



2002

Leighton Holdings Limited Concise Annual Report

Financial Report

3 Financial Report

56	Directors' Statutory Report
69	Directors' Résumés
74	Corporate Governance Policy
79	Shareholdings
81	Concise Financial Report
95	Shareholder Information
97	Financial calendar
98	Statistical Summary
100	Directory and Offices

Directors' Statutory Report

The Directors of Leighton Holdings Limited present their report for the financial year ended 30 June 2002 in respect of the consolidated entity constituted by the Company and the entities it controlled during the financial year (referred to in this report as either the 'Consolidated Entity' or the 'Group'). This report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the Corporations Act 2001.

Review of operations

A review of the operations of the Consolidated Entity during the financial year and of the results of those operations is contained on pages 1 to 53 of this Concise Annual Report.

Significant changes

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

- Due to the uncertainties in the telecommunications market a \$45 million provision has been made against the Group's \$92 million investment in Nextgen to be made in the second half of the 2003 financial year. (pages 8, 12 and 82)
- Leighton Properties disposed of \$129 million of development properties which included the sale of its long-term commercial property at 417 St Kilda Road, Melbourne for \$73 million. (pages 11, 51, 52, 82 and 85)
- Leighton Holdings acquired 3.795 million units in PA Property Trust for \$8.35 million. Following a merger between PA Property Trust and James Fielding Group in November 2001 the Company invested a further \$8 million in a capital raising and currently holds a 9% interest in the merged entity. (pages 11, 12, 52 and 85)
- Engineering and infrastructure markets were boosted towards year-end by the announcement of some major government initiated infrastructure projects. Large-scale projects such as the Parramatta Rail Link in Sydney and the Regional Fast Rail project in Victoria helped increase the Group's work in hand to a record \$8.4 billion at 30 June 2002. (pages 4, 5, 8, 13, 27, 39 and 48)
- The Australian contracting business of Fletcher Constructions was acquired by John Holland bringing \$160 million of building work with additional new work prospects. John Holland paid no net cash on the transaction and no accounting goodwill resulted. (pages 10, 29, 48 and 49)

Financial results

Total revenue for the Consolidated Entity for the financial year was up by 15% to \$5.0 billion. Operating profit after tax attributable to members of the Company increased by 8% to \$169.2 million.

Dividends

A final ordinary dividend of 26 cents per share, franked to the extent of 70%, was announced on 15 August 2002 and will be paid on 30 September 2002. Together with the interim ordinary dividend of 16 cents per share, franked to the extent of 70% which was paid on 28 March 2002, the total dividend payment out of the profits for the financial year will be 42 cents per share and will amount to \$113.6 million.

The final dividend of 25 cents per share, franked to the extent of 50%, referred to in the Directors' statutory report for the financial year ended 30 June 2001 and payable out of the profits for that financial year was paid on 28 September 2001.

Principal activities

During the financial year there were no significant changes in the nature of the Consolidated Entity's principal activities which were building, civil engineering construction, contract mining, telecommunications, environmental services, property development and project management in Australia, Hong Kong and selected parts of South-East Asia.

Events after end of financial year

In the Directors' opinion, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the state of affairs of the Consolidated Entity, its operations or results in future financial years. In addition, the Directors are not aware of any specific developments, not covered generally in this Concise Annual Report, that are likely to have a significant affect on the operations of the Consolidated Entity or its expected results in future financial years.

Future developments

Likely developments in the operations of the Consolidated Entity in future financial years and their anticipated results are referred to in pages 6 to 11. Further information on likely developments in the operations of the Consolidated Entity, including the expected results of those operations in future financial years, would in the Directors' opinion result in unreasonable prejudice to the Company and has therefore not been included in this report.

Environmental Regulation

The Group's Australian operations are subject to a range of Commonwealth, State and Territory laws governing the protection of the environment. A number of the Group's diverse operations work under particular environmental licences and/or approvals at specific sites. The Group has in place and adheres to an Environmental Policy that has established a quarterly environmental reporting regime that ensures environmental performance is reported from project/site level, up through the levels of management, to the Board of Leighton Holdings.

As part of the Group's internal reporting processes, operating management is required to report the number of environmental incidents occurring and what has happened to resolve such incidents, regardless of whether they infringe any regulations.

During the financial year, the Environmental Incident Severity Classifications were reviewed and further refined into 12 types of impacts, including measurable limits where suitable, to ensure consistency in reporting and management across the Group. The severity of the impact is reported as high, medium or low, according to the following classification:

Incident Classification:

Level 1:

(High Severity) refers to pollution or degradation, which has (or may have) irreversible detrimental effects on the environment and/or community. The effects extend to a wide scale beyond the site.

Level 2:

(Medium Severity) refers to pollution or degradation with a persistent (greater than three months) but reversible detrimental effect on the environment and/or community. The event is contained on-site.

Level 3:

(Low Severity) refers to pollution or degradation, which has a short-term (less than three months) and reversible detrimental effect on the environment and/or community. The event affects the ability of people off-site to enjoy their normal environment, such as a minor noise disturbance. It may result in Level 1 or 2 damage if it continues to occur.

During the financial year the Group's Australian operations recorded and reported on the following environmental incidences:

Level 1	Level 2	Level 3
0	20	186

The circumstances which led to the above Level 2 and 3 incidents have all been remedied as at the date of this report.

Directors and Directors' interests

The Directors of Leighton Holdings Limited in office at the date of this report are listed below together with details of their relevant interest in the securities of the Company or a related body corporate.

Names	No. of ordinary shares	No. of options over unissued ordinary shares
John Powell Morschel	4,000	—
Wallace MacArthur King AM	6,660	650,000
Dieter Siegfried Adamsas	103,060	620,000
Martin Carl Albrecht AC	335,000	—
Geoffrey John Ashton	2,500	—
Geoffrey James Dixon	2,000	—
Achim Drescher	2,000	—
Ian Rutledge Johnson	2,000	—
Hans-Peter Keitel	1,560*	—
David Allen Mortimer	23,500	—
Busso Peus	2,305*	—
David Paul Robinson	1,250	—

*Non-beneficially held

Details of Directors' qualifications, experience, special responsibilities and interest in shares in the Company are set out on pages 59 and 69 to 73 of this Concise Annual Report.

Directors' and Senior Executives' emoluments

The Remuneration Committee is responsible for making recommendations to the Board on remuneration arrangements for the Executive Directors and senior executives. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration Committee believes that the best way to achieve this objective is to provide Executive Directors and senior executives with a remuneration package consisting of fixed components which reflect the person's responsibilities, duties and personal performance, annual bonuses which reward both individual and company performance each year, deferred

incentives which reward individual and company performance and also assist in retention. Deferred incentives are normally payable to participants on completion of certain conditions after 3 years or, in some cases, on retirement. Also, in the case of key executives their services are secured by the Group entering into various retention arrangements over durations of usually between 3 to 5 years, which provide a financial benefit to the relevant executive only on completion of service for the agreed period. The value of the retention arrangements is calculated and reported as remuneration in the year in which payment is made.

Relevant provisions are raised in the accounts each year in regard to the expected financial benefit to be derived under retention arrangements and annual bonus and incentive arrangements.

Executive Directors and senior executives may be invited by the Board to participate in the Leighton Executive Share Option Plan, which currently provides share option incentives where specified performance criteria are met. In determining remuneration, regard is given to comparable companies and advice is periodically taken from leading independent remuneration consultants.

The remuneration of Non-executive Directors is determined by the Executive Directors having regard to amongst other things the level of fees paid to Non-executive Directors by other companies of similar size and stature. Non-executive Directors do not receive any performance related remuneration.

The aggregate amount payable to the Non-executive Directors of the Company must not exceed the maximum annual amount approved by the Company's shareholders (currently \$1,300,000 as determined at the 2001 Annual General Meeting).

Directors' and Executives' benefits

Details of the nature and amount of each element of the emoluments paid or accrued in the 2002 financial year for each Director of the Company and each of the five named executives receiving the highest emolument are:

Consolidated and Company	Remuneration Package	Annual Bonus	Deferred Incentive	Superannuation Contributions	Total Compensation	Retirement Benefits	Other Benefits	Total
	(a)	(b)	(c)	(d)		(e)	(e)	
Executive Directors								
W M King AM	1,908,634	1,950,000	4,897,309	281,930	9,037,873	–	–	9,037,873
D S Adamsas	1,301,186	1,300,000	450,000	180,400	3,231,586	–	–	3,231,586
Non-executive Directors								
J P Morschel	157,472	–	–	15,747	173,219	–	–	173,219
M C Albrecht AC	81,920	–	–	7,463	89,383	–	–	89,383
G J Ashton	86,796	–	–	8,000	94,796	–	–	94,796
G J Dixon	80,000	–	–	8,000	88,000	–	–	88,000
A Drescher	80,000	–	–	8,000	88,000	–	–	88,000
I R Johnson	113,750	–	–	10,700	124,450	–	–	124,450
H- P Keitel	110,000	–	–	11,000	121,000	–	–	121,000
D A Mortimer	83,445	–	–	8,345	91,790	–	–	91,790
B Peus	80,000	–	–	8,000	88,000	–	–	88,000
D P Robinson	88,000	–	–	8,800	96,800	–	–	96,800
M A Besley (Retired Nov 2001)	82,159	–	–	–	82,159	830,370	–	912,529
R M Wylie (Retired Aug 2001)	27,083	–	–	–	27,083	438,893	–	465,976
Senior Executives								
J Faulkner (f)	1,093,192	457,666	57,208	119,278	1,727,344	–	302,059	2,029,403
R Trundle	730,219	500,000	60,000	82,600	1,372,819	–	–	1,372,819
R Turchini	1,052,692	75,000	–	94,600	1,222,292	–	–	1,222,292
R Merkenhof	771,543	250,000	–	117,920	1,139,463	–	–	1,139,463
D Savage (g)	457,101	509,970	34,325	53,522	1,054,918	–	63,835	1,118,753

- (a) Reflects the annual compensation package consisting of payroll salary, benefits and retention payments.
- (b) Annual performance based bonus payable within 12 months.
- (c) Deferred performance based incentives normally payable to participants on completion of certain conditions after 3 years or upon retirement. The bands reported for directors and executives remuneration and total remuneration shown in Notes 36 and 37 of the Full Financial Report 2002 exclude the deferred incentives which are payable upon completion of certain conditions. The deferred incentives are however detailed separately in Notes 36 and 37 and interest accrued thereon is detailed in Note 40.
- (d) Superannuation contributions to company or complying superannuation funds.
- (e) Retirement and other benefits includes amounts contractually due to employees on retirement, overseas accommodation and living costs. Amounts paid to M A Besley and R M Wylie were in accordance with the Non-executive Directors retirement plan approved by shareholders at the 1996 AGM.
- (f) Mr Faulkner is based in Hong Kong with compensation paid in Hong Kong dollars.
- (g) Mr Savage is based in Malaysia with compensation paid in US dollars.

Options to acquire shares in the Company were granted to employees including the above Executive Directors and senior executives during the year under the Leighton Executive Share Option Plan (LESOP) which are exercisable in accordance with the Plan rules at the market price at date of issue. The exercise prices of \$10.96 and \$10.44 were higher than the market value at 30 June 2002 of \$10.39. Details of the terms under which the options were issued under LESOP are set out on pages 66 and 67. No options were issued during the year to the above Non-executive Directors.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	No. of Director's Meetings		No. of Audit Committee Meetings		No. of Remuneration Committee Meetings		No. of Ethics Committee Meetings		No. of Plan Committee Meetings		No. of Special Tender Review Committee No. 1 Meetings		No. of Special Tender Review Committee No. 2 Meetings	
	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*
D S Adamsas	10	10	4	4	–	–	–	–	–	–	–	–	–	–
M C Albrecht AC (Appointed 8 November 2001)	5	5	–	–	–	–	–	–	–	–	–	–	–	–
G J Ashton	10	10	–	–	–	–	2	2	–	–	1	1	–	–
M A Besley AO (Retired 8 November 2001)	4	4	–	–	3	3	1	1	–	–	–	–	–	–
A Drescher	9	10	–	–	5	5	–	–	–	–	–	–	–	–
G J Dixon	8	10	–	–	–	–	–	–	–	–	–	–	–	–
I R Johnson	10	10	–	–	–	–	2	2	–	–	–	–	1	1
H-P Keitel	5	10	–	–	5	5	–	–	–	–	–	–	–	–
W M King AM	10	10	4	4	5	5	–	–	4	4	–	–	–	–
J P Morschel (Appointed 16 August 2001)	9	9	–	–	2	2	1	1	4	4	–	–	1	1
D A Mortimer	9	10	3	3	–	–	–	–	4	4	–	–	–	–
B Peus	5	10	–	–	–	–	–	–	–	–	–	–	–	–
D P Robinson	10	10	4	4	–	–	–	–	–	–	–	–	–	–
R M Wylie OBE (Retired 16 August 2001)	1	1	1	1	–	–	–	–	–	–	–	–	–	–

*Reflects the number of meetings held during the time the Director held office during the financial year.

Indemnity for Group Officers and Auditors

The Company's Constitution has included since 3 November 1994 indemnities in favour of persons who are or have been an Officer or auditor of the Company.

Briefly, to the extent permitted by law, the Company indemnifies every person who is or has been:

- an Officer against any liability to any person (other than the Company or related entity) incurred while acting in that capacity and in good faith; and
- an Officer or auditor of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

'Officer' for this purpose means any Director or Secretary of the Company and includes any other person who is concerned, or takes part, in the management of the Company.

The current Directors and Secretary of the Company are named at pages 69 to 73 and the Company's current auditors are KPMG.

Deeds of Indemnity

In prior financial years, by Deeds of Indemnity, each between the Company and a particular officer or former officer of the Company or a subsidiary, the Company has given similar indemnities in favour of that officer or former officer in respect of liabilities incurred by the officer while acting as an officer of the Company or any subsidiary or while acting at the request of the Company or any subsidiary as an officer of a non-controlled entity.

The officers who have the benefit of such a Deed of Indemnity are or were at the time a Director of the Company, the company's Secretary and certain persons who are or were at the time Directors of a Leighton subsidiary or have or had the status of General Manager or Senior Manager within the Leighton Group.

Directors Deed

The Company has entered into a Deed of Indemnity, Insurance and Access ("Directors Deed") with each current and former Director of the Company who has held office since 4 November 1999. These Deeds formalise the arrangements between the Company and the Directors as to indemnities, insurance and access to board records and replaced any existing Deeds of Indemnity previously executed by the Company in favour of those Directors.

Under each Directors Deed the Company indemnifies the Director to the extent permitted by law against any liability (including liability for legal defence costs) incurred by the Director as an officer or former officer of the Company or any subsidiary or while acting at the request of the Company or any subsidiary as an officer of a non-controlled entity. In approving each Directors Deed the Board relied on the resolution approved by shareholders at the Annual General Meeting of the Company on 4 November 1999 and on sections 195(1A)(b) and 212 of the Corporations Act 2001.

No claims under the indemnities have been made against the Company during or since the financial year.

Insurance for Group Officers

During and since the financial year the Company has paid or agreed to pay premiums in respect of contracts insuring persons who are or have been a Group Officer against certain liabilities incurred in that capacity. 'Group Officer' for this purpose means any Director or Secretary of the Company or any subsidiary and includes any other person who is concerned, or takes part, in the management of the Company or of any subsidiary.

Under the above mentioned Deeds of Indemnity and Directors Deeds, the Company has undertaken to the relevant officer or former officer that it will insure the officer against certain liabilities incurred in his or her capacity as an officer of the Company or any subsidiary or as an officer of a non-controlled entity where the office is or was held at the request of the Company or any subsidiary.

The insurance contracts entered into by the Company prohibit disclosure of the nature of the liabilities insured by the insurance contracts and the amount of the premiums.

Share options

Leighton Staff Equity Participation Plan ("LSEPP")

At the date of this report there are no options over unissued ordinary shares in the Company outstanding under LSEPP. Since 1 July 2001 under LSEPP:

- (i) 1,000,250 shares have been issued on exercise of options at an exercise price of \$5.41 each;
- (ii) no options have been granted.

In accordance with the amendments to LSEPP approved by shareholders at the 1998 Annual General Meeting, no further invitations will be issued to Group

employees to acquire shares or options under LSEPP unless and until shareholders determine otherwise.

Leighton Executive Share Options Plan (LESOP)

LESOP was approved by shareholders at the 1998 AGM. The total number of options over unissued ordinary shares in the Company outstanding under LESOP at the date of this report is 8,262,300 and are detailed as follows:

- (i) 2,207,300 options granted on 5 August 1999 at an exercise price of \$5.84 per option and with an expiry date of 5 August 2004 (the "1999 Options").
- (ii) 5,965,000 options granted on 27 March 2002 at an exercise price of \$10.96 per option and with an expiry date of 27 March 2007 and 90,000 options granted on 12 April 2002 at an exercise price of \$10.44 per option and with an expiry date of 12 April 2007 (the "2002 Options").

The exercise of the 1999 Options and the 2002 Options is subject to the following conditions:

- (i) the options may only be exercised on or after the second and no later than the fifth anniversary of the date of grant;
- (ii) not more than 50% of the options held by an option holder and having the same date of grant may be exercised before the third anniversary of the date of grant (the "First Tranche");
- (iii) (performance hurdle) no option is exercisable unless the percentage increase in Leighton's total shareholder returns (that is, growth in share price plus dividends reinvested) during the period of the two years ending 28 days before the proposed exercise of the option equals or exceeds the percentage increase in either the ASX All Industrials Accumulation Index or the ASX 100 Industrials Accumulation Index during the same two year period.

Independent advice received by the Company from Egan Associates in July 2001 and July 2002 confirmed that the performance hurdle had been achieved in respect of the 1999 Options. The first assessment of the performance hurdle in respect to the First Tranche of the 2002 Options will occur in February 2004.

The expiry date of options issued under LESOP is extended by 6 months in the case of options held by an Executive who dies or suffers total and permanent disablement (as defined in the Plan Rules) during the 6 month period before the fifth anniversary of the date of grant of the options.

Since 1 July 2001 under LESOP:

- (i) 6,070,000 of the 2002 Options have been granted;
- (ii) 7,500 of the 1999 Options and 15,000 of the 2002 Options have lapsed;
- (iii) 4,330,200 shares have been issued on exercise of 1999 Options at an exercise price of \$5.84 each.

Executives holding options under LESOP are only entitled to participate in a new issue of shares in the Company if they have become entitled to exercise their options and they do so during the period prescribed in the Plan Rules and participate as a result of being a holder of shares in the Company.

The Company's two Executive Directors were granted 2002 Options under LESOP as part of their remuneration and as approved by shareholders at the 2001 Annual General Meeting.

The number granted was as follows:

Name	No. of options granted
D S Adamsas	400,000
W M King AM	600,000

The five most highly remunerated officers of the Group were also granted 2002 Options under LESOP as part of their remuneration as follows:

Name	No. of options granted
J Faulkner	300,000
R Trundle	200,000
R Turchini	60,000
R Merkenhof	200,000
D Savage	70,000

The names of the persons who currently hold options under LESOP are entered in the register of options kept by the Company pursuant to section 170 of the Corporations Act 2001. The register may be inspected free of charge.

These options do not entitle the holder to participate in any share issue of any other body corporate.

There are no unissued shares in the Company under option as at the date of this report, other than those issued under LESOP referred to above.

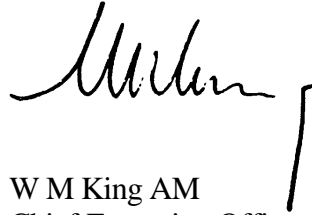
Rounding off of amounts

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 this report and the accompanying Concise Financial Report to the nearest thousand dollars, unless otherwise indicated.

Signed at Sydney this 11th day of September 2002 in accordance with a resolution of the Directors.



J P Morschel
Chairman



W M King AM
Chief Executive Officer

Directors' Rèsùmès

The Directors during or since the end of the year are:

J P Morschel, (59)

DipQS, FAIM, FAICD

Appointed a Non-executive Director and Deputy Chairman on 16 August 2001. Elected Chairman in November 2001. Chairman CSR Limited. Director of Rio Tinto plc and Rio Tinto Limited, Singapore Telecommunications Limited and Tenix Pty Limited. Patron of the Property Industry Foundation and a Trustee of the Art Gallery of NSW. Formerly Chairman of Comalco Limited, Director of Westpac Banking Corporation and Managing Director of Lend Lease Corporation Limited.

W M King AM, (58)

BE, MEngSc, Hon. FIEAust, CPEng, FAICD, FAIM, FAIB, FTSE

A graduate of the University of NSW. An Executive Director since 1975. Appointed Chief Executive in 1987. A civil engineer who joined Leighton Contractors in 1968 and became Managing Director of that company in 1977. Appointed Deputy Managing Director of Leighton Holdings in 1983. A Director of Coca-Cola Amatil Limited. Participates in construction industry affairs and is the President of the Australian Constructors Association. Member of the Business Council of Australia. Honorary Fellow of the Institution of Engineers and Fellow of the Australian Institute of Company Directors, the Australian Institute of Management, the Australian Institute of Building and the Academy of Technological Sciences and Engineering. Member of the American Society of Civil Engineers. Founding Councillor of the Australia Business Arts Foundation.

D S Adamsas, (59)

BComm, FAICD

A graduate of the University of NSW. An Executive Director since 1988. Joined the Company in 1971 and has held various senior accounting and commercial positions within the Group. Appointed Associate Director in 1985. Responsible for overall Group management reporting, statutory accounting, auditing, treasury, taxation and insurance. Appointed Deputy Chief Executive Officer of the Leighton Group in June 2001. Director of the Committee for Economic Development of Australia (CEDA). President of the Financial Executives International of Australia. Fellow of the Australian Institute of Company Directors.

M C Albrecht AC, (63)

B.Tech (Civil), FTSE, FIE Aust, FAICD, FAIM, DUniv (QUT)
Appointed a Non-executive Director on 8 November 2001. Chairman of Thiess Pty Ltd and Geodynamics Ltd. A director of Portman Limited and Queensland Gas Company Limited. He is a member of the Queensland Premier's Business Round Table, a Director of the Wesley Medical Research Institute Board. Chairman of Q-RAPID – Queensland Recreation and Sport Association for People with an Intellectual Disability. He is the former Managing Director of Thiess Pty Ltd, a position he held for 15 years before retiring in October 2000.

G J Ashton, (64)

FAICD, FAIM

A Non-executive Director since 1996. Chairman of the Superannuation Trust of Australia. A Director of the NSW State Transit Authority and former Managing Director of Clyde Industries Limited and Monier Limited. Immediate past National President of the Australian Industry Group. Chairman of a number of private companies.

G J Dixon, (62)

A Non-executive Director since 1999. Managing Director and Chief Executive Officer of QANTAS Airways Limited. Before joining QANTAS held senior commercial positions with both Australian Airlines and Ansett Airlines, and has served on the Commercial Board of the International Air Transport Association. A Director of Air Pacific Ltd, Fiji Resorts Ltd, Mission Australia (Sydney City Mission) and the Starlight Foundation.

A Drescher, (62)

BEc

A graduate in economics from Hamburg University, Germany. A Non-executive Director since 1996. Chairman of Columbus Line Australia Pty Limited, Non-executive Director of Austal Limited, Adsteam Marine Limited, Sword Securitisation Limited and the Sydney Maritime Museum Limited. He was founding Director of the German Australian Chamber of Industry and Commerce in 1977 and the Chamber's Chairman from 1986 to 1993. In 1997 Mr Drescher was awarded the "Cross of the Order of Merit" by the Federal Republic of Germany.

I R Johnson, (61)

BSc(Hons), FAICD

A graduate of the University of New England. A Non-executive Director since 1997. Chairman of Newcrest Mining Limited. Director of John Holland Group Pty Limited. Former Group Executive of CRA Limited.

Dr H-P Keitel, (55)

Dr.-Ing.E.h.

A graduate in studies on civil engineering at Technical University Stuttgart and on business administration and economics at Technical University Munich, Germany. A Non-executive Director since 1992. Elected Deputy Chairman in November 1998. Joined HOCHTIEF AG in 1988 as Director to the Board responsible for international business. Became a member of the Board of Executive Directors in 1990 and was appointed Chairman of the Board of Executive Directors of HOCHTIEF AG in 1992. Other directorships include Pilkington PLC, UK, Ballast Nedam NV, The Netherlands, and The Turner Corporation, USA. He is a member of several Supervisory Boards. A Director of HOCHTIEF Australia Limited.

D A Mortimer, (57)

BEC(Hons), FCPA

A Non-executive Director since 1997. Chairman of Citect Corporation Limited and MIA Limited. Deputy Chairman of Australia Post. A Director of Adsteam Marine Limited, Petsec Energy Limited and Macquarie Infrastructure Investment Management Limited. Former Managing Director and Chief Executive Officer of TNT Limited.

Dr B Peus, (60)

Dr of Law

Studied at the Universities of Münster, Lausanne and Berlin. Graduated and awarded Doctorate of Law from the University of Münster. A Non-executive Director since 1994. Joined HOCHTIEF in 1977 and was a member of the Board of Executive Directors until the end of 2001. Presently Chairman of HOCHTIEF Australia Limited, President of HOCHTIEF Canada Inc. and a Director of AECON Group Inc., Toronto.

D P Robinson, (46)

MCom, BEc, FCA

A graduate of the University of Sydney. A Non-executive Director since 1990. Alternate Director from 1987 to December 1990. A chartered accountant and principal of the firm Harveys Chartered Accountants in Sydney. Responsible for business development services within that firm. Participates in construction industry affairs. A Director of HOCHTIEF Australia Limited.

Retired Directors

Morrish Alexander Besley AC

A Non-executive Director since 1989. Elected Chairman in 1990 and held this position until his retirement from the Board on 8 November 2001.

Rodney Malcolm Wylie OBE

A Non-executive Director since 1985 and Deputy Chairman since February 1990. Retired from the Board on 16 August 2001.

Leighton Holdings Limited Board

J P Morschel *Chairman*

H-P Keitel *Deputy Chairman*

W M King AM *Chief Executive*

D S Adamsas, M C Albrecht AC, G J Ashton, G J Dixon, A Drescher, I R Johnson, D A Mortimer, B Peus, D P Robinson

Associate Directors

J Faulkner, R J Merkenhof, R S Trundle, V A Vella, W J Wild
Secretary A J Moir

Audit Committee

D P Robinson *Chairman*

D S Adamsas, D A Mortimer, J P Morschel, W M King AM,
Secretary A J Moir

Board Nominations Committee

J P Morschel *Chairman*

W M King AM

Ethics Committee

J P Morschel *Chairman*

G J Ashton, I R Johnson

Executive Committee

W M King AM *Chairman*

D S Adamsas, J Faulkner, R J Merkenhof, A J Moir, M J Rollo, R S Trundle,
V A Vella, W J Wild

Remuneration Committee

J P Morschel *Chairman*

W M King AM, A Drescher, H-P Keitel

Corporate Governance Policy

1 The Board

The Leighton Board is responsible to shareholders for the Group's overall corporate governance. The Board's responsibilities include:

- reviewing and determining strategic direction and policy;
- establishing goals for Management and monitoring the achievement of those goals;
- appointing, monitoring and rewarding senior Managers; and
- reporting to shareholders.

The Company has presently ten Non-executive Directors and two Executive Directors in conformity with the Board's policy that the Board have a majority of Non-executive Directors.

The Chairman is a Non-executive Director. HOCHTIEF is represented on the Board by three Non-executive Directors, namely Messrs H-P Keitel, B Peus and D P Robinson.

The Board is balanced in its composition with each current Director bringing to the Group a range of complementary skills and experience, as set out on pages 69 to 73 under the heading 'Directors' Resumes'.

It is the Board's policy that the Chairman and Chief Executive Officer, acting as a Nomination Committee, should assess and make recommendations to the Board regarding the membership of the Board, including proposed new appointments.

Where appropriate, independent consultants are engaged to identify possible new candidates for the Board.

The Board has nine scheduled full meetings each year. Other meetings are held on short notice when particular issues arise which require discussion and a decision by the Board.

Members of the Board visit significant locations and projects when it is considered that actual inspection and meetings with local management will assist Directors' understanding of important operational issues.

2 Appointment and Retirement of Non-executive Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of Non-executive Directors on a case by case basis and in conformity with the requirements of the ASX Listing Rules and the Corporations Act 2001.

Non-executive Directors are subject to re-election by rotation at least every three years and must be re-elected at each Annual General Meeting following their 72nd birthday.

3 Compensation Arrangements for Directors and Senior Executives

The Board has established a Remuneration Committee whose principal functions include:

- review and approve the remuneration of executive Directors and other senior executives of the Group;
- review and make recommendations to the Board regarding:
 - the remuneration policies and practices for the Group generally including participation in the incentive plan, share scheme and other benefits; and
 - superannuation arrangements.

The current members of the Remuneration Committee are Messrs J P Morschel (Chairman), W M King AM, H-P Keitel and A Drescher.

As Chief Executive Officer, Mr King absents himself from the meetings before any discussion by the Committee in relation to his own remuneration.

The remuneration of Non-executive Directors is determined by the Executive Directors having regard to the level of fees paid to Non-executive Directors by other companies of similar size and stature.

The aggregate amount payable to Non-executive Directors as a Director of Leighton Holdings Limited must not exceed the maximum annual amount approved by the Company's shareholders (currently \$1,300,000 as determined at the 2001 Annual General Meeting).

Under the policy approved by shareholders at the 1996 Annual General Meeting, retiring Non-executive Directors who have held office for three years or more are permitted to receive a retiring allowance which rises with the length of their service. The maximum allowance is payable in the case of a Non-executive Director who has held office for at least 10 years and in such a

case the allowance is an amount equal to the Director's total fees during the last five years before retirement.

4 Business Risk Management

Areas of significant business risk to the Group are highlighted in the Business Plan presented to the Board by the Chief Executive Officer each year.

The Board reviews and approves the parameters under which such risks will be managed before adopting the Business Plan.

Arrangements put in place by the Board to monitor risk management include:

- regular monthly reporting to the Board in respect of operations, the financial position of the Group and new contracts;
- attendance and reports by the Managing Directors of the Group's main operating subsidiaries at Board Meetings on at least a quarterly basis;
- presentations made to the Board or Committees of the Board throughout the year by appropriate members of the Group's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by the Group Services Division. The Board has also adopted reporting and other procedures which allow it to monitor Group performance regarding:
 - the Company's compliance with the continuous disclosure requirements of the ASX Listing Rules; and
 - health and safety, environment and trade practices.

5 Audit Review

An Audit Committee was established by the Board in June 1990.

The functions of this Committee include:

- assist the Board in the discharge of its responsibilities in respect of the preparation of the Group's financial statements and the Group's internal controls;
- recommend to the Board nominees for appointment as external auditors;
- review the scope of the audit, the level of audit fees and the performance of the external auditors;
- provide a line of communication between the Board and the external auditors; and

- examine the external auditors evaluation of internal controls and management's response.

The current members of the Audit Committee are Messrs D P Robinson (Chairman), J P Morschel, W M King AM, D S Adamsas, and D A Mortimer.

6 Board Committees Generally

It is the Board's policy that Committees of the Board dealing with corporate governance matters should:

- be chaired by a Non-executive Director;
- generally be constituted with at least half the membership being persons who are Non-executive Directors. In September 2002 the Board amended this policy so that in future all Committees dealing with corporate governance matters, except the Nominations Committee, should be constituted with a majority of Non-executive Directors;
- be entitled to obtain independent professional or other advice at the cost of the Company; and
- be entitled to obtain such resources and information from the Group, including direct access to employees of and advisors to the Group, as they may require.

Board Committees operate in accordance with terms of reference established by the Board and report to the Board. The Board reviewed and amended the terms of reference for the Audit Committee in August 2002 to provide that membership of the Committee will comprise a majority of Non-executive Directors, and that the Non-executive Director members of the Committee are to meet the external auditors at least twice each year without Management in attendance.

7 Annual Review by the Board

It is the Board's policy that the Board should at least once each year:

- review the performance of the Board, the Group and Management; and
- review the allocation of the work of the Group between the Board and Management.

8 Directors' Access to Independent Professional Advice

For the purposes of the proper performance of their duties, Directors are entitled to seek independent professional advice at the Company's expense, subject to the approval of the Board.

9 Equity Participation by Directors

The Company's Constitution requires Directors to hold at least 1,000 shares in the Company but additional shareholdings by Directors are encouraged.

The Company has a policy, which restricts the times, and circumstances in which Directors and senior executives may buy or sell shares in the Company. Unrestricted trading is limited to specified short periods after announcements are made to the ASX of the half yearly and preliminary final results and after the Annual General Meeting.

10 Ethical Standards

Leighton recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity.

To this end the Board established an Ethics Committee in November, 1998 whose principal function is to review and make recommendations to the Board regarding the maintenance of ethical standards and practices generally within the Leighton Group.

The current members of the Ethics Committee are Messrs J P Morschel (Chairman), G J Ashton and I R Johnson.

In September 1995 the Board adopted a Code of Ethics, which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

Under the Code officers and employees are expected to:

- comply with the law;
- act honestly and with integrity;
- not place themselves in situations which result in divided loyalties;
- use Leighton's assets responsibly and in the best interests of Leighton;
- be responsible and accountable for their actions.

The Code and its implementation are reviewed each year.

A copy of the Code of Ethics is available to shareholders on request and is available from the Leighton website www.leighton.com.au

Shareholdings

Information as to shareholdings on 2 September 2002 is as follows:

Substantial Shareholdings

The names of the substantial shareholders and the numbers of the equity securities in which they have an interest, as shown in the Company's Register of Substantial Shareholders, are:

Name	No. of Shares
HOCHTIEF Australia Limited	135,194,792
The following companies hold a relevant interest in these shares. HOCHTIEF Aktiengesellschaft, ("HOCHTIEF AG"), (the parent company of HOCHTIEF Australia Limited.) RWE Aktiengesellschaft, (a major shareholder in HOCHTIEF AG.)	
Number of Shareholders	18,369
Of ordinary shares which have equal voting rights*	

*Voting Rights: On a show of hands every member present in person or by proxy or attorney or duly appointed representative shall have one vote and on a poll every member present as aforesaid shall have one vote for each share of which he/she is the holder.

Distribution Schedule Category	No. of Shareholders
1 – 1,000	9,092
1,001 – 5,000	7,468
5,001 – 10,000	1,120
10,001 – 100,000	622
100,001 and over	67
	18,369

There were 94 shareholders with less than a marketable parcel (44 shares).

Twenty Largest Shareholders

The percentage of the total holding of the 20 largest shareholders, as shown in the Company's Register of Members, is 78.76% and their names and numbers of shares are as follows:

Name	Number	% of Total Shareholdings
Hochtief Australia Limited	135,190,927	50.03
Westpac Custodian Nominees Limited	14,131,930	5.23
JP Morgan Nominees Australia Limited	13,042,871	4.83
National Nominees Limited	10,861,510	4.02
NRMA Nominees Pty Limited	5,034,604	1.86
Queensland Investment Corporation	4,765,249	1.76
Commonwealth Custodial Services Limited	3,760,180	1.39
AMP Life Limited	3,600,524	1.33
Zurich Australia Limited	3,235,093	1.20
The National Mutual Life Association of Australasia Limited	3,086,344	1.14
MLC Limited	2,765,337	1.02
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fnd A/C)	2,273,808	0.84
Westpac Financial Services Limited	1,915,522	0.71
Citicorp Nominees Pty Limited	1,586,581	0.59
Cogent Nominees Pty Limited	1,519,921	0.56
Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fnd A/C)	1,405,023	0.52
ANZ Nominees Limited	1,280,427	0.47
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	1,197,630	0.44
Westpac Life Insurance Services Limited	1,190,031	0.44
Citicorp Nominees Pty Limited (CFS WSLE Industrial Shr A/C)	1,016,625	0.38
	212,860,137	78.76

Concise Financial Report

Statement of Financial Performance for the year ended 30 June 2002

	Consolidated	
	2002	2001
	\$'000	\$'000
Revenues from ordinary activities	5,034,845	4,393,254
Expenses from ordinary activities	(4,817,566)	(4,181,595)
Borrowing costs	(6,817)	(12,638)
Share of net profits of associates and joint venture entities	23,201	3,219
Profit from ordinary activities before income tax expense	233,663	202,240
Income tax expense relating to ordinary activities	(59,450)	(42,312)
Profit from ordinary activities after income tax expense	174,213	159,928
Net profit attributable to outside equity interest	(4,991)	(3,772)
Net profit attributable to members of the parent entity	169,222	156,156
Other changes in equity attributable to members of the parent entity		
Net exchange difference on translation of financial statements of self-sustaining foreign operations	(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
Basic earnings per share – cents	63.1	59.2
Diluted earnings per share – cents	62.8	59.1
Dividends per share – cents		
– Interim	16.0	14.0
– Final	26.0	25.0
Dividend payout ratio	67.1%	66.3%

The statement of financial performance is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 88 to 92.

Discussion and analysis of Statement of Financial Performance

Total operating revenue (including our share of joint venture entities' revenue) was \$5.22 billion, up 20% from \$4.36 billion for the previous year. The principal sources of operating revenue were engineering and infrastructure \$1.85 billion, mining and resources \$1.41 billion, building and property development \$1.16 billion, telecommunications \$619 million and environmental services \$186 million.

The result reflects strong contributions from the Group's Asian operations and a solid performance across the diversified contracting activities in Australia, despite a very competitive operating environment.

Group operating profit after tax and outside equity interests was up 8% to \$169.2 million. Pre-tax profit after outside equity interests was up 15% to \$227.3 million.

The Australia/Pacific operations contributed \$141 million profit before tax, up by 21%. Revenue was up by 29% to \$3.91 billion. John Holland continued to meet its recovery program targets and has made an increased contribution to the Group. The sale of several of Leighton Properties' developments in Melbourne also made a contribution to the Group's performance.

A provision of \$45 million has been taken against Nextgen Networks, due to the current instability in the telecommunications market. The Group will continue to support Nextgen Networks as it develops its business and will closely monitor its progress with regard to the value of the future investment. The Group is due to invest \$92 million in Nextgen in the second half of 2002/03.

Another strong performance was recorded by the Group in Asia with a similar level of revenue and profit achieved to that of the previous year. Due to the appreciation of the Australian dollar during the year, profit before tax was down 5% to \$77 million and revenue was down 6% to \$1.22 billion. Indonesian contract mining operations, construction in Malaysia and rail work in Hong Kong were the major contributors.

The return on shareholders' funds averaged 22.1% over the year, compared with 22.3% last year.

A final dividend of 26 cents per share franked to the extent of 70% will bring the full year ordinary dividend to a total of 42 cents per share. This compares with 39 cents per share last year representing an 8% increase.

Statement of Financial Position as at 30 June 2002

	Consolidated	
	2002 \$'000	2001 \$'000
Assets		
Cash assets	588,363	500,133
Receivables	804,268	662,640
Inventories	53,596	161,405
Investments in other entities	84,691	65,081
Investments accounted for using the equity method	49,217	11,903
Deferred tax assets	88,697	80,287
Property, plant and equipment	614,249	528,907
Intangible assets	34,693	39,804
Total assets	2,317,774	2,050,160
Liabilities		
Payables	1,182,861	987,125
Current tax liabilities	18,525	37,813
Provisions	251,764	163,738
Interest bearing liabilities	64,346	100,116
Deferred tax liabilities	5,732	21,079
Total liabilities	1,523,228	1,309,871
Net assets	794,546	740,289
Equity		
Contributed equity	399,391	378,598
Reserves	(25,048)	2,303
Retained profits	414,916	359,269
Total parent entity interests	789,259	740,170
Outside equity interest	5,287	119
Total equity	794,546	740,289

The statement of financial position is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 88 to 92.

Discussion and analysis of Statement of Financial Position

The statement of financial position presents the Group's assets and liabilities in the order of their liquidity.

The Group's net assets increased during the year by 7.3% to \$795 million. Net tangible assets per ordinary share increased during the same period from \$2.64 to \$2.83.

The continued expansion in the activity of the Group has resulted in an increase in total assets from \$2.05 billion to \$2.32 billion. This increase is largely reflected in increases in receivables, cash and plant. The Group's investment in property, plant and equipment has increased to \$614 million mainly in plant and equipment involved in mining operations.

The level of net cash (cash less borrowings) held by the Group at 30 June 2002 was \$524 million compared to \$400 million at 30 June 2001.

Other significant movements in balance sheet items include:

- an increase in accounts payable in line with the expansion in the activity of the Group;
- an increase in investments in other entities following investments in the James Fielding Group;
- a decrease in inventories following the sale of development properties in Melbourne including the St Kilda Road office building, Melbourne;
- total provisions increased with a provision of \$45 million taken against Nextgen Networks and a 21% increase in employees;
- the foreign currency translation reserve has decreased as a result of the appreciation of the Australian dollar against the US dollar.

Statement of Cash Flows for the year ended 30 June 2002

	Consolidated	
	2002	2001
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	4,875,965	4,101,727
Cash payments in the course of operations	(4,122,205)	(3,484,360)
Dividends received	2,020	1,424
Interest received	17,556	17,119
Borrowing costs paid	(7,130)	(11,560)
Income taxes paid	(108,949)	(50,573)
Net cash provided by operating activities	657,257	573,777
Cash flows from investing activities		
Payments for investments in controlled entities and businesses	(33,270)	(34,873)
Payments for property, plant and equipment	(446,212)	(346,997)
Proceeds from sale of assets	37,465	99,815
Proceeds from/(payments for) investments in other entities	11,841	(49,430)
(Loans to)/repayments by executives	497	(970)
Net cash used in investing activities	(429,679)	(332,455)
Cash flows from financing activities		
Proceeds from share issues	20,793	14,707
Proceeds from borrowings	–	166,170
Repayment of borrowings	(27,867)	(182,282)
Distributions to outside equity interests	–	(24,192)
Dividends paid	(109,971)	(89,705)
Net cash used in financing activities	(117,045)	(115,302)
Net increase in cash held	110,533	126,020
Net cash at the beginning of the financial year	500,133	348,029
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year	(22,303)	26,084
Net cash at reporting date	588,363	500,133

The statement of cash flows is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 88 to 92.

Discussion and analysis Statement of Cash Flows

Receipts from customers increased to \$4.9 billion primarily reflecting the growth in revenue.

The Group repaid borrowings of \$28 million in the year which was in accordance with the loan agreements entered into with third parties. No short-term borrowings were entered into during the financial year.

The final 2001 and interim 2002 cash dividends totalled \$110 million.

Strong cash flows from operating activities were recorded in Australia and Asia totalling \$657 million, an increase of 14%. This cash was partly applied to our net plant purchases, acquisitions and investments, including 9% interest acquired in the James Fielding Group.

The appreciation in the Australian dollar during the financial year has had the effect of decreasing the Group's opening cash balance by \$22 million.

The cash balance has increased by 18% to \$588 million. The net cash position (cash less borrowings) is \$524 million compared to \$400 million at June 2001. The Group's undrawn facilities have increased by \$2 million to \$435 million.

Notes to the Concise Financial Report for the year ended 30 June 2002

1 Basis of Preparation of Concise Financial Report

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 “Concise Financial Reports” and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the Consolidated Entities full financial report for the financial year. Other information included in the concise financial report is consistent with the Consolidated Entities full Financial report.

The concise financial report does not, and can not be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

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 assets. These accounting policies have been consistently applied by each entity in the Group and except where there has been a change in accounting policy as detailed in Note 6, are consistent with those in the previous year. A full description of the accounting policies adopted by the Consolidated Entity may be found in the Consolidated Entity’s full Financial Report.

	Consolidated	
	2002	2001
	\$'000	\$'000
2 Revenues		
Construction contracting services	4,585,413	3,929,318
Other contracting services	186,241	185,591
Income from investment 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	264	348
– Other parties	15,204	18,938
Dividends – Other parties	2,331	1,424
Proceeds from sale of other assets	37,465	99,815
Revenues from ordinary activities	5,034,845	4,393,254

	Consolidated	
	2002	2001
	\$'000	\$'000
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
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
Foreign exchange (gains)/losses	(1,952)	(136)
Book value of assets sold	30,880	89,308
Cost of development properties sold	118,821	89,457
Provision against future Nextgen investment	45,000	–
Other expenses	60,473	43,725
Expenses from ordinary activities	4,817,566	4,181,595

4 Segment Information

Primary Segment – Geographical	Australia/ Pacific \$'000	South East Asia \$'000	Americas \$'000	Eliminations \$'000	Total \$'000
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

Primary Segment – Geographical	Australia/Pacific \$'000	South East Asia \$'000	Americas \$'000	Eliminations \$'000	Total \$'000
Assets	1,789,691	565,345	25,759	(63,021)	2,317,774
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
Assets	1,520,779	708,657	28,477	(207,753)	2,050,160
Liabilities	916,994	414,185	30,780	(52,088)	1,309,871

	Consolidated	
	2002	2001
	\$'000	\$'000
5 Dividends		
Dividends provided for or paid by the Company are:		
2001 final dividend paid on shares issued post reporting date	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
Final dividend		
A partly 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
	113,575	103,502

6 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 4) 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 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 Australia/Pacific segment result \$123,051 (previously \$121,285); - total segment result \$206,208 (previously \$204,442). 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.

Statutory Statements

Directors' Declaration

In the opinion of the Directors of Leighton Holdings Limited the accompanying concise financial report of the Consolidated Entity, comprising Leighton Holdings Limited and its controlled entities for the year ended 30 June 2002 set out on pages 81 to 92:

(a) has been derived from or is consistent with the full financial report for the financial year; and

(b) complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Signed in accordance with a resolution of the Directors.



JP Morschel
Chairman



W M King AM
Chief Executive Officer

Dated at Sydney this 11th day of September, 2002.

Independent Audit Report on the Concise Financial Report to the Members of Leighton Holdings Limited

Scope

We have audited the concise financial report of Leighton Holdings Ltd and its controlled entities for the financial year ended 30 June 2002 consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 6 and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows in order to express an opinion on it to the members of the Company. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Leighton Holdings Limited and its controlled entities for the year ended 30 June 2002.

Our audit report on the full financial report was signed on 11 September 2002 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" issued in Australia.

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

Audit Opinion

In our opinion the concise financial report of Leighton Holdings Limited and its controlled entities for the year ended 30 June 2002 complies with AASB 1039 "Concise Financial Reports" issued in Australia.



KPMG



D K Jukes
Partner



S J Marshall
Partner

Dated at Sydney this 11th day of September, 2002.

Shareholder Information

2002 Financial report

A copy of the Group's 2002 Financial Report, including the independent Audit Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Financial Report can be requested by telephone from our Group Information Manager on (02) 9925 6612 and is available from the Leighton website www.leighton.com.au

Enquiries

If you have any questions about your shareholding, dividend payments, tax file number, change of address etc, you should contact the Company's Shareholder Enquiry Line at Computershare Investor Services Pty Limited:

by phone on

1300 855 080 (local) or

61 3 9615 5970 (international); or

by fax

on 02 8234 5050 (local) or

61 2 8234 5050 (international); or

by email at sydney.services@computershare.com.au

Or write to:

Computershare Investor Services Pty Limited

GPO Box 7045

Sydney NSW 1115

Dividend payment

The final dividend of 26 cents per share will be paid on 30 September 2002 and will be franked to the extent of 70%.

Direct dividend deposit into bank accounts

If you choose, your Leighton dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Details of the dividend payment will be confirmed by an advice mailed to you on that date.

Application forms are available from our share registrar, Computershare Investor Services Pty Limited.

If you subsequently change your bank account, please promptly notify the registrar in writing quoting your old bank account number as an added security check.

Tax file numbers

Since 1 July 1991, all companies have been obliged to deduct tax at the top marginal rate from unfranked dividends paid to investors, resident in Australia, who have not supplied them with a tax file number or exemption particulars. Tax will not be deducted from the franked portion of a dividend.

If you have not already done so, a Tax File Number Notification form or Tax File Number Exemption form should be completed for each holding and returned to our Registrars, Computershare Investor Services Pty Limited at the above address. Please note you are not required by law to provide your tax file number if you do not wish to.

Stock exchange listing

The Company is listed on the Australian Stock Exchange. The home branch is Sydney.

Share information

Information regarding Substantial Shareholders, the 20 largest holders and shareholding distribution is on page 79 and 80.

Audit committee

As at 11 September 2002, the Company has a formally constituted Audit Committee of the Board of Directors.

Additional information – Appendix 4B

In accordance with ASX listing rule 4.10.1 we advise that the following information contained in the Appendix 4B dated the 15th August 2002 is different to that in the Annual Report: statement of financial performance: expenses from ordinary activities 2002: \$4,817,566 (previously \$4,819,437), 2001: \$4,181,595 (previously \$4,183,361); borrowing costs 2002: \$6,817 (previously \$4,946), 2001: \$12,638 (previously \$10,872); notes to the concise financial report, note 3, labour costs 2002: \$803,076 (previously \$804,947), 2001: \$732,397 (previously \$734,073), note 4 Australia/Pacific segment result 2002: \$124,021 (previously \$122,150), 2001: \$123,051 (previously \$121,285), Total segment result 2002: \$210,901 (previously \$209,030), 2001: \$206,208 (previously \$204,442). These changes occurred due to a reclassification of costs from remuneration to borrowing costs and had no impact on the result or the statement of financial position of the Consolidated Entity in the current or previous financial years.

Share buy-back

Leighton Holdings does not have a current on-market buy-back program.

Other available publications

In addition to the Annual Report the Company distributes the Chairman's Address, the Half Yearly and Preliminary Final Reports and quarterly Corporate Updates to all shareholders. Newsletters are published bi-monthly and are available on request. Should you wish to be put on the mailing list, please contact the Group Information Manager on (02) 9925 6612.

Leighton Holdings is pleased to offer shareholders a complimentary copy of the special commemorative book "Leighton: 50 years of achievement 1949–1999". Copies can be obtained by contacting the Group Information Manager on (02) 9925 6612 or via email at leighton@leighton.com.au

Removal from annual report mailing list

If you do not wish to receive an Annual Report please advise the Company in writing.

Financial Calendar*

2002

9 September	Shares begin trading ex Dividend
13 September	Books close for Final Dividend
30 September	Final Dividend paid
7 November	Annual General Meeting
31 December	Half year end

2003

11 February	Half year Results announced
7 March	Shares begin trading ex Dividend
14 March	Books close for Interim Dividend
31 March	Interim Dividend paid
30 June	Year end
14 August	Preliminary Final Results announced
8 September	Shares begin trading ex Dividend
12 September	Books close for Final Dividend
30 September	Final Dividend Paid
6 November	Annual General Meeting

*Note timing of events can be subject to change

Statistical Summary

	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000
Summary of Financial Position					
Contributed equity	399,391	378,598	363,891	361,884	130,563
Total parent entity interest	789,259	740,170	660,580	612,339	573,803
Total equity	794,546	740,289	684,890	632,878	590,594
Total liabilities	1,523,228	1,309,871	1,044,431	943,116	916,309
Total assets	2,317,774	2,050,160	1,729,321	1,575,994	1,506,903
Summary of Financial Performance					
Revenues from ordinary activities	5,034,845	4,393,254	3,577,364	3,327,878	3,034,546
Profit from ordinary activities before interest and income tax expense	240,480	214,878	206,827	188,497	163,017
Profit from ordinary activities before income tax expense	233,663	202,240	201,374	181,818	155,148
Income tax expense relating to ordinary activities	59,450	42,312	43,371	50,424	44,981
Profit from ordinary activities after income tax expense	174,213	159,928	158,003	131,394	110,167
Net profit attributable to members of the parent entity	169,222	156,156	134,080	121,809	102,852
Financial Statistics					
Earnings per ordinary share					
– basic	63.1¢	59.2¢	51.1¢	46.6¢	39.5¢
– diluted	62.8¢	59.1¢	50.7¢	46.1¢	39.5¢
Dividends per ordinary share	42.0¢	39.0¢	33.0¢	30.0¢	26.0¢
Return on equity attributable to members	21.4%	21.1%	20.3%	19.9%	17.9%
Return on total assets	7.3%	7.6%	7.8%	7.7%	6.8%

Financial Report

	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit before interest and tax to total revenue	4.8%	4.9%	5.8%	5.7%	5.4%
Operating profit attributable to members to total revenue	3.4%	3.6%	3.7%	3.7%	3.4%
Dividend times covered	1.5	1.5	1.5	1.6	1.5
Dividend payout ratio	67.1%	66.3%	64.7%	64.5%	66.0%
Interest times covered	35.3	17.0	18.7	28.2	20.7
Net tangible assets per ordinary share	\$2.83	\$2.64	\$2.52	\$2.42	\$2.26
Current ratio	1.1	1.2	1.3	1.2	1.3
Total equity to total assets	34.3%	36.1%	39.6%	40.2%	39.2%
Total equity to total liabilities	52.2%	56.5%	65.6%	67.1%	64.5%
Gross borrowings to total equity	8.1%	13.5%	14.3%	14.7%	20.2%
Net borrowings to total equity	(66.0%)	(54.0%)	(36.5%)	(42.8%)	(42.2%)
Number of employees	15,228	12,615	12,698	10,502	11,970

Directory and Offices

Leighton Holdings Limited

ACN 004 482 982
ABN 57 004 482 982

Head Office

Level 5, 472 Pacific Highway
St Leonards NSW 2065
Tel. +61 2 9925 6666
Fax. +61 2 9925 6005
www.leighton.com.au

Board of Directors

John Powell 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

Associate Directors

John Faulkner
Robert John Merkenhof
Roger Stewart Trundle
Vyril Anthony Vella
William Joseph Wild

Secretary

Ashley John Moir

Principal Registered Office in Australia

Level 5, 472 Pacific Highway
St Leonards NSW 2065

Tel. +61 2 9925 6666

Principal Bankers

Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000
National Australia Bank Limited
255 George Street
Sydney NSW 2000

Auditor

KPMG
Chartered Accountants
The KPMG Centre
45 Clarence Street
Sydney NSW 2000

Share Registrar Office

Computershare Investor Services
Pty Limited
GPO Box 7045
Sydney NSW 1115
Tel. 1300 855 080

Thiess Pty Ltd

ABN 087 010 221 486

Head Office

Thiess Centre
179 Grey Street
South Bank Qld 4101
Tel. +61 7 3002 9000
Fax. +61 7 3002 9009
www.thiess.com.au

***Queensland, Northern Territory
and the Pacific***

Level 5, Thiess House
Kings Row, 40 McDougall Street
Milton Qld 4064
Tel. +61 7 3368 0200
Fax. +61 7 3368 0250

***New South Wales and Australian
Capital Territory***

Level 5
26 College Street
Sydney NSW 2000
Tel. +61 2 9332 9444
Fax. +61 2 9331 4264

***Victoria, South Australia and
Tasmania***

Level 2
493 St Kilda Road
Melbourne VIC 3004
Tel. +61 3 9864 8888
Fax. +61 3 9864 8811

Western Australia

Level 13, St George's Square
225 St George's Terrace
Tel. +61 8 9214 4200
Fax. +61 8 9214 4244

Thiess NZ Limited

Unit A1
1066 Great South Road
Mt Wellington
Auckland NZ
Tel. +649 276 1225
Fax. +649 276 1228

PT Thiess Contractors Indonesia

Jl. T.B. Simatupang Kav. 12
Pondok Pinang
Jakarta 12310

Indonesia
Tel. +62 21 7599 9999
Fax. +62 21 7599 9800

Thiess Services Pty Ltd

ABN 069 010 725 247
69 Grindle Road
Rocklea Qld 4106
Tel. +61 7 3715 1500
Fax. +61 7 3715 1545

***Hunter Valley Earthmoving Co.
Pty Ltd***

ABN 050 000 366 450
125 Racecourse Road
Rutherford NSW 2320
Tel. +61 2 4932 5955
Fax. +61 2 4932 4311

Silcar

ABN 019 839 038 065
885 Mountain Highway
Bayswater VIC 3153
Tel. +61 3 9721 7575
Fax. +61 3 9721 7916

BOS Australia Pty Ltd

ABN 074 009 180 616
7 Yeates Road
Kwinana WA 6167
Tel. +61 8 9419 5222
Fax. +61 8 9419 3638

**Leighton Contractors
Pty Limited**

ABN 098 000 893 667

Head Office

472 Pacific Highway
St Leonards NSW 2065
Tel. +61 2 9925 6666
Fax. +61 2 9925 6004
www.leightoncontractors.com.au

New South Wales

Levels 9 & 10
12 Help Street
Chatswood NSW 2067
Tel. +61 2 9414 3333
Fax. +61 2 9415 2510

Queensland

Level 3, 143 Coronation Drive
Milton Qld 4064
Tel. +61 7 3215 4400
Fax. +61 7 3215 4480

Victoria

Level 1, 5 Queens Road
Melbourne Vic 3004
Tel. +61 3 9228 7700
Fax. +61 3 9228 3000

Western Australia

1 Altona Street
West Perth WA 6005
Tel. +61 8 9324 1166
Fax. +61 8 9481 2449

Vytel Pty Limited

ABN 30 088 704 269
Victoria Gardens
Level 1, 678 Victoria Street
Richmond Vic 3121

Tel. +61 3 8416 0400
Fax. +61 3 8416 0444

Leighton Asia Limited

Head Office

***Leighton Contractors (Asia)
Limited***
39th Floor Sun Hung Kai Centre
30 Harbour Road
Hong Kong
Tel. +852 2823 1111
Fax. +852 2529 8784
www.leightonasia.com

***Leighton Contractors (Asia)
Limited Shanghai Office***

19th Floor, Suite 1909
China Merchants Tower
161 Lujiazui Road East, Pu Dong
Shanghai 200120
China
Tel. +8621 5882 3345
Fax. +8621 5882 4029

***Leighton Contractors
(Philippines) Inc.***

9th Floor
Insular Life Building
6781 Ayala Avenue
Makati City 1226
Philippines
Tel. +632 841 0998
Fax. +632 811 0158

***Leighton Contractors (Malaysia)
Sdn Bhd***

14th Floor
Menara Multi-Purpose
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Tel. +603 2692 2388
Fax. +603 2693 5388
Lot B701, 7th Floor
Wisma Merdeka Phase II
Jalan Tun Razak
88000 Kota Kinabalu
Sabah
Malaysia
Tel. +6088 268 311
Fax. +6088 251 311

Thai Leighton Limited

6th Floor, SPC Bldg.
1 Soi Chaemchan
Sukhumvit 55 Road
Bangkok 10110
Thailand
Tel. +662 381 3344
Fax. +662 391 4503

***Leighton Contractors (Laos) Co.
Ltd.***

KM 18 Tha Ngone Road
PO Box 1614
Vientiane
Lao PDR
Tel. +856 21 752 015-16
Fax. +856 21 752 017

***Leighton Contractors (Vietnam)
Limited***

Level 2, Kimdo Business Centre
123 Le Loi Street
District 1
Ho Chi Minh City

Vietnam
Tel. +848 821 5524
Fax. +848 821 0637

***PT Leighton Contractors
Indonesia***

5th Floor, Santoso Building
Jl. H.R. Rasuna Said Kav. B-6
Kuningan
Jakarta 12910
Indonesia
Tel. +6221 520 1139
Fax. +6221 520 9864/69

Leighton Asia Limited

Level 2, 472 Pacific Highway
St. Leonards, NSW 2065
Australia
Tel. +61 2 9925 6618
Fax. +61 2 9925 6951

John Holland Group Pty Ltd

ABN 037 050 242 147

Head Office

70 Trenerry Crescent
Abbotsford Vic 3067
Tel. +61 3 9934 5209
Fax. +61 3 9934 5275
www.johnholland.com.au

Southern Region

ABN 11 004 282 268
70 Trenerry Crescent
Abbotsford Vic 3067
Tel. +61 3 9934 5209
Fax. +61 3 9934 5265

***New South Wales and Australian
Capital Territory***

Level 6, 235 Pyrmont Street
Pyrmont NSW 2009
Tel. +61 2 9552 4288
Fax. +61 2 9552 4535

Queensland

Level 4, John Oxley Centre
South Tower
339 Coronation Drive
Milton Qld 4064
Tel. +61 7 3368 3144
Fax. +61 7 3368 4028

Western Region

Level 11, Durack Centre
263 Adelaide Terrace
Perth WA 6000
Tel. +61 8 9223 2323
Fax. +61 8 9221 1270

Northern Territory

110 Coonawarra Road
Winnellie NT 0820
Tel. +61 8 8984 3322
Fax. +61 8 8947 2175

Rail Division

Level 10, Durack Centre
263 Adelaide Terrace
Perth WA 6000
Tel. +61 8 9225 4777
Fax. +61 8 9325 7024

***Leighton Properties Pty
Limited***

ABN 041 009 765 379

Head Office & NSW Branch

Ground Level
472 Pacific Highway
St Leonards NSW 2065
Tel. +61 2 9925 6666
Fax. +61 2 9925 6003
Fax. +61 2 9925 6152 (NSW)
www.leightonproperties.com.au

Leighton Properties (Vic)

Level 50, Rialto
525 Collins Street
Melbourne Vic 3000
Tel. +61 3 9228 7032
Fax. +61 3 9228 7036

Leighton Properties (Qld)

Level 14, Central Plaza One
345 Queen Street
Brisbane Qld 4000
Tel. +61 7 3229 8938
Fax. +61 7 3220 2273