of niche sectors including retail refurbishment and the health sector, particularly in southern states where we currently do not have a strong foothold. Growing our revenue base through other strategic acquisitions will be a key facet of operations in the future.

Our focus on the rail sector will be maintained and we will continue to use our experience and proven capabilities to actively bring new projects into our portfolio. The resources sector offers additional opportunities, especially in the mechanical and process engineering disciplines. A number of public infrastructure projects are also expected in the near future and the company is well-placed to convert several of these opportunities and continue its growth.

Board

J L Holmes à Court *Chairman*

W J Wild *Managing Director*

D S Adamsas, E A Gaines, I R Johnson, W M King AM,

T A Mairs, H J Ohff, N W Stump

Secretaries G W Coffey, J C Horsley

Senior Executives

W J Wild *Managing Director*

R A Barton *General Manager, Qld*

R J Bennetto *General Manager, Southern Region*

V K Chudacek *General Manager, Major Projects*

G W Coffey General Manager, Development & Investments
D W Golightly General Manager, Regional & Corporate Services
D G Stewart General Manager, NSW/ACT Region
J C Horsley General Manager, Accounting & Administration
R S Mickle General Manager, Western Region
D R Tasker General Manager, Rail Division

Leighton Properties

“THE PROVEN EXPERTISE OF OUR STAFF, TOGETHER WITH OUR EXCELLENT CLIENT AND PROJECT PARTNER RELATIONSHIPS WILL HELP LEIGHTON PROPERTIES LIFT ITS CONTRIBUTION TO GROUP RESULTS.”

Vyril Vella *Managing Director*

Overview

Leighton Properties completed the sale of a number of development properties during the year, providing a solid contribution to revenue and delivering an improved return on funds employed.

We have been active in the industrial and commercial markets along the eastern seaboard despite recent economic uncertainty and have identified a number of new opportunities in the property and development sector, which are currently being progressed.

We have also continued to build on our relationships with our key project partners, which is helping to develop a competitive edge and to maximise the use of our capital base.

The year in review

In Sydney, construction of the office tower and car park at 383 Kent Street was completed and 67 percent of the development is currently leased. We also secured Stage 1 and Stage 2 development approval for the \$600 million commercial development at the KENS site (Kent, Erskine, Napoleon and Sussex Streets) in the CBD.

A development proposal was lodged for a \$120 million North Sydney office tower at 100 Pacific Highway that will be progressed in joint venture with ISPT. Our relationship with ISPT was further strengthened when we were named as preferred developers for a \$140 million commercial industrial development at Lane Cove.

In Queensland, good progress was made on construction of the MacArthur Chambers retail and commercial development in Brisbane’s CBD, undertaken in joint venture with the Seymour Group. Agreement has been reached with prospective tenants for approximately 95 percent of the total available space.

Our performance in Victoria has been pleasing with the sale of the Moorabbin bulk goods warehouse on the Nepean Highway for \$32 million and our St Kilda Road commercial office tower for \$73 million. We also

continued to subdivide and divest parcels of the Thomastown industrial site and were successful in selling stages 1 and 2 of the Mulgrave high-tech industrial park to the James Fielding Group.

The Bureau of Meteorology has chosen our office tower development in the Melbourne Docklands precinct at 700 Collins Street as its new headquarters. The tower will be developed in joint venture with Folkestone Limited.

During the year our strategic partnership with the James Fielding Group was strengthened. The partnership is exploring joint development opportunities and is providing a retail investment vehicle for some of our completed property developments.

During the year John Elvy was appointed as chairman of the board of Leighton Properties and Greg Paramor, executive chairman of the James Fielding Group, also joined the board.

Outlook

The property sector has come through the recent period of economic uncertainty relatively unscathed and we believe that prospects for the commercial and industrial property markets are looking positive. Leighton Properties is progressing a number of existing opportunities in NSW, Victoria and Queensland and is confident of converting a good portion of these in the near future.

The proven expertise of our staff, together with our excellent client and project partner relationships will help Leighton Properties lift its contribution to Group results.

Board

J C Elvy *Chairman*

V A Vella *Managing Director*

D S Adamsas, A W Beck, R H Borger, B W Clark,

M C Gray, W M King AM, G J Paramor, D P Robinson

Secretary B W Clark

Senior Executives

V A Vella *Managing Director*

J C Barrett *Manager, Corporate Services*

R H Borger *Manager, Queensland*

B W Clark *Commercial Manager*

M C Gray *Manager, New South Wales*

A W Beck *Manager, Victoria*