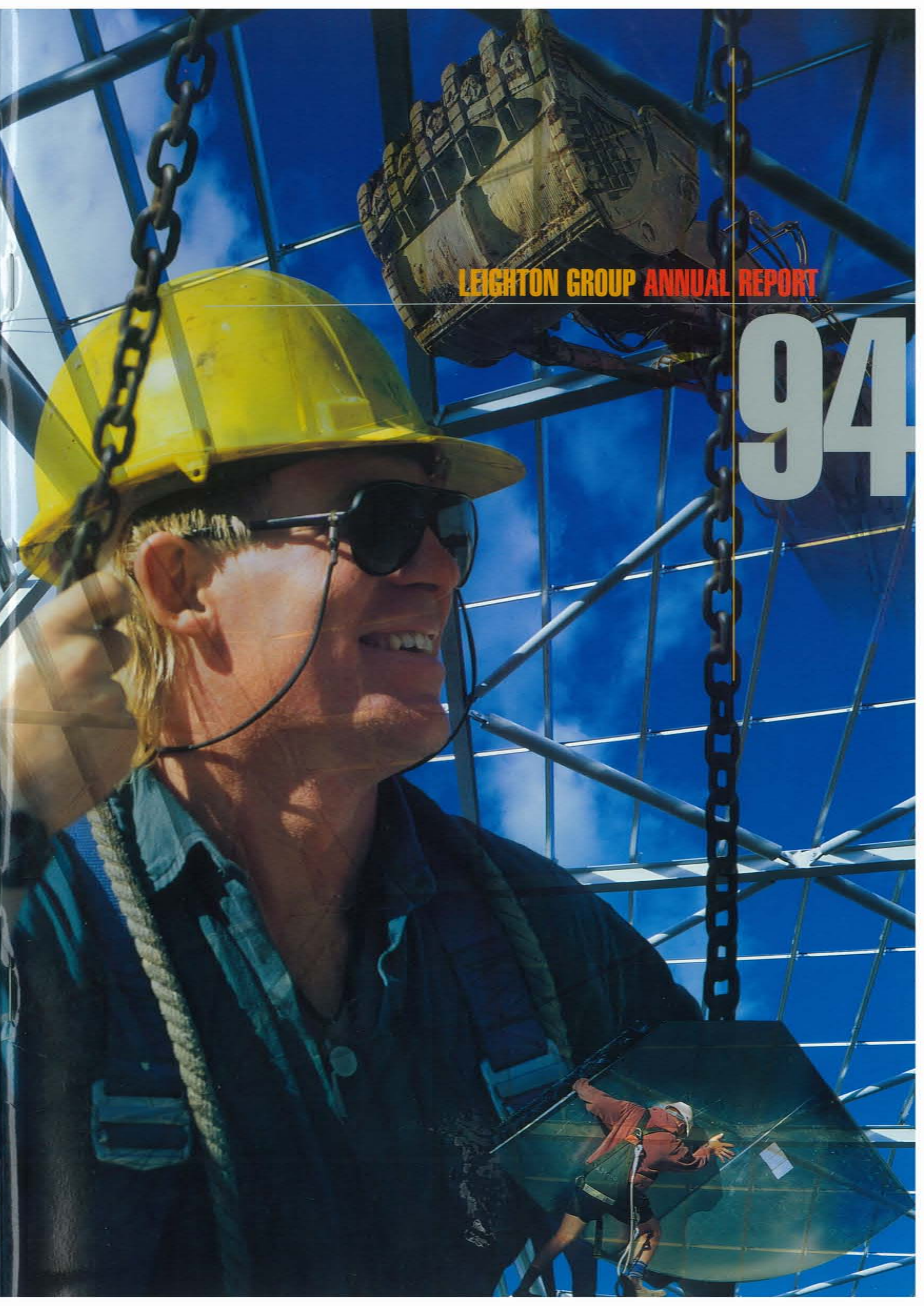

LEIGHTON GROUP ANNUAL REPORT
94

Leighton Holdings Limited

Leighton Holdings Limited
ACN 004 482 982

Notice of Annual General Meeting 1994

To: The Shareholders

Notice is hereby given that the Annual General Meeting of the members of Leighton Holdings Limited will be held in the Ballroom, The Regent of Sydney, 199 George Street, Sydney, New South Wales, on Thursday, 3 November 1994, at 10.00 am.

A separate Notice of Meeting and Proxy Form is enclosed.

After the meeting, a short presentation on the Group's operations will be given by Mr Wal King, the Group's Chief Executive Officer, following which all present are invited to join the Directors for light refreshments.

Financial Calendar

1994

28 September
Shares begin trading ex Dividend
7 October
Books close for Final Dividend
3 November
Annual General Meeting
7 November
Final Dividend paid
31 December
Half year end

1995

15 February
Half Yearly Results announced
9 March
Shares begin trading ex Dividend
17 March
Books close for Interim Dividend
31 March
Interim Dividend paid
30 June
Year end
16 August
Preliminary Final Results announced
2 November
Annual General Meeting

Leighton is a strong Australian company employing over 7000 people in both Australia and Asia. Construction is essentially a service industry and this underlines the importance we place on the professionalism of our people. As the industry enters a growth cycle in Australia, the prospects are good. The challenge is to remain competitive and to recognise that this means more than price in the 1990s.

Total Assets $'000
Increase resulted mainly from higher levels of receivables and plant and equipment.

THE YEAR IN REVIEW

	1994	1993	%
	$'000	$'000	Change
Total Revenue	**1,807,728**	1,580,582	+14.37
Value of Uncompleted Work in Hand	**1,485,557**	1,474,811	+0.73
Value of Contracts Awarded	**1,245,059**	1,318,480	–5.56
Operating Profit Before Tax and Abnormals	**50,965**	72,632	–29.83
Abnormal Items Before Tax	**(10,370)**	(64,370)	N/A
Income Tax	**(4,738)**	4,901	N/A
Operating Profit After Tax and Abnormals	**33,082**	15,070	+119.52
Dividends	**20,028**	16,596	+20.67
Total Capital and Reserves	**316,195**	298,120	+6.06
Total Assets	**1,048,844**	997,795	+5.12
Net Tangible Assets per Ordinary Share	**140¢**	128¢	+9.38
Earnings per Ordinary share	**14.9¢**	7.6¢	+96.05
Dividends per Ordinary share	**9.0¢**	8.0¢	+12.5

Total Revenue $'000
Record result included an unusually high level of plant sales. Growth recorded in civil engineering and contract mining.

Work in Hand $'000
Slight increase over previous year with peak levels maintained.

Operating Profit Before Tax and Abnormals $'000
Returned to a normal level of growth following the unusually high return generated in the previous year by the settlement of some outstanding contractual issues.

Operating Profit After Tax and Abnormals $'000
Substantially higher than last year's result which was overshadowed by abnormal items.

1994 signalled a return to a normal level of growth in operating profits, which resulted in increased dividend and a better return on shareholders funds.

Operating revenue from both Australia and Asia increased.

The Group's financial position strengthened and the liabilities portfolio was significantly restructured with a successful private loan placement.

Trading losses from property reduced.

Withdrawal from the United States has proven more difficult than forecast.

The Australian construction industry is back in a growth cycle with promising infrastructure opportunities and a strong resources sector.

Prospects in Asia remain good, especially in Hong Kong where new contracts worth over $330 million were secured last year.

OPERATIONS OVERVIEW

Leighton Holdings Limited

Leighton Holdings Limited is the parent public company of the Leighton Group and provides strategic direction and planning, financial management, market positioning and communication. Business activities in Australia and Asia comprise engineering and building design and construction, project management, contract mining, property development, specialist engineering, environmental services and construction material supply. Founded in 1949 in Victoria as a small privately owned civil engineering company, Leighton was listed on the Australian Stock Exchange in 1962. Leighton became one of the first

		Location
Leighton Contractors	**Revenue** $582m **Work in Hand** $479m **Percentage Ownership** 100% **No. of Employees** 1,312 **Head Office** Sydney **Established** 1949 **Managing Director** Keith Bennett	Australia
Thiess Contractors	**Revenue**‡ $627m **Work in Hand**‡ $646m* **Percentage Ownership** 100% **No. of Employees** 2,875 **Head Office** Brisbane **Established** 1935 **Managing Director** Martin Albrecht	Australia, Indonesia, near Pacific region
Leighton Asia	**Revenue**‡ $350m **Work in Hand**‡ $360m **Percentage Ownership** 80% **No. of Employees** 2,836 **Head Office** Hong Kong **Established** 1975 **Managing Director** John Faulkner	Hong Kong, Thailand, China, Vietnam and other selected countries in Asia
Leighton Properties	**Revenue** $40m **Total Development Costs** $172m **Percentage Ownership** 100% **No. of Employees** 15 **Head Office** Sydney **Established** 1972 **Managing Director** Vyril Vella	Australia
Welded Mesh	**Revenue*** $86m **Percentage Ownership** 90% **No. of Employees** 234 **Head Office** Sydney **Established** 1984 **Managing Director** John Hicks	Australia
Technical Resources	**Percentage Ownership** 100% **No. of Employees** 35 **Head Office** Sydney **Established** 1980 **Managing Director** Bob Gussey	Australia, Asia Pacific region

Australian companies to set up operations in Asia in the early 1970s with regional headquarters established in Hong Kong in 1975. This was followed in 1983 by a series of acquisitions including Thiess Contractors, which introduced HOCHTIEF as the Group's major shareholder. In line with the Group's focus on core businesses, over the past few years the Australian activities have been consolidated and the USA operations wound down. In Asia, the Group's activities have expanded as the Asian economies and markets have grown.

Key Activities	Performance	Future	% Operating Revenue	
– Civil engineering – Building – Contract mining	– Maintained good level of profit – Further advances in partnering with clients – Strong level of civil engineering work – Contract mining profit and revenue up – Increased investment in plant by 50% – Building remained at low level – Success in market for health care facilities	– Satisfactory level of work in hand – Good infrastructure prospects – Opportunities in broadening product range – Expect to satisfy performance objectives	34% 	
– Civil engineering – Building – Mining – Environmental services	– Revenue similar to last year – Civil engineering greatest contributor – Developed environmental business – Mining sector tough – First enterprise agreement in coal industry – Gained quality accreditation – Building contracts in tourism, health and defence sectors – Lower result from Asia, but good prospects	– Construction work in hand highest for nine years – Significant forward revenue committed for 1994/95 – Focus on mining and infrastructure – Improved prospects	37% 	‡Including minority interests. *Includes long-term waste $87 million.
– Civil engineering – Building – Marine and reclamation – Foundation engineering	– Record profit on higher revenue – Diverse range of new work including private sector clients – Sizeable increase in activity in Hong Kong – Revenue from Thailand lower – Business and Safety Awards recognise achievements – Foundation Engineering now a wholly owned operating unit	– High level of work in hand – Overall outlook is promising – Hong Kong and Thailand remain strong – Looking to other countries in the region – Expect ongoing increases in revenue and profit	21% 	‡Including minority interests.
– Property development – Development risk management	– Reduced losses by one third – Further sales success with minor properties – Developer role for Sydney Harbour Casino – Waitara development proceeding	– Benefits from improving commercial property markets – Expect to further reduce losses	2% 	
Manufacturer of: – Processed bar and rod – Welded fabric – Hard drawn wire	– Increased revenue and profit – Established Queensland plant – Expanded operations in WA and other States – New technology established industry benchmark for productivity – Rolling wire successful business segment	– Consolidate recent growth – Full year contribution from Queensland – Good prospects for 10th year in operation	5% 	*100% Welded Mesh values.
– Technology transfer – Strategic guidance – Communications	– Advances in quality and environmental management – Extended communication with government – Health care market initiatives – Group business planning support – Process engineering agreement with Leighton Contractors	– Initiatives to improve Group performance – Establish Asian Business Support Unit – Focus on design management – Develop electronic communications		

MA (Tim) Besley AO *Chairman*

FROM THE CHAIRMAN

Leighton's strength is its people, resources and structure. Financial and operational results were excellent and the Board is optimistic about prospects for the future.

The year under review was a successful one for the company. Results achieved were consistent with objectives set and bottom-line performance was significantly better than the previous financial year. The return on average shareholders funds increased to 10.8%.

Strategy for the 90s is on track and is placing the Group in a good position to take advantage of opportunities opening up across the economy. Like many Australian companies, efficiency, performance and productivity were all improved during the recession. This was done in part by developing better working relationships with employees, clients and unions.

Leighton and the general business community stand to benefit from a more competitive Australia. If the economic recovery is to be sustained, Australia needs to develop a strengthened private sector which is not restricted by excessive regulation. New business regulations are appearing at the rate of double that of five years ago. This process is hampering the nation's full potential to compete in the global economy.

For Australian businesses wishing to make their mark in the world, the region of greatest potential is still Asia. Nearly all Asian economies continue to show high levels of activity and growth. Leighton has been in the region for over 20 years and is now demonstrating the success which is attainable through a combination of presence, perseverance, experience and innovation.

The current level of new work in Australia remains high, with the work in hand of the Group's two major construction companies exceeding $1.1 billion. This emphasises the significant role Leighton plays in Australia's development.

One restraining factor on performance continued to be the carrying cost of property, but this is diminishing in line with Group objectives. The property portfolio has been reduced to 20% of the balance sheet and the strategy of selling development properties as the market improves will continue.

Leighton Properties' developer role with Sydney Harbour Casino, the preferred applicant for Sydney's first casino, should provide an important level of new work over the next few years. Leighton Contractors also stands to benefit from the $600 million building contract.

At the end of a competitive year, it is pleasing to note that profitability from the Group's core construction activities was above industry averages. After a period of steady dividends, and consistent with the policy of seeking to increase shareholder value, your Directors recommend a 1 cent increase this year to 9 cents per share for the year, fully franked.

During the year, Mr Keith Bennett resigned as a Director and Dr Holm Hehner retired. The Board expresses its thanks to them for their contributions. In August 1994, Dr Busso Peus was appointed to the Board.

Leighton is a strong Australian company with professional people and modern resources, sensibly concentrated in Australia and Asia. The structure in place will allow the company to capitalise on the opportunities which are at last emerging and the Board is optimistic about prospects for the future. The shareholders, staff, management and my Board colleagues can be proud of their association with this company, and I thank you all for your efforts and commitment.

MA Besley

MA (Tim) Besley AO
Chairman

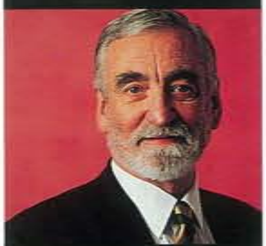

RM Wylie *Deputy Chairman*


WM King *Chief Executive Officer*


DS Adamsas

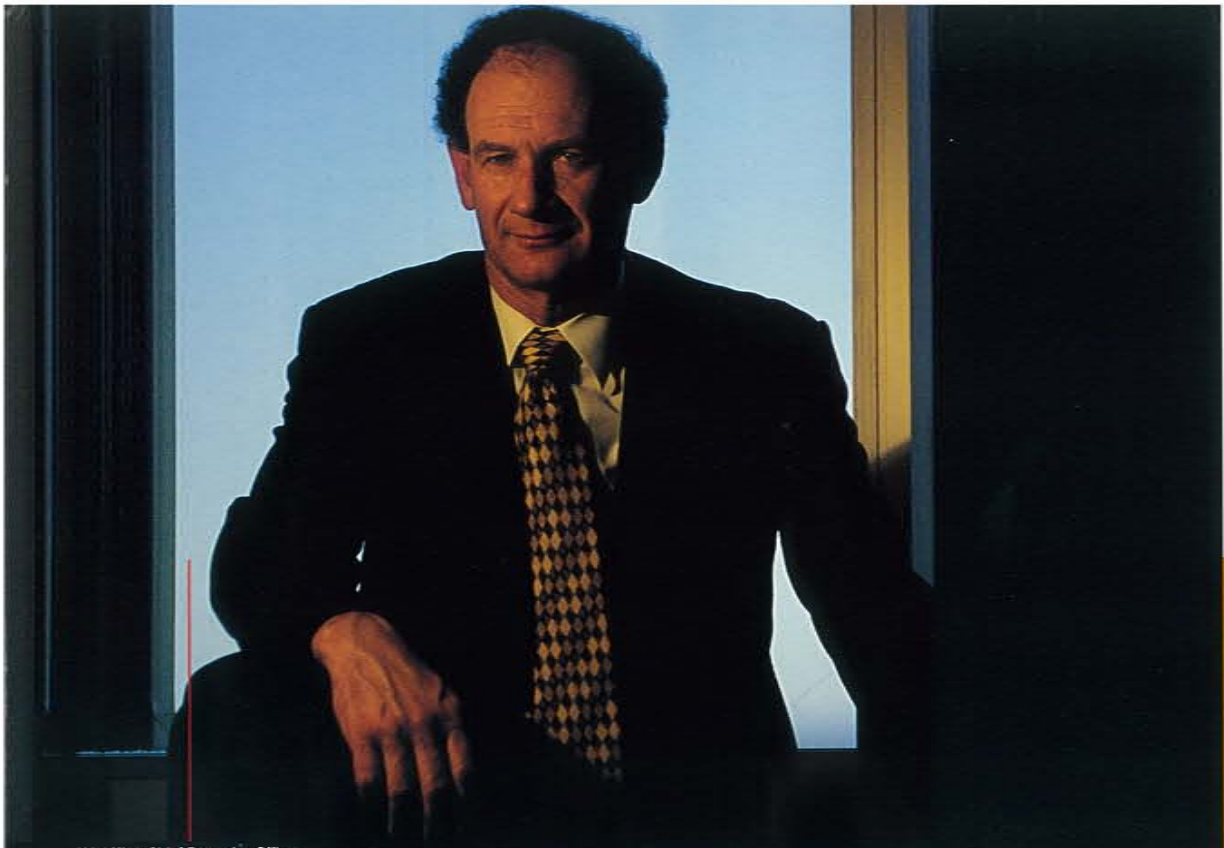

PJW Cottrell


Dr H-P Keitel


PJ North


Dr B Peus


DP Robinson



Wal King *Chief Executive Officer*

CHIEF EXECUTIVE'S REPORT

We are pleased to be able to increase dividends to shareholders on the back of good operating profits from both Australian and Asian construction activities. Generally, the prospects look promising over the next few years, particularly in Australian infrastructure development.

Leighton's financial position has continued to improve in line with our projections. Group operating profit before tax was $51 million. Operating profit, after tax and an abnormal loss of $4 million, was substantially higher at $33 million compared with $15 million last year.

Total operating revenue was a record $1.81 billion, 14.5% higher than last year, and included an unusually high level of plant and equipment sales of over $100 million. Principal sources of revenue were civil engineering, up 33% to $706 million, building, down 11% to $365 million, and contract mining, up 6% to $351 million. Work in hand increased slightly to $1.49 billion with a further $162 million of uncompleted management contracts and $87 million in long-term waste contracts.

These results enabled the Directors to increase the full year dividend from 8 cents to 9 cents per share, fully franked.

Australian operations have performed well and continue to be the major source of Group revenue. Revenue from Australia increased 14% to $1.37 billion, representing 75% of this year's total revenue. Our major construction companies in Australia, Leighton Contractors and Thiess Contractors, again made a strong contribution to the Group result. Recently released industry statistics confirmed expectations that the non-residential construction market had bottomed in 1992/93 and that steady growth should continue over the next few years. The value of new project commencements has increased significantly and this activity has started to take pressure off margins.

Infrastructure development, particularly in the area of roads, generated a higher level of civil engineering work with major privatised projects being pursued in New South Wales and Victoria. Building remained patchy with limited work available from private investors. However, Group companies have been successful in targeting public sector clients in health, education and defence, and there are positive signs of renewed investor confidence in the office and warehouse markets.

The level of contract mining activity was significantly higher on the back of a strong workload carried forward from 1992/93 and a number of new projects in Western Australia and Queensland. Welded Mesh's material supply business continued to increase its contribution to annual revenue and profitability, as did Thiess' Environmental Services division.

Property holding costs in Australia have diminished, resulting in a significant reduction in trading losses for Leighton Properties. Only minor sales were achieved over the period. A highlight for Leighton Properties was the success of Sydney Harbour Casino's bid for preferred applicant status for the first casino in New South Wales. Leighton will have a 5% interest in Sydney Harbour Casino and be the developer for the project. The development application is currently being reviewed by the State's Department of Planning.

Results from our Asian operations showed increased revenue and profit. Results in Australian dollars were good but were adversely affected by a stronger Australian currency. Revenue from Asia increased 15% to $439 million. Civil engineering increased 87% due to a number of contracts associated with the massive Hong Kong airport project. Building work was slightly down due to less activity in Thailand, but foundation engineering recorded a 24% increase. The level of contract mining work carried out in Indonesia and Malaysia was lower than in previous years.

The high level of activity in Hong Kong is expected to continue with over $440 million of new work won during the year. Major contracts awarded include civil engineering, marine and building projects for both the Hong Kong Government and private sector clients. In Thailand, Leighton Asia has won new commercial building contracts although the current workload has reduced, reflecting the state of the construction market.

The overall profit result for Leighton Asia was above the level budgeted in the pricing formula for the 20% sale to Hochtief approved by shareholders in June 1993. Based on this achievement, the sale agreement was renegotiated and a final additional payment made in June 1994. The total profit on sale of $9.1 million is shown as an abnormal gain in the Group's accounts.

The contribution of Thiess Contractors' operations in South East Asia remained positive but lower than last year due to the establishment costs in Indochina. However, the decision to diversify its activities in Indonesia has been successful with new civil engineering work including contracts associated with the development of two golf course projects.

The withdrawal from the United States has proven to be more difficult than previously forecast. With the exception of one project at Rifle, Colorado, all physical work will be completed by the end of 1994. A number of contractual matters remain unresolved and final resolution will take a number of years. Despite these problems, there is no doubt that our decision to exit from the United States was correct.

Leighton's corporate strategy continues to be successful in the pursuit of core construction activities in Australia and Asia. Our track record, geographic diversity, substantial size, technical capability and motivation to succeed should ensure that the Group is able to capitalise on opportunities and minimise the risks involved in construction. Risk management remains a key element of our strategy. Our decentralised corporate structure is designed to ensure risks are constrained within the capacity of each operating company's balance sheet. Individual projects are only undertaken after proper procedures are implemented to identify risk profiles.

At both project and operating company levels, incentive programmes continue to operate as an integral part of our strategy to motivate and reward key executives.

We continue to give emphasis to our competitiveness, recognising that this means more than price in the business environment of the 1990s. All our companies are striving for greater price efficiency and to build on the productivity gains of recent years.

Our challenge is to remain competitive in our business while adding value to projects and providing mutual benefits to all parties. A more open industrial environment in Australia allows us to work together with all project participants to achieve common aims and ensure ethical practice is a part of our business at all levels. Occupational health and safety, workplace reform and the environment are major priorities this decade and are integral to our overall approach of providing the highest quality in every project we undertake.

The outlook in Australia is promising, with the economy recovering, an improved level of business and consumer confidence, and preparations for the 2000 Olympics commencing.

Transport infrastructure solutions which generate the maximum community benefit from available public funds are being promoted for private investment. Selected opportunities will continue to be available for building projects, primarily in public sector facilities such as hospitals and prisons.

Design work and construction planning for the Sydney Harbour Casino is underway despite the recent public controversy surrounding the project. This will ensure that construction of both the temporary and permanent casinos can start immediately after the licence is awarded, scheduled for the end of 1994. For Leighton, the casino project should provide an additional $700 million of building and development work to an already strong workload.

The Group's investment in plant and equipment, together with its reputation for performance, is expected to provide a steady level of new contract mining work even though this sector remains competitive.

There are signs of improvement in the commercial property market in Australia with lower vacancy rates recorded in most major cities. Whilst it is unlikely that the Group's main property holdings will be developed or sold over the next 12 months, another reduction in the losses from Leighton Properties is anticipated.

Prospects in Asia remain good. High levels of tendering activity on the $30 billion Hong Kong Government airport project will continue in the year ahead as the airport terminal, pavements, rail links and other connecting roadworks come out for tender.

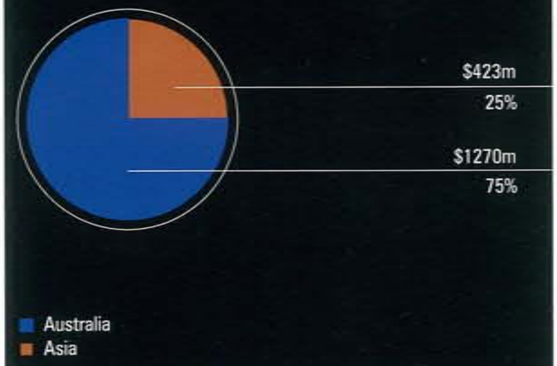
Building work in Thailand should provide more opportunities although the market is still quite competitive. Prospects in other Asian countries are being actively pursued by Leighton Asia to ensure that a strong base is developed to withstand market fluctuations in any one country. Expanding foreign investment by international manufacturing companies offers potential in China. Opportunities in Vietnam, Malaysia and the Philippines also are being reviewed.

In Indonesia, Thiess Contractors is focussed on maintaining a solid base of mining work while diversifying into urban infrastructure and multi-disciplined projects. Relationships with local construction groups, equity partners and clients also are being developed.

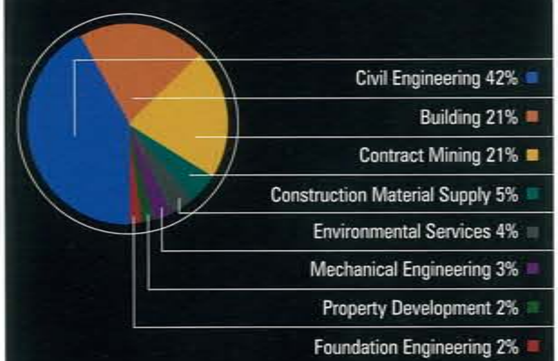
The overall outlook for the Group is promising with the improved profit trend expected to continue over the next 12 months. Our major thrust will continue to be in civil engineering, infrastructure development, building and contract mining. In Asia, selectivity will remain a priority as we pursue projects that satisfy our qualification criteria in relation to risk and profitability. As construction is always a major component of the economy, Leighton will continue to play a major part in the future development of our region.

Wal King
Chief Executive Officer

Operating Revenue by Geographic Area 1994



Operating Revenue by Market Segment 1994



Operating Revenue by Market Segment 1994 $m

	'90	'91	'92	'93	'94
Civil Engineering	476	512	633	529	**706**
Building	539	446	308	410	**365**
Contract Mining	296	327	333	332	**351**
Construction Material Supply	52	61	62	66	**86**
Environmental Services	22	26	34	52	**66**
Mechanical Engineering	37	106	85	74	**45**
Property Development	32	29	50	27	**40**
Foundation Engineering	23	53	50	27	**34**

Dieter Adamsas *Director of Finance and Administration*

FINANCIAL MANAGEMENT

Leighton Holdings has consolidated its strong financial position by raising long-term debt and meeting performance objectives.

Leighton Holdings' financial position improved further in 1993/94. Shareholders funds increased from $298 million to $316 million, representing 30% of total assets of $1.05 billion. The level of gross borrowings was $281 million and cash on deposit was $71 million with undrawn cash facilities of $150 million. Our gross debt to equity ratio remained satisfactory at 0.89:1.

Liquidity remained sound. During the year the Group generated net cash of $127 million from operations. The major item of expenditure was plant and equipment with over $200 million spent on acquiring predominantly mining equipment. Plant sales of approximately $100 million also were registered.

Our financial capability continues to expand as Group companies become involved in more complex and demanding projects. Financial expertise, including organisational and structuring skills, is an essential element in our ability to form consortiums to implement full turnkey projects. Leighton's financial skills, balance sheet strength and solid credit rating have played an important part in securing major infrastructure projects such as the M5 Motorway in Sydney and achieving preferred applicant status for Sydney Harbour Casino.

Financial management guidelines and controls remain an important part of fiscal policy. Group operating companies are managed as individual profit centres with specific performance and financial goals. Opportunities are carefully reviewed and resources are allocated after profit potential is assessed.

Project audits of construction contracts by independent technical and financial personnel provide an accurate and objective analysis of performance. We are constantly fine-tuning our internal systems to ensure optimum efficiency and productivity at all levels of management.

Ipco International, Green Holdings Inc., and other interests are treated as investments and administered accordingly.

The main treasury initiative this year was a significant restructuring of the liabilities portfolio. We concluded a US$82 million unsecured private loan placement in the United States institutional market. This is the first time we have embarked on this type of borrowing and we received strong market support. The borrowing is for 10 years with an average life of seven years. It replaces existing secured borrowings and has the advantage of institutions committing long-term funds to the Group. Other treasury activities involve active ongoing management of our interest rate and foreign exchange exposures. We maintain a practical position between foreign denominated assets and liabilities to limit exchange rate exposure.

Our principal banker, the Commonwealth Bank of Australia, provides a good relationship and support. Leighton also maintains strategic links with a number of other local and overseas financial institutions which provide funding facilities through negative pledge arrangements.

The ability of the Group to secure large projects has placed additional emphasis on investor relations. Communication activities with the investment community and the media, through the Australian Stock Exchange, increased due to high profile projects such as the Sydney Harbour Casino and M5 Motorway. The Group's prominent presence in Asia was another area of interest to the market, especially to overseas investors. Maintaining a direct flow of information to investors is a key objective. Reporting to shareholders was improved by the introduction of operations reporting every quarter.

Our goals are to build on balance sheet strength and maintain the support of major financial institutions. We will continue to free up funds from non-performing assets where practical, and allocate these funds to the areas with greatest profit potential.

Dieter Adamsas
Director of Finance and Administration

#After Abnormals
*Includes subordinated perpetual loans

Building a Pyramid for a Twenty-first Century Pharaoh

An observer's view of construction in the 90s and how the Leighton Group tackles this age old business with a brand new range of skills.

It is an irony of history that the builders and developers of a nation's infrastructure are often overshadowed by the structures which they help build. The Egyptian pyramids, the Roman aqueducts and the Greek Acropolis provide classical benchmarks of the technical innovation of the construction industry as well as a signpost of the progress of civilisation. But who remembers the designers and engineers who actually built them?

At issue is the culture of the old-style, hard hat civil engineers who did the job on the project site and the emerging breed of construction managers whose entrepreneurial and financial skills complement traditional engineering disciplines.

The site clearing for the $11 billion Northwest Shelf LNG project and the construction of the dams and tunnels for the Snowy Mountains hydro project were two magnificent engineering and construction achievements.

But the public consciousness which remains today is not of the companies or the men and women who struggled to complete nationally significant projects under extremely adverse conditions but simply an awareness that one project produces gas and oil, and the other helps turn on the lights.

As Australia's oldest publicly listed construction company which has grown into a diverse national and international engineering and construction group, Leighton Holdings has out-performed the market on all the accepted measurement levels of profitability, longevity, technical achievement and project diversity. Yet except for the recent Casino project in Sydney, public recognition has not been a regular feature of the business.

The Leighton of today however is far different from the civil engineering company which completed the contract for the Northwest Shelf in the late seventies.

It is also a company which is at the crossroads of its own evolution.

The two family-based construction companies, Leighton and Thiess, which form its cultural nucleus and the three main entities - Leighton Contractors, Thiess Contractors and Leighton Asia - which comprise its corporate ethos are in the process of change.

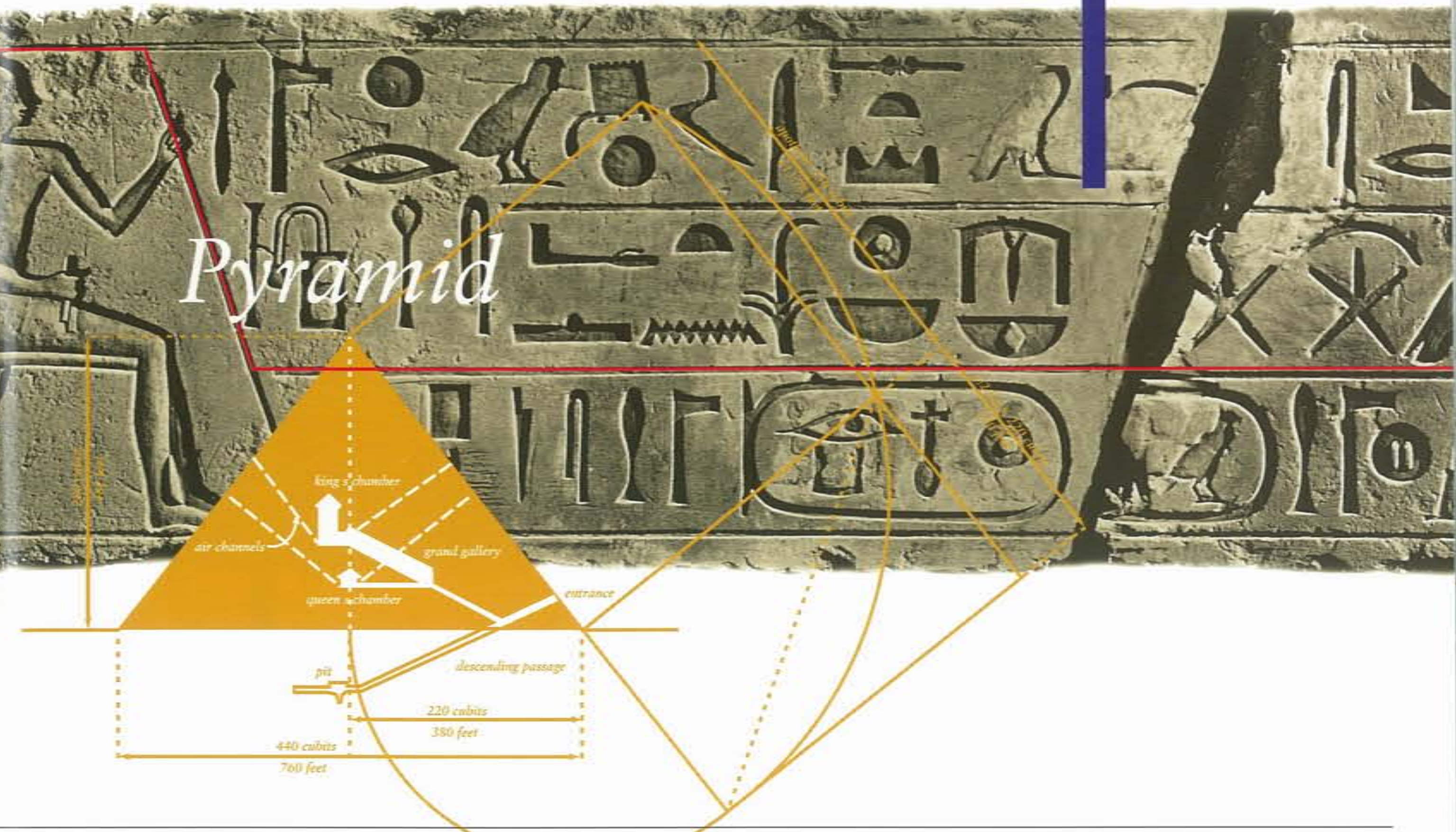
At issue is the culture of the old-style, hard hat civil engineers who did the job on the project site and the emerging breed of construction managers whose entrepreneurial and financial skills complement traditional engineering disciplines.

What is driving this change is the complex nature of the construction and development business as it moves into the 21st century. The industry today is far less pure contract driven than in the past. Instead of fighting for and winning the tender, building the project and then moving on, the industry requires a far greater commitment from an engineering and construction company.

The need to provide a total range of services and manage the process even after completion has become the dominant feature of engineering and construction in the nineties. It requires a brand new range of skills and a capital base whose balance sheet is not solely dependent on profit margins from the last project.

Until recently, the industry hadn't changed all that much since the time of the Pharaohs and the pyramids. The formula was simple.

Pyramid



You complete one project, learn from the experience, take the artisans and craftsmen who demonstrated exceptional skills along with you and begin another project.

After all, how do you judge the performance of an engineering and construction company if not by its ability to complete the current project on budget and on time, and its reliability in securing the contract for the next project and the one after that.

The need to provide a total range of services and manage the process, even after completion, has become the dominant feature of engineering and construction in the nineties.

But the project to project nature of the engineering and construction business has changed dramatically since Stanley Leighton founded Leighton Contractors in Melbourne in the forties and Sir Leslie Thiess started Thiess Contractors in Queensland in the thirties.

The formation of Leighton Asia in 1975, and the acquisition of Ipco International and the Welded Mesh company built on those early strengths and took the Group international.

For its part, the German-based Hochtief followed the same growth pattern and its association with Thiess in 1979 and its current 48% equity in the entire Group, as well as 20% of Leighton Asia, brings together three family construction companies with similar histories and a need to address a common future.

The process is already underway. From its civil engineering construction origins the Leighton Group has diversified into complex projects such as hospitals, prisons, contract mining, construction materials supply, waste and environmental management, foundation engineering, property development, telecommunications infrastructure, resorts, casinos and toll roads.

The client/builder relationship in a technically sophisticated project such as a hospital or a manufacturing facility requires management of the process on all levels. It is a radical departure from the contractor whose input in the construction process of the past was to move dirt or put the "leggo" pieces together.

It is the financial as well as the technically innovative solutions between form and function and how that process is managed which defines the successful engineering construction company of today.

"We used to be a task oriented company but today we talk about services rather than the glory of building monuments," says the Melbourne based Executive Director of Leighton Contractors, Phil Cooper.

"To make that transition we have had to apply management disciplines to ourselves which has flowed through to the entire business. It has also required us to develop the necessary systems which provide the safety net in our relationship with clients.

"What we are finding now is that our clients appreciate the added value of that safety net because they know that it is part of our management process.

"We built the Burnie Hospital in Tasmania which was financed by BZW and which will then be leased back to the Tasmanian Government. Our hospital business is predicated on recurrent costs issues and we are looking at how we can build projects to the value of people's pockets rather than just the cheapest cost.

"The relationship with Optus Communications for instance is a strategic one where we work in a partnering mode to combine a

number of core skills. We started off the relationships by putting fibre-optic cables in the ground three years ago, we now do that 30% cheaper and we share in those benefits as well as the risks."

But the transformation of construction companies which have been conditioned to react to tenders into a national and international entity which can proactively conceive, develop, finance, build and operate a project is still in the formative stages.

The Group's strong cash flows, balance sheet strength, relatively low gearing, and its relationships with major Australian and overseas financial institutions, provide a financial resource base from which it has become more proactively involved in projects such as toll roads, casinos and build, own and operate privatised infrastructure projects both here and in Asia.

According to Chief Executive Officer, Wal King, the baton change in the skills base is already occurring and creating corporate strength from diversity is accomplished through the treatment of the subsidiaries as profit centres complete with business plans and cash flows.

"The history of the Group reflects not only my history within it but also that of many of the other managers. Most construction companies started out much the same way and were driven by its founder who pulled the various skills together," says King.

"As the company grew, the lines of engineering skills supply stretched and it was not until the seventies that Leighton recognised it had reached a critical mass.

"If you are a successful construction company you naturally want to take on bigger and bigger projects but whether the financial and skills base is there to support it is another matter.

"From a funding point of view we have already started to provide facilitation or 'hurt' money for projects but with larger projects we would form strategic alliances with financial institutions to provide the long-term funding."

CEO Wal King

"From stretching resources in the seventies, Leighton went into the eighties with a different set of problems. At the time, the economy and construction industry was booming. We had large cash reserves and like so many other companies during the eighties we wanted to expand."

Fortunately for Leighton, the results were not as drastic as for some of the other victims of the eighties boom mentality. The assumption that the huge but sophisticated USA market would be easy to crack proved as elusive for other major Australian companies. The failed United States venture with Green Holdings has taken over 10 years to unwind but the final retreat is being accomplished without overwhelming long-term financial consequences.

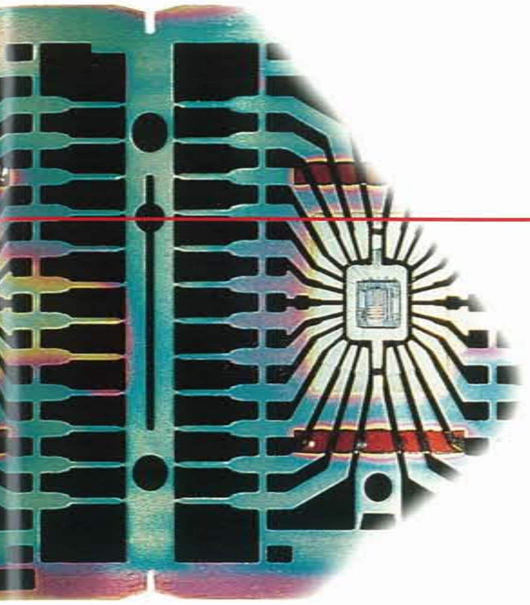
The one remaining problem is the property portfolio which now constitutes 20% of the Group's financial resources. The Leighton Group was not alone in being caught out by the property market crash but two factors should benefit the Group now that the market has turned. Firstly, Leighton did not re-value its properties upward during the boom and secondly, write-downs and provisions were made early on in the recession.

"The eighties investment in the US and the property developments were all money driven whereas the seventies were opportunity driven," says King.

"The point is where do we go from here. My belief is that it will be a blend of local knowledge and technical ability. Our structure

“Our structure lends itself to a decentralised organisation but when the bigger projects come along we can pull the skills together from the various sources to complete the project.”

CEO Wal King



lends itself to a decentralised organisation but when the bigger projects come along we can pull the skills together from the various sources to complete the project.

“I appreciate that an easy definition of the Group either singularly or collectively remains a problem. But even if you said that we are a construction and development company, the definition of development means much more than simply getting into property deals.

“In the USA context, giant companies call themselves engineering construction companies wherein the construction contract is secondary to the engineering phase.

“A number of Australian companies started out as construction contractors and evolved from that. What everybody lacked in the beginning was the ability to control and manage the process. It is at this point of evolution which Leighton finds itself.

“The inclusion of equity in building the M5 Motorway in Sydney, the 5% interest in the Sydney Casino and 15% interest in the Casino management company are the tangible indications of the proactive approach to a broader development role.

“The projects which are now coming along will require you to participate from the concept, to funding, to design, to construction and even to the operation stage.

“In Melbourne, the break up of Melbourne Water will also create some mega projects and this will provide another range of opportunities. It is just a matter of how far you want to move up into the process.

“The concept of partnering is becoming increasingly important to Leighton. It means forming strategic alliances along a range of industries. From a funding point of view we have already started to provide facilitation or ‘hurt’ money for projects but with larger projects we would form strategic alliances with financial institutions to provide the long-term debt and equity funding.

“The concept of partnering is becoming increasingly important to Leighton. It means forming strategic alliances along a range of industries.”

CEO Wal King

“Where privatised infrastructure is concerned you could well see a stronger relationship developing between large financial institutions and companies such as ours.

“As a publicly listed company we have to provide a balance between long-term projects and projects which provide the cash flows. The company, however, has moved to the point where it can now carry projects for the longer term.

“I think the brokers and analysts still have difficulty in coming to terms with a company such as ours and still view it as an economic cycle play. The challenge for Leighton is to develop some sort of alternative earnings stream to complement its core business. This can be done through an aggregation of projects such as tollroads or the Casino or can be through an acquisition.”

What is clear is that the industry and Leighton is moving on. The drama which surrounds the Sydney Casino project will subside but the experience will simply create a new set of skills for other projects. It may be a long way from the build it and forget it mentality of the founders but so is the landing on the moon. The 21st century will require new skills to meet new challenges and the general public will probably continue to ignore the builder in favour of the building but that’s called progress. The pyramid builders would have understood.

Overview

- Another strong profit result
- Increased revenue
- Client satisfaction improved by close working relationships
- Higher productivity through management and technology
- Good prospects in new and repeat business

Opening Ceremony for the Casula Link to the M5 South West Motorway, New South Wales ▲

Optus Digital Mobile Network, National ▲

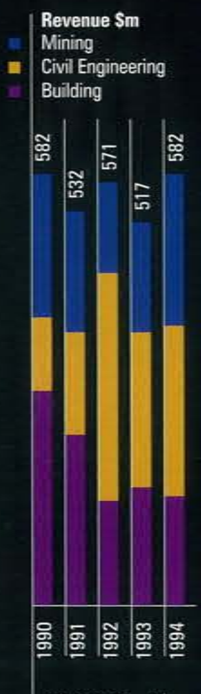
Monterey Keys, Hope Island, Gold Coast, Queensland

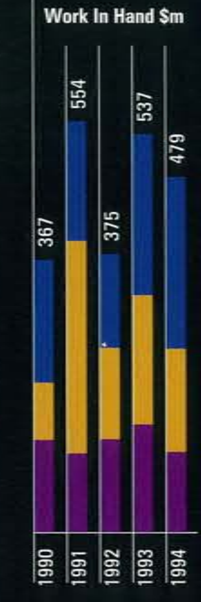
LEIGHTON CONTRACTORS

Our performance in 1993/94 was strong with a good level of work from core activities. We will continue to strengthen the company by delivering quality work for quality clients.

Keith Bennett *Managing Director*

LEIGHTON CONTRACTORS





A steady improvement in profit completes another good year for Leighton Contractors. Revenue increased slightly for the year to June 1994 in line with our projections. Work in hand, although down from last year, was boosted by some $250 million won since year end.

All State operations performed as expected with Western Australia, Victoria and New South Wales making improved contributions to revenue and profit. Our revenue mix is fairly evenly spread across contract mining, civil engineering and building, with mining slightly higher this year. The low level of contract claims is a good indication that clients are satisfied with our product, price and performance.

The recovery of the Australian economy has highlighted the stability of Leighton Contractors. The impact of fluctuations in the business cycle has been cushioned by the decentralised structure and ongoing development of the company. Our planning is continually improving and our forecasting closely matches performance.

Resources and management are a large part of Leighton Contractors' success. During the year we increased our investment in plant by 50% and currently have the most modern plant fleet in our history. We intend to maintain this position by frequently replacing machinery and equipment and keeping it fully utilised. This concept is central to our competitiveness and efficiency.

Leighton Contractors encourages its management to give constant and effective attention to maintaining high standards in occupational health and safety. Continual improvement of safety statistics is a key goal. The environment is another priority and all projects must conform to the appropriate standards and relevant laws.

At year end we implemented a new management structure which will run the business along geographic lines under three regional managers. The areas of responsibility are New South Wales and Australian Capital Territory, Western Australia, and the Southern and Northern Region.

Increasingly, partnering is a characteristic of our work. Partnering involves clients and contractors working closer together with more open communication on design and construction alternatives, budget and completion times. Our strategic alliance with Optus Communications continues to be a very successful partnering agreement which already has seen the completion of contracts to the value of $262 million around Australia.

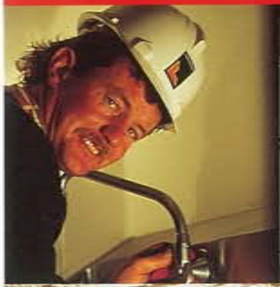
The partnering concept is not new to Leighton. For many years we have practised informal partnering and the success of this approach is reflected in our order book where 90% of clients are repeat business.

Contract mining was a good area of business for us this year, showing both increased activity and profitability. Work was predominantly in gold and nickel mining. We continued to secure those significant long-term contracts which are essential for viable turnover and profit, broadening our Western Australian client base significantly over the past two to three years. Work on the $129 million, five year contract to develop the Mt Keith nickel mine in Western Australia progressed well.

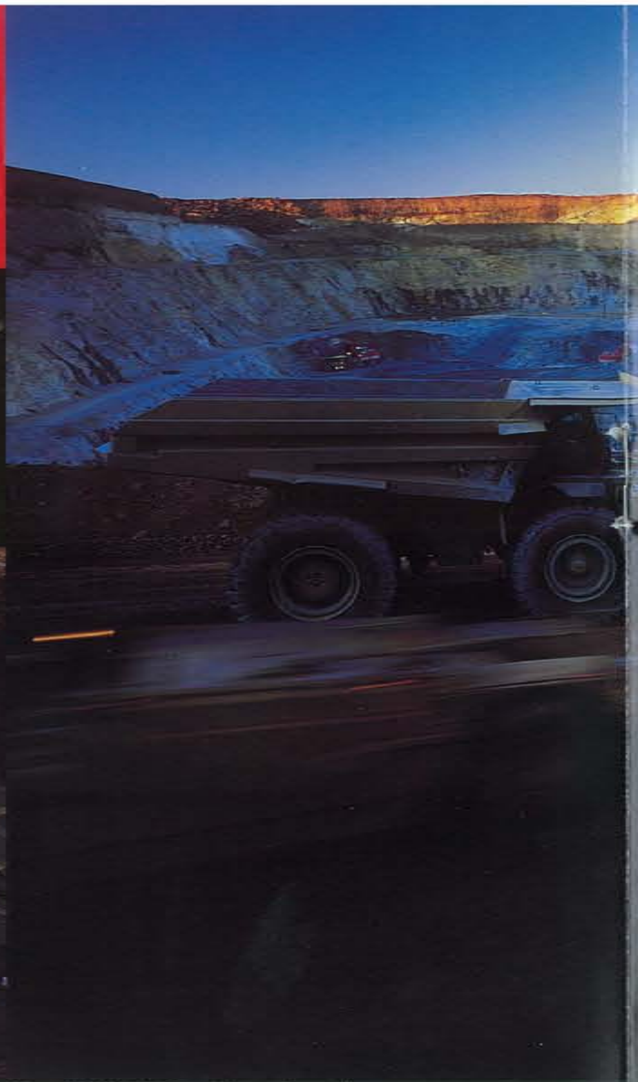
Among new work won in the State was a $17 million ore and aggregate cartage contract at St Ives gold mine near Kambalda, for Western Mining Corporation. This contract demonstrates the potential of our move into the haulage business last year. We have expanded this business and it now has a wider client base and a number of long-term contracts.

Gold Ore Cartage at St Ives Gold Mine, Kambalda, Western Australia ▲

Brisbane Convention & Exhibition Centre, Queensland ▼



North West Regional Hospital, Burnie, Tasmania ▲



Mount Keith Nickel Mine, Western Australia ▲

Building a health care specialisation

With one hospital project recently completed and two under construction, Leighton Contractors clearly has developed a recognised understanding and expertise in health care construction. This knowledge has not come about by chance, but has been carefully compiled since we decided to increase our presence in the health care sector.

Our starting point was to work out how to build quality health care facilities as economically as possible. We assessed a range of hospital needs and matched them with design, construction and layout alternatives. Interior design and external landscaping also play their part in creating the right atmosphere for a hospital.

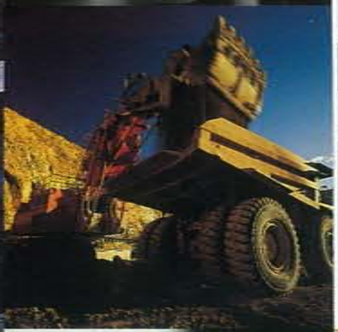
We recently completed the $30 million Albury Base Hospital and are currently constructing a $21 million hospital at Burnie, Tasmania. We also have been awarded the contract to design and construct a $60 million, 424-bed hospital at Bankstown, west of Sydney. In each case, our advance preparation of specialist knowledge has been the basis for success.

Board
W M King – *Chairman*
K L Bennett – *Managing Director*
D S Adamsas
P R Cooper
T R J Cooper
R G Gussey
I M Luck
R J Merkenhof
R P Turchini
L W Voyer
P J Williams
E E Young

Associate Director
W A C Service

Secretaries
T R J Cooper
K J Steen

Senior Executives
K L Bennett BE(Civ), FIEAust
Managing Director
P R Cooper BTech(Eng)
Executive Director, Southern and Northern Region
P J Williams BE(Civ), ME, FIEAust
General Manager, Northern Region
L W Voyer Assoc CivEng, FIEAust
Branch Manager, Northern Region
I M Luck BTech(CivEng), MIEAust
Branch Manager, Southern Region
R P Turchini MIEAust
General Manager, NSW & ACT
R J Merkenhof BEng
Branch Manager, NSW
E E Young BE(Civ), MNZIE, MIEAust
General Manager, WA
B A Bowman
Manager, Information Systems
D R Boyling MIEAust, CPEng
National Plant Manager
R G Collins BEng(Hons), CEng, MIEAust, MICE, AIARBA
Manager, Contractual Services
T R J Cooper FCPA, MAICD
General Manager, Commercial
M G Delaney FIEAust, MAusIMM
Manager, Central Engineering
E R Furney BArch, ARAIA, ACDA
General Manager, National Business
R L Maxam BJuris, LLB(UWA), LLM(Syd)
Company Solicitor
J D McNab BE, MIEAust
Estimating Manager
R F Morris BSc(Maths), BE(Civ) MEngSci(Trans & Traffic), MIEAust
Manager, Special Projects
W A C Service BSc, BE, FIEAust, CPEng, MAIB, MNZIOB
National Building Manager
K J Steen ASA
National Administration Manager
J T Walshe MSc, DipIndPsych
Manager, Employee Relations



Building activity has remained at a low level but may increase over the next few years. Work is proceeding well on the $170 million design and construct contract for the Brisbane Convention & Exhibition Centre. With projects such as the recently completed $30 million Albury Base Hospital in New South Wales, we have consolidated our position in the health care construction market which we believe holds significant opportunities.

When the approval process for the Sydney casino is completed, we expect Leighton Contractors will be awarded a substantial building contract although we regard this as additional to our normal workload.

A major infrastructure project completed last year was the Casula Link to the M5 Motorway in Sydney. The $65 million design and construct contract was completed in June, three months ahead of schedule.

Increased infrastructure development planned by governments in most States, particularly New South Wales and Victoria, should lead to new opportunities in the coming year.

Civil engineering revenue increased again with a good contribution from Victoria. Work commenced on the $40 million Princes Freeway Interchange, a part of Melbourne's Western Ring Road system, and recently we were awarded the $65 million contract for interchanges on the South East Arterial freeway, also in Melbourne.

As we look to the future, our goal is to improve client satisfaction and focus our business more toward the needs of clients. Our core business activities have been highly successful for many years and are not going to change. Profit will continue to be derived from construction in Australia only. However, we do see opportunities in broadening our product range, improving the delivery of our services and projects, and possibly in developing associated businesses. Revenue and profit are expected to again satisfy Group objectives next year in line with achievements over the past decade. Overall, we anticipate satisfactory performance resulting from existing strategies for the 1994/95 year.

Keith Bennett
Managing Director

Overview

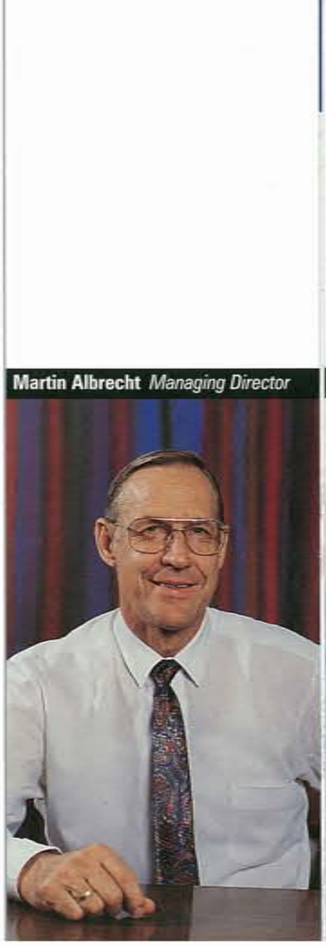
- Revenue steady
- Construction work in hand at record levels
- Excellent progress on tourism and defence projects
- Environmental Services lifted performance
- Good progress in coal mining
- Significantly improved prospects

Cullen Bay Marina, Darwin, Northern Territory

THIESS CONTRACTORS

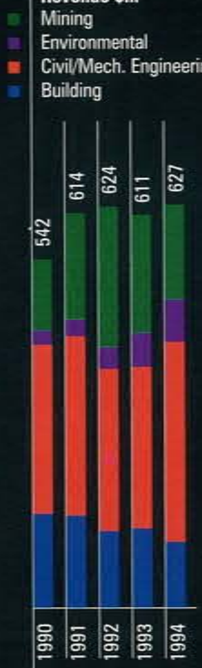
We have performed well in tough conditions and maintained a good spread of multi-disciplinary work. Our record forward workload is a sign of better prospects ahead.

Martin Albrecht *Managing Director*



THIESS CONTRACTORS

Revenue $m



Work In Hand $m

#Includes $84m in long-term waste contracts

*Includes $74m in long-term waste contracts

+Includes $87m in long-term waste contracts

Thiess performed well in a competitive environment. Revenue was a little ahead of last year although profit was down. The largest proportion of revenue was from civil engineering. Building also was a significant contributor, but conditions were very competitive in a depressed market. Environmental Services lifted revenue and secured a wide range of new work, and we were successful in a broad range of mining projects in the coal industry. Asia made a good contribution to revenue although not as high as last year.

A continuing positive factor about Thiess' business is its multi-disciplinary spread across a number of sectors. By year end each sector of our business was performing well and the level of work in hand overall was at its highest for nine years. In addition, a significant proportion of budgeted revenue this coming year is already committed. Whilst the economy has gradually improved, margins continued to be tight, especially in building and mining. However, we benefited from improved utilisation of plant and reduced funds employed in line with Group objectives. A key strategic objective is to place increasing emphasis on larger projects and reduce the number of smaller jobs we take on.

Thiess has added significant value to quality assurance, industrial relations and training services. All our geographically based Australian operations have now achieved full quality accreditation to AS3901. We have signed the first enterprise agreement in the coal industry and introduced many changes in human resource management and training, which are now at the forefront of industry standards.

Mining markets were tough this year but a variety of new projects leave us well positioned in the coal industry. A year ago we initiated steps to re-establish a larger presence in the coal industry in which we have been involved since the 1940s. Projects won this year, such as the Kooragang Coal Terminal conveyor and expansion works in New South Wales, represent a unique cross-section of coal mining activities. Our involvement ranges from coal mining, stripping of overburden, infrastructure and load out facilities. We have identified and devised innovative solutions to an industry need for greater depth open cut coal mining.

Our $173 million contract mining project at Granny Smith gold mine continues to go well as does a new $36 million open cut mining contract at Keringal gold mine also in Western Australia.

In the competitive building industry we have a good spread of business, especially in the tourism, health and defence sectors. Our contract with Caterair to build a large food processing facility at Sydney's Mascot Airport is the fourth project we have built for the international inflight catering company. The award of a $36 million contract at the Tindall RAAF Base in the Northern Territory and being appointed managing contractor on the $60 million Waterhen Naval Facility in Sydney re-affirms our position as a leading defence contractor. We are pleased with the excellent partnering relationship established with the Department of Defence. Our redevelopment project at Green Island on Queensland's Great Barrier Reef, involving environmentally sensitive construction, was completed in August 1994. Towards year end we won an $18 million contract to build the Acute Services Building at the Prince of Wales Hospital for the New South Wales Public Works Department and successfully completed the $10 million Swan District Hospital in Perth.

Green Island Resort, Northern Queensland ▲

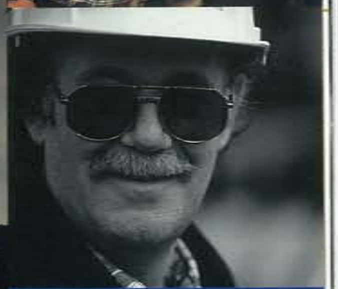
Tourism and Resorts

Thiess has accumulated considerable experience in tourism and resort projects. Our list of achievements is substantial. In the Whitsunday region alone, we have worked at Hayman Island, Lindeman Island, Long Island Resort and Laguna Quays Resort.

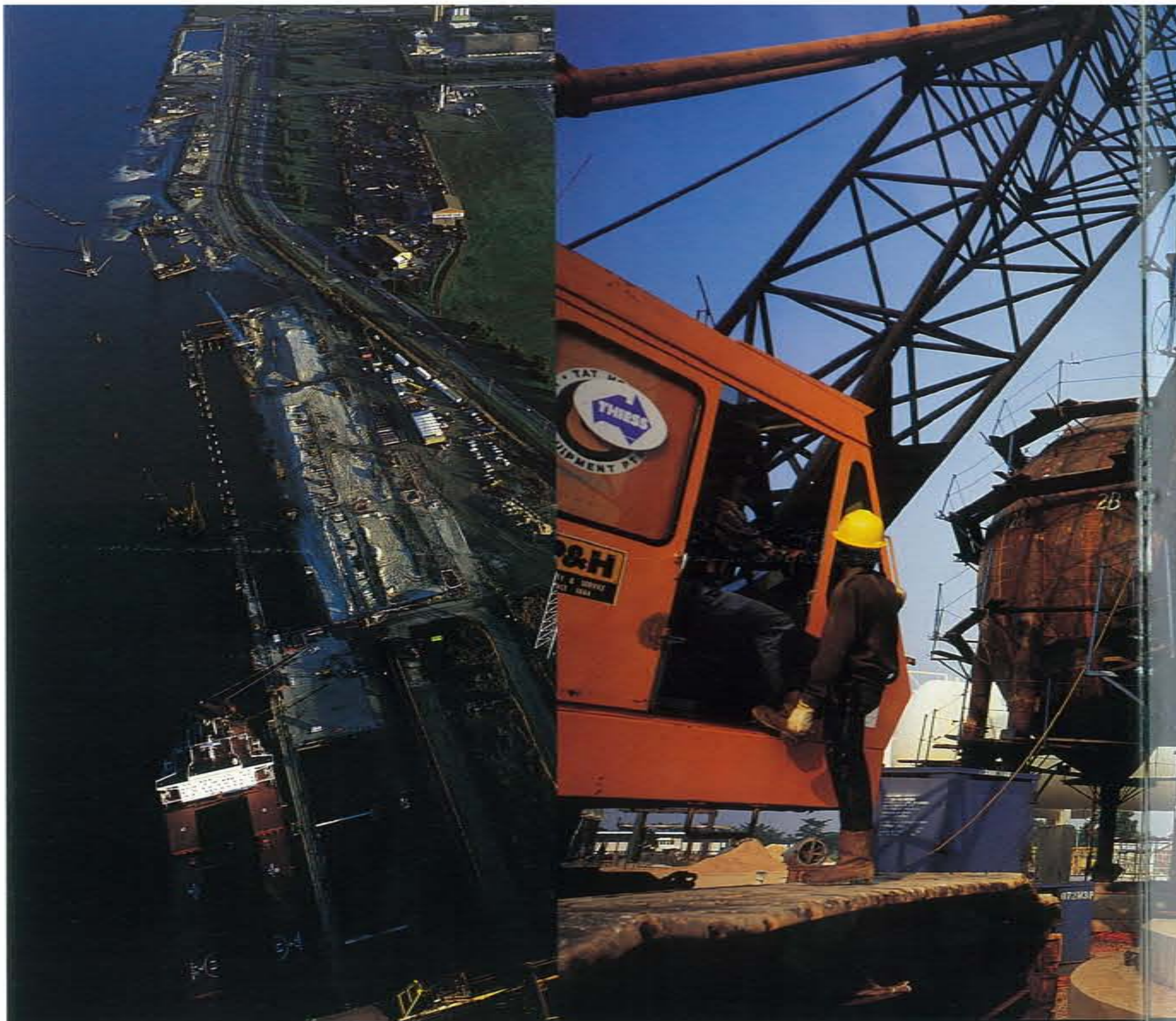
The most recently completed project, Green Island, is on Queensland's Great Barrier Reef. This eco-tourism project has set new standards for integrating construction and the environment. Just one of the many design considerations for maintaining the ecological balance is the placement of buildings around trees and one metre above ground to minimise disturbance to plant root systems. Buildings also harmonise with the tropical surrounds and do not rise above the rainforest canopy. Logistics were carefully planned to ensure the smooth and timely transport of construction materials and equipment to the island to minimise effects on the local environment.

This project has set a new benchmark in the development of essential infrastructure for an important industry in environmentally sensitive locations.

Caterair Facility, Mascot, New South Wales ▲



Domestic Waste Collections for Redcliffe City Council, Queensland ▲



Kooragang Coal Terminal, Newcastle, New South Wales ▲

Board
R M Wylie OBE – *Chairman*
M C Albrecht – *Managing Director*
D S Adamsas
D J Argent
B J Campain
A C Hardy
W M King
G S McDonald OBE
D G Young ISO

Secretary
D J Argent

Senior Executives
M C Albrecht
BTech(CivEng)
Managing Director
D J Argent
BComm, CPA, FCIM, FCIS
Director, Finance & Administration
B J Campain BE(Civ), MIEAust
Executive Director, Operations/Services
N N Jukes BE(Civ)
General Manager, Operations
R A Logan DipCE, BE(Civ), MEngSc
General Manager, South East Asia
R S Trundle BE(Civ), MIEAust, CPEng
General Manager, Qld & NT
D A Clark BE(Civ)
Manager, Vic, SA, Tas
P A Darrouzet BBus
Manager, Human Resources
J D Davis BE(Civ)
Manager, Environmental Services
R C Durant CPEng, MIEAust
Manager, Process Engineering
R Molloy BSc(Civ)
Manager, Malaysia
B A Munro BE(Civ)
Manager, Indochina
A J Ransley BE(Mech)
Group Plant Manager
D K Saxelby BE(Civ)
Manager, NSW & ACT
D G Stewart BSc, BEng
Manager, Indonesia
J F Trio CPEng, MIEAust
Manager, WA

Our main engineering achievement this year was to complete the $58 million Dawesville Channel project in Western Australia over a year ahead of schedule. Another major project completed was the Cullen Bay Marina in Darwin, one of the largest infrastructure projects in the Northern Territory. This landmark project involved the development of a deep water marina with a lock structure to manage Darwin's eight metre tidal fluctuations, and included residential, commercial and public recreation areas. In general, the engineering market was difficult but there were signs of improvement towards year end. Process engineering work was scarce but a $50 million contract with South Blackwater Coal in Queensland was committed in June 1994. This will involve construction of a 3.2 kilometre overland conveyor, the upgrading of existing processing facilities and the installation of highly automated process controls, which will ensure the plant is world competitive.

Environmental Services again increased revenue. The domestic waste collection contract in Canberra has been secured for a further seven years and significant waste recycling and disposal contracts in Newcastle and Wollongong were won.

LPG Storage Tank Construction, Sumatra, Indonesia ▲

Our ongoing contract with Melbourne Water Corporation, involving the outsourcing of maintenance services for water, sewerage and drainage systems, continued to progress well. Thiess acquired the Australian rights to an unique soil remediation system from Toxfree Systems Pty Ltd during the year. This technology has significant potential for application in oil refineries and former gasworks sites. With further refinement it also may apply to more complex contaminants.

In South East Asia we continue to benefit from the business we have built in Indonesia over the past six years. Among a diverse range of projects, new civil engineering contracts include two integrated urban land developments in Jakarta which feature internationally designed golf courses. We commenced a small mining contract at the world's largest gold and copper mine in West Irian. A strategic presence also has been established in the oil and gas industry in Indonesia through the construction of an LPG recovery and storage facility in Sumatra.

In Malaysia, establishment of our business has been more challenging and results are currently around breakeven. Performance in Malaysia should be assisted with some good prospects in mining, tourism and the environmental services sector. In Indochina we have written-off our establishment costs and are currently negotiating with major manufacturing companies looking to establish operations in this region. We are confident South East Asia will be a profitable and growing market for us, but the difficulties in pursuing this goal should not be underestimated.

Prospects for the year ahead for Thiess are excellent given the significant forward commitments we have negotiated. Even though the market will continue to be patchy, every business unit has a sound basis for its projections for the year ahead. Revenue and profit are expected to increase for the company as a whole. Our new work targets and strategic plans aim to achieve a greater share of work in the mining sector, major public infrastructure projects and a continuing role in development of the tourism industry. Our clear objective is to increase our understanding of the changing needs of clients to ensure that we offer a competitive and relevant range of services to meet their requirements.

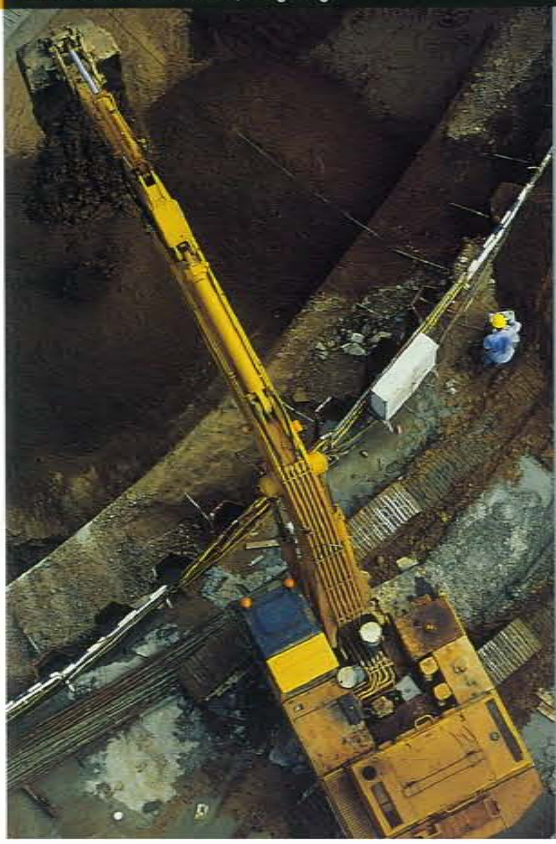
Martin Albrecht
Managing Director

Overview

- Consolidated last year's record results
- Major new contracts in Hong Kong and Thailand
- Stronger relationships with mainland Chinese contractors
- Awards for safety and business achievements in Asia
- New emphasis on greater geographic coverage
- Overall outlook is promising

West Kowloon Reclamation, Hong Kong ▲

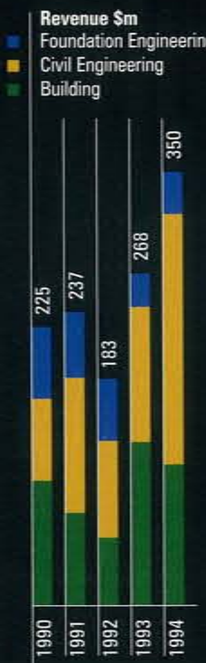
Black Point Power Station, Hong Kong

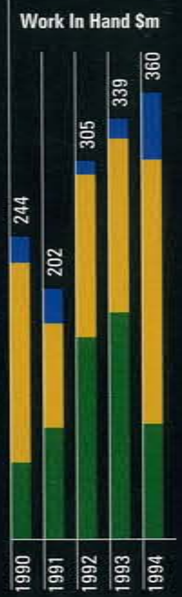


LEIGHTON ASIA

Another increased revenue and profit result consolidated our performance achievements of last year. A number of successful projects in new market sectors have set the scene for further growth.

John Faulkner *Managing Director*





Revenue and profit again reached record levels consolidating last year's significant leap forward. For the year to June 1994, revenue rose 31%. Return on assets was high, exceeding objectives as it did last year. Improved results were mainly due to a substantial increase in activity in Hong Kong. Thailand delivered a strong profit contribution even though revenue was down on the previous year. Approximately 77% of revenue came from Hong Kong, 22% from Thailand and 1% from China. Work in hand again is at a high level, around $360 million.

The diversity of Leighton Asia's new work highlights the strength of the business. In addition to government work, we attracted a number of major private sector clients. Leighton Asia's business mix continues to be a combination of building, engineering and marine works. Our immediate strategy remains to improve growth in Hong Kong and Thailand while over the medium-term we expect to convert opportunities in other countries, especially China and Indochina.

Hong Kong was a productive area for new work. We secured seven new contracts collectively worth over $330 million. The massive Hong Kong airport development and other government funded transport links with China continued to generate a steady stream of project opportunities. The $30 billion Airport Core Programme (ACP) has nearly 50% of work still to be tendered and economic conditions remain buoyant.

All of Leighton's Hong Kong projects are proceeding on time, including the $500 million West Kowloon reclamation joint venture. We have completed our first ACP project, the $111 million Route 3/Lantau Fixed Crossing Interchange advance earthworks on Tsing Yi Island, ahead of time and within budget. During the year we were awarded another Route 3 project, a $180 million joint venture for the Tung Chung section of the North Lantau Expressway. We purchased a substantial amount of new equipment, which will help keep our prices competitive through better operating efficiencies. This included piling equipment for the privately owned and operated $80 million SENT Landfill project.

Leighton Asia's outstanding track record in Hong Kong has lifted the company's profile which in turn contributes to our marketing effort in other Asian regions. Through our joint venture work in Hong Kong with contractors from the Chinese mainland, such as CITIC and China State Construction Engineering Corporation, we have developed closer relationships which will assist us to develop our business in China and Hong Kong post 1997.

A noteable change to our corporate structure was the absorption of Leighton Brückner into our business as a wholly owned operating unit. This division will continue to concentrate on foundation engineering for both external clients and our own projects in all markets. Prospects for this activity are improving in Hong Kong as the ACP gains momentum.

Thailand remains a good market for Leighton Asia. The economy continues to grow strongly and, while not quite at the same rate as last year, has moved to a more sustainable longer-term growth pattern. The building market has become more competitive, although we expect building and infrastructure projects to be a good source of work for some years.

During the year we completed twin tower office buildings for Commercial Union Assurance Group and Thailand Electrolux. We also won new contracts towards year end to construct the $20 million Amornphand Tower office block and the $11 million BBC tracking station in Bangkok. Large potential projects, such as the revitalised Bangkok Sky Train, could have a significant effect on the long-term workload in Thailand.

Foundation Engineering for Pratunam Complex, Bangkok, Thailand ▲

South China Morning Post, Hong Kong ▼

Board
Sir Gordon Macwhinnie – *Chairman*
J Faulkner – *Managing Director*
D C Bray
N K Chan
A L Jacobs
W M King
P J North
Dr B W Leitchnitz
Dr K Rönnberg
W J Wild

Secretary M Chung

Senior Executives
Leighton Asia Limited
J Faulkner *Managing Director*
A L Jacobs BCom, FASCPA
Director, Finance & Administration
M Chung HKSA, ACCA
Corporate Financial Controller
D G Pestridge ARICS
Corporate Contracts Manager
M Chan BA
Personnel Manager
Hong Kong
W J Wild BE(Civ), MEngSc, MIEAust
Director & General Manager
J F Nash BA(Hons), MEng(Civ)
Manager, Estimating
P J McMorrow Assoc Highway Eng
Construction Manager, Civil Engineering
R F Grosvenor Dip Bldg
Construction Manager, Building
B W Adcock
BSc(Eng), ACGI, MICE, MHKIE
General Manager, Foundation Engineering
P G Pollard BBus, CPA, ACIM
Financial Controller
B W Gell
Manager, Special Projects
P Blennerhasset
Plant Manager
Thailand
W K Hamilton BE(Civ)
Director and General Manager
T Goodman BSc, MCIOB
Construction Services Manager
P E Gibney BBus, MBA
Finance and Administration Manager
J V Barlass
Construction Manager, Building
M Burnett
General Manager, Foundation Engineering
T Meesomklin BE
Contracts Manager
T J Ransome
Contracts Manager
Regional
A V Atkinson BTech(Bldg)
Director & General Manager
G O White
BE(Mech), MAIE, MIEAust, CPEng
Business Development Manager
L Berezovsky MEng, MIEAust, CPEng
Engineering & Estimating Manager
A G Milligan AAIOB, MAIPM
Regional Manager, Vietnam

The Business of Leighton Asia

Leighton Asia's reputation is based on finishing projects on or ahead of time, within budget, to an excellent quality standard and under strict safety guidelines. However, offering this service, which often comes at a premium, is a challenge in fast growing markets which are highly competitive and price sensitive. Nevertheless, by balancing the pressures of the market with an uncompromising position on standards, we have established a significant market share and a style which is attracting a growing list of satisfied clients.

The success of this policy recently gained public recognition. Leighton Asia was presented with the inaugural Australian Business Award from the Australian Chamber of Commerce in Hong Kong in recognition of our achievements in Asia. We also won two gold safety awards in the Airport Core Programme Safety Award Scheme.

Our ability to win awards and deliver high quality projects is a direct result of our well established presence in the region, considerable market knowledge, and a high proportion of local employees.

As the Thailand business has grown we have taken the opportunity to introduce more local management into the operation.

We expect Leighton Asia to gradually increase its geographic spread over the next five years. The high volume of work in Hong Kong has tended to overshadow our initiatives in other countries. However, we have assembled a team to focus on opportunities in new geographic markets such as China, Taiwan, Malaysia and Vietnam. To date we have tendered for work in these countries and experienced some success, but we recognise that every new market brings different challenges and requires patient investment.

The outlook overall for Leighton Asia is promising, with good opportunities throughout the region. To establish a solid base for continued growth we have taken initiatives in several directions. Our private sector client base is expanding and we are looking to other countries in the region. We will continue to improve the efficiency of our operations and diversify the range of contracts we undertake such as turnkey, design and construct, and build, own, operate, transfer. To reinforce these activities we are putting greater effort into our marketing and new business development.

It is likely that wider trends in Asian markets will work in Leighton Asia's favour. As these markets mature and technology has a greater impact, we believe there is increasing interest in the style of service Leighton Asia offers with its emphasis on quality, efficiency and safety. We also expect that increasing awareness of environmental issues in the region over time will result in environmental projects coming on stream.

In terms of performance, we expect ongoing increases in revenue and profit as Leighton Asia continues its move towards higher levels of achievement over the next few years.

John Faulkner
Managing Director

Electrolux Building, Bangkok, Thailand ▲

SENT Landfill, Hong Kong ▲

Ao Udom Jetty, Pattaya, Thailand ▲

Residential Development, Waitara, New South Wales

Vyril Vella *Managing Director*

LEIGHTON PROPERTIES

A significant reduction in the operating loss was achieved this year and a strengthening property market in Australia should see Leighton Properties continue to improve performance.

Management Committee
V A Vella – *Managing Director*
D S Adamsas
W M King
D P Robinson
B W Clark

Secretary
B W Clark

Senior Executives
V A Vella BSc, BE(Hons), MEngSc, MIEAust
Managing Director
J C Barrett ARICS, AVLE(Val)
Southern Region Manager
R H Borger ASLE
Northern Region Manager
B W Clark ASA, DipTech(Acct)
Commercial Manager
M C Gray BSc(Arch), BArch(Hons)
Manager, NSW

Overview

- Operating loss reduced by one third
- Minor sales and leasing
- St Kilda Road close to full occupation
- Waitara residential development proceeding
- Developer for preferred applicant for Sydney casino
- Improved outlook

Operating losses were reduced by one third. Lower interest rates have generally contributed to reducing holding costs and, together with improved leasing, have resulted in a better performance. Our strategy remains to lower the percentage of property on the Group balance sheet and we have had further success with the sale of minor properties. We will continue this strategy over the next 12 months and the improving market should assist sales. Further ahead, we see the potential to develop some of our existing sites.

We are able to report progress this year on a number of projects. In Sydney we sold five units at prices above book value at the Gardners Road industrial complex in the inner city suburb of Alexandria. Further minor leasing was achieved at the Edgeworth David Corporate Park at Hornsby, north of Sydney. We are still analysing alternatives for the commercial site at 80 Pacific Highway North Sydney. There has been renewed interest in the site, however we will not proceed with development until we can secure lease pre-commitments. The Sydney residential market has improved sufficiently for us to go ahead with stages two, three and four of the Waitara development on the upper north shore, involving construction of a further 57 upmarket home units.

Our office building in St Kilda Road, Melbourne, which represents a significant part of our property portfolio, is now 98% leased. Marketing for the sale of the Cosmopolitan Centre, a retail and entertainment complex in Hindley Street, Adelaide, is underway and we have sold some adjoining development land.

In response to a better property market in the Brisbane metropolitan area we have re-packaged one of our land holdings for sale. Subdivision work has commenced at the Interlink development in Milton and the smaller parcels of land will be marketed to commercial investors over the next 12 months. Also in Queensland, residential land sales at Edens Landing located in the fast growing south eastern region of the State are going well.

The Pacific Parking business has been sold subject to the finalisation of documentation.

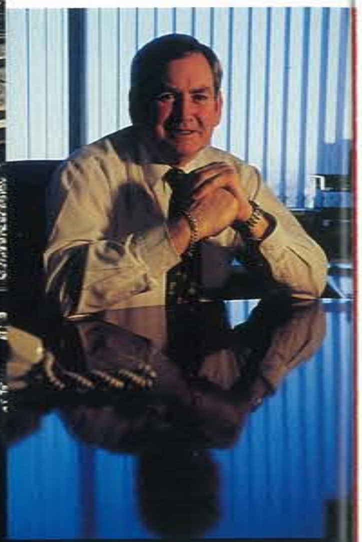
A new business initiative is our development role for Sydney's first casino. The preferred applicant, Sydney Harbour Casino, was announced in May 1994. Over the past few months we have been actively involved in preparing the development applications for the consortium and contributing to managing the extensive public and community consultation process.

The licence for the casino is scheduled to be awarded after the development application is approved later this year. Leighton Properties will manage the $700 million building development which should take three years to complete. Our ongoing participation in Sydney Harbour Casino will be through a 5% investment in the public company when it is listed on the Australian Stock Exchange and a 15% share of the management company.

The outlook for Leighton Properties over the medium-term is better than it has been for some time. Our immediate objective is to continue our sales programme and free up capital for the Group. An improving market should make these objectives easier to achieve and we expect to continue to reduce operating losses over the next few years.

Vyril Vella
Managing Director

Melbourne Casino Materials Supply, Victoria



John Hicks *Managing Director*

WELDED MESH

We have had a very rewarding year – the best since Welded Mesh started nearly 10 years ago. We began a programme of controlled expansion in Queensland and Western Australia and maintained our focus on profitability.

Board
K L Bennett – *Chairman*
J W Hicks – *Managing Director*
T R J Cooper

Secretary
T R J Cooper

Senior Executives
J W Hicks
Managing Director
J S Linstid
Chief Financial Controller
P J Scott
NSW Manager
R E Brown
Victoria Manager
G Murden
WA Manager
J R Shannahan
Queensland Manager
D J Crestani
National Marketing Manager

WELDED MESH

Overview

- Results improved again
- All States performed well
- Queensland operation started
- Markets recovering
- Entering consolidation phase
- Good prospects for continued growth

Welded Mesh is meeting the challenge of growing nationally. This year we successfully established our Queensland plant and considerably expanded operations in Western Australia and other States.

Revenue was up 25% to $86 million and profit rose by around 50%. Profit increased at a higher rate than revenue as markets settled down and prices recovered. Currently pricing and margins are stable. As Australia moves out of recession more projects are being initiated and, with renewed interest in building, we are benefitting from increased demand for processed bar and rod, welded fabric and hard drawn wire. Our priority will be the consolidation of recent growth and diversification whilst maintaining the strength of our core reinforcing business, which accounts for over half of our product range.

Substantial capital investment is laying the foundations for a modern, efficient business. Our new manufacturing facilities in Brisbane and Perth are some of the most modern in Australia. The ongoing investment in new machinery and technology has established Welded Mesh as a benchmark in the industry for efficiency and productivity.

Operations are performing as expected. Good contributions came from New South Wales, Victoria and Western Australia. Queensland is approaching breakeven after only four months of operation.

In New South Wales, which contributed the largest amount to revenue, our business is steady and going well. The majority of our work in the past year was supplying infrastructure projects. Additionally, as housing activity increased, so too did the demand for mesh. Computerisation of much of our plant helped achieve better margins by stabilising operating costs and improving efficiency. Our new automated machinery line, which allows us to produce special one-off runs of non-reinforcing meshes, was installed and is moving towards peak efficiency.

Increased demand for product enabled us to make a strategic move to lease additional space in Newcastle and create more storage capacity.

Victorian operations continued to improve on last year's turnaround, showing good profit. Volume increased significantly and we decided to expand the Victorian operation by extending product lines. We also opened a new service centre at Dandenong. Our improved results had a strong and positive effect on staff morale which should keep the business momentum going.

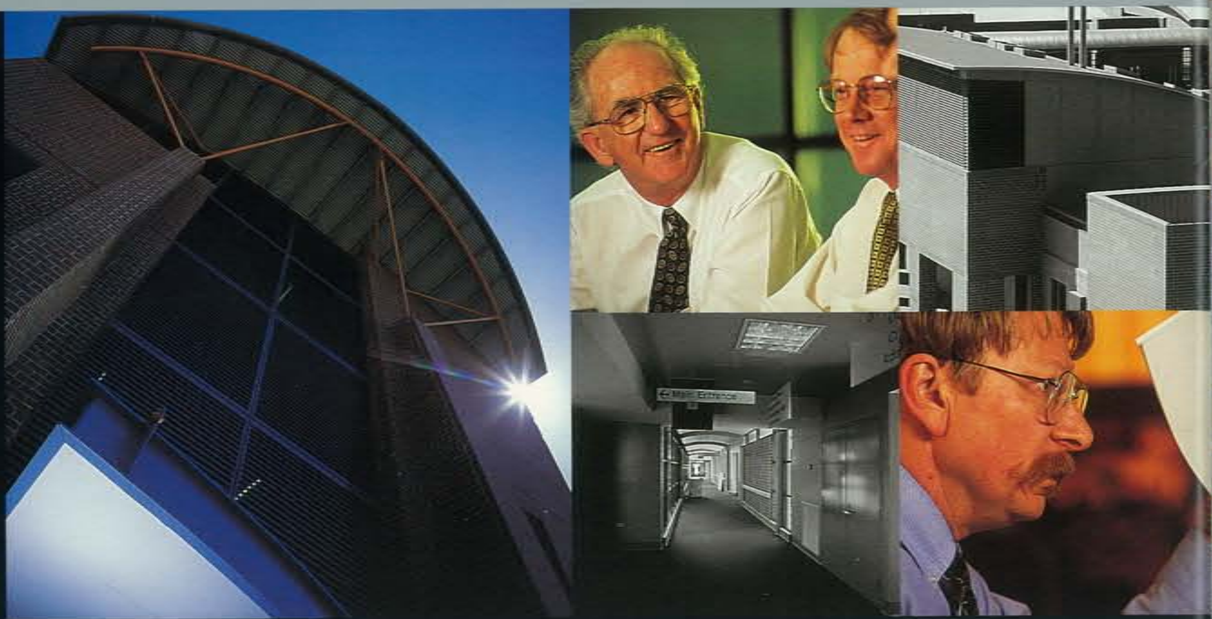
In October 1993 we opened our new Western Australia premises which provide a good base for further expansion. Rolling wire proved to be a successful business segment this year.

The Queensland operation commenced in February 1994 and for the four months to June has performed very well, certainly meeting our expectations. Queensland will contribute to profit in future years and already it has helped us to increase revenue and production. A new mesh machine in Brisbane commenced operations in September and our new premises, which we own, were completed in August.

In 1995, Welded Mesh will complete its 10th year of operation. By then revenue should be around $100 million and annual production should reach 100,000 tonnes. With business improving nationally and our new Queensland operations making a full year contribution, we see good prospects for increases in revenue and profit over the next few years. We will continue to invest in our business and consolidate recent growth to ensure we remain competitive and profitable.

John Hicks
Managing Director

After 10 years of providing professional consulting services to the Leighton Group, Technical Resources continues to be invigorated by new areas of specialisation and new challenges.



Albury Base Hospital, New South Wales

TECHNICAL RESOURCES

Technical Resources provides professional consulting services to the Leighton Group. Our role is to look beyond the short-term to identify markets and develop methods that will ensure Leighton's long-term growth. We work with all Group companies, supplementing their core construction activities with additional expertise and direction. In doing so, we address complex issues and technologies, breaking them down into manageable components that can be transferred to Group companies at an operational level.

The various disciplines within Technical Resources are utilised in four main areas: technical and business development, construction implementation, management systems, and communication. We delivered products such as business planning, prospect and project direction, project controls and systems, government and public relations, marketing and partnering initiatives.

Quality accreditation and environmental management guidelines were areas where we made considerable progress. Our project services team worked with Group companies to achieve quality assurance certification for their operations Australia-wide. We have introduced environmental guidelines into management systems to ensure the integrity of the environment remains an important factor in all projects we undertake. Our continued role in applying experience and technology to projects has led to Technical Resources being utilised as the project director on Australian and overseas projects including the Brisbane Convention & Exhibition Centre.

By extending our liaison role with the health care industry and government, we have contributed to the success of new work in this sector. Our role has been to ensure that construction expertise is teamed with the very best in specialist health planning and design to create optimum health care facilities. Key ongoing issues are the advantage of contractors having input at the very early conceptual stages of projects, the need to reduce recurrent costs and the importance of public accountability. Our proposals and design section has been instrumental in re-emphasising the benefits of value management in this market and others.

To further improve our service to Group operating companies in Asia, we are implementing an Asian Business Support Unit. We aim to meet the growing need for the Group to work with Australian clients that are establishing facilities in Asia and to increase emphasis on quality issues for Asian clients. Our overall thrust is to take the Group's already successful Asian business to higher levels

Overview

- Consolidated initiatives in health care
- Closer Group relations with governments
- Project director role on several milestone projects
- Implementing an Asian Business Support Unit
- Support to operating companies in strategic planning
- Quality accreditation and environmental guidelines

For some years Technical Resources has worked closely with Leighton Contractors pursuing opportunities in the health market. The first major success - Albury Hospital - resulted from the establishment of links with key industry players and the development of skills and a knowledge base which enabled Leighton to address the market effectively.

Bob Gussey *Managing Director*

of achievement and our new unit will liaise directly with Leighton Asia on government issues, business development and technical support.

With a significant proportion of the Group's work coming from government contracts, more attention to government relations is essential. In line with government trends to involve the private sector more in business relationships, we have increased our own communication with government, especially on a technical level. This has helped establish an ongoing dialogue on government construction needs both in general practice and on actual projects. We have also provided practical input to policy formulation and participated in industry forums to provide constructive comment. Tangible results from this government relations activity include important changes to infrastructure bonds for privatised projects.

We continue to develop a number of business opportunities with operating companies. Our industrial and process engineering division formed a strategic partnership with Leighton Contractors to increase the amount of work undertaken in this area. We are focussing on light process facilities and we see Leighton as being ideally suited to provide the complementary skills required to secure quality contracts.

Technical Resources was extensively involved in the Sydney Harbour Casino bid. Activities included market research analysis, marketing reports, construction and project controls, development of strategic alliances, design development, graphic identity, communication programmes, issues management and a variety of support work for the consortium.

As we look to the future, our ongoing theme is to emphasise the importance of initiatives to improve Group performance. Priorities include business development and research in Asia, strategic business planning, a back-to-basics programme for design management on large projects, a long-term plan for Total Quality Management (including the environment and occupational health and safety), and effective utilisation of electronic communications. We will continue our position as a forum for technical, professional and technological interchange within the Group.

R. G. Gussey

Bob Gussey
Managing Director

Board
R G Gussey –
Managing Director
R L Hawkins –
General Manager
P Bingham-Hall
R D F Hunter
W M King
N A Sallustio

Senior Executives
R G Gussey
CPEng, FIEAust, MICE, MNZIPEng, MAIB, AAIArb
Managing Director
R L Hawkins BArch(Hons), ARAIA
General Manager & Business Development Director
G R Andrews BE(Hons), MIEAust
Technical Computer Services Manager
P Bingham-Hall BA(IndDes)
Group Communications Manager
R D F Hunter BArch, MSc(Bldg)
Proposals & Design Director
J M Malouf
Group Information Manager
M K McAuley BA(VisCom)
Corporate Design Manager
I A Scoular BE(Hons), MIEAust, CPEng, MAIPM
Project Services Manager
D R Stitt Dip(M&E)Eng
Industrial & Process Engineering Manager

Ipco International Limited. Leighton has held an interest in Ipco for over 10 years. Based in Singapore, where it has Operational Headquarters status, Ipco was successfully listed on the Stock Exchange of Singapore in May 1993. The two major shareholders, Leighton Holdings Limited and Promet Pte Ltd, each own 33.6%. Leighton has maintained the carrying value of its investment in Ipco at US$3.06 per share. Ipco was trading at around US$4.50 per share at June/July 1994.

Ipco's revenue and profit performance was down on the previous year. This was due to a decline in the volume of construction work completed. A contributing factor was the delay in receiving approval to commence construction on the Lumut Port project in Malaysia and Phase II of the Bonny Export Terminal in Nigeria.

Work was completed on the Bontang Train F Pipeline in Indonesia, the Malacca Lateral Gas Pipeline in Malaysia, the first phase of the Cikarang Power Station in Indonesia, and Insituform Trenchless projects in Hong Kong and Singapore.

Prospects for 1994/95 are good. Work should proceed strongly in the 1994/95 financial year on the US$251 million Phase II of the Bonny Export Terminal and have a significant effect on future earnings.

The continuing need for infrastructure to support growth in developing countries around the world, particularly in Asia and countries with an active oil and gas sector, justifies an optimistic outlook for Ipco's future. With an active presence in targeted regions and an established track record in developing privately funded infrastructure, Ipco remains well positioned to secure new work.

Green Holdings Inc. Leighton entered the USA construction market in 1983 with a 50% share in Green. Conditions in this very competitive market have been difficult and resulted in unsatisfactory performance. In line with the Group's strategy to concentrate on Australia and Asia, steps were taken to exit the United States in 1993.

The cost of withdrawal from Green has suffered a significant deterioration. The cost to complete work in hand has increased, but only one contract is expected to run past December 1994. This contract, for the disposal of mine tailings at Rifle, Colorado, should be completed by mid 1996. A further provision has been created to cover these costs as well as a write-back of a number of contractual claims. The further net provision for Green Holdings made at 30 June 1994 was $27 million after tax.

Interlink Roads Pty Limited. The Group's investment in Interlink Roads was revalued upwards by $21 million. Interlink Roads, a company 50% owned by Leighton Contractors Pty Limited, was awarded the concession to build, operate and maintain the M5 South West Motorway in New South Wales. This concession was granted by the Roads and Traffic Authority in 1992 for a period of 30 years.

Earnings per Ordinary Share ¢

*After Abnormals

Dividends per Ordinary Share ¢

Total Shareholders Equity to Total Assets %

SHAREHOLDER INFORMATION

Enquiries. If you have any questions about your shareholding, dividend payments, Tax File Number, change of address etc, you should telephone the Company's Shareholder Enquiry Line at Coopers & Lybrand on (02) 285 7111.

Dividend Payment. The final dividend of 5.0 cents per share, if approved at the Annual General Meeting on 3 November 1994, will be paid on 7 November 1994. For Australian tax purposes the dividend will be fully franked at 33% corporate tax rate. Overseas shareholders will benefit by having no Australian withholding tax deducted from their franked dividends.

Dividend Reinvestment Plan. Through the Leighton Dividend Reinvestment Plan, shareholders may reinvest all or part of their dividends to acquire additional shares with no transaction costs and at a 10% discount on market price. A booklet providing full details of the Plan and including the necessary forms, is available either from the Company Secretary on (02) 925 6672 or Coopers & Lybrand on the above enquiry line.

Tax File Numbers. From 1 July 1991 all companies are 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, Coopers & Lybrand, Locked Bag 14, Sydney South Post Office, Sydney NSW 2000.

Please note you are not required by law to provide your Tax File Number if you do not wish to do so.

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

Share Information. Details of share capital and issued shares are contained in Note 22 to the Accounts on page 61. Information regarding substantial shareholders, the 20 largest holders and shareholding distribution is on page 49.

Audit Committee. As at 9 September 1994, the company has a formally constituted Audit Committee of the Board of Directors.

Other Available Publications. In addition to the Annual Report the Company distributes the Chairman's Address, the Half Yearly Report, the Preliminary Final Statement and quarterly 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) 925 6612.

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

CORPORATE STRUCTURE

FINANCIAL STATEMENTS
LEIGHTON HOLDINGS LIMITED ANNUAL REPORT

94

DIRECTORS' STATUTORY REPORT

This Report of the Directors of Leighton Holdings Limited is prepared in accordance with the requirements of Division 6 of Part 3.6 of the Corporations Law.

A review of the Economic Entity's operations, the results of those operations during the financial year and particulars regarding the Economic Entity's state of affairs are contained on pages 1 to 44 and form part of this report.

Total revenue levels for the Economic Entity for the financial year increased by 14.4% to a record $1.81 billion and included over $100 million in plant and equipment sales. Operating profit after abnormals and tax increased by 119.5% to $33 million.

A final ordinary dividend of 5 cents per share, fully franked at the current tax rate of 33%, has been recommended for payment on 7 November 1994. Together with the interim dividend of 4 cents per share, 100% franked at 39% corporate tax rate, the total dividend payment for the year will be 9 cents per share and will amount to $20 million.

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

It is our opinion that there has not arisen since the end of the financial year any matter or circumstance that has significantly affected or may significantly affect the state of affairs of the Economic Entity, its operations or results in subsequent financial years. In addition, we are not aware of any specific developments, not covered generally in this Report, that are likely to have a significant effect on the operations of the Economic Entity or its expected results.

Likely developments in operations of the Economic Entity and their anticipated results have been reported as appropriate. Further information on likely developments in the operations of the Economic Entity, including the expected results of those operations in subsequent financial years, would in our opinion prejudice the interests of the Company and has therefore not been included in this report.

Information regarding the Directors

(a) The Directors of Leighton Holdings Limited in office at the date of this Report are listed below together with details of their shareholdings in the Company:

Names	No of ordinary shares
Morrish Alexander Besley, AO	1,623
Wallace MacArthur King	51,075
Dieter Siegfried Adamsas	102,444
Peter John Waraker Cottrell, AO, OBE	3,059
Hans-Peter Keitel	1,000*
Peter John North	9,235
	14,253*
Busso Peus	1,745*
David Paul Robinson	1,250
Rodney Malcolm Wylie, OBE	38,150

*Non-beneficially held.

(b) The following changes to the Board occurred during the year:

(i) Dr H Hehner retired as a Non-Executive Director and Mr K L Bennett resigned as an Executive Director.

(ii) Dr B Peus was appointed a Non-Executive Director on 17 August, 1994.

(c) Other than disclosed in the Accounts no Director has declared any interest in a contract or proposed contract with the Company such as is required to be reported pursuant to Section 307(1)(c) of the Corporations Law.

(d) Details of Directors' qualifications, experience, special responsibilities and interests in shares in the Company are set out on pages 46 and 48.

(e) During and since the financial year no Director of the Company has received or become entitled to receive a benefit, other than:

(i) a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the Group accounts;

(ii) the fixed salary of a full-time employee of the Company or of a related corporation, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest;

(iii) a payment made to an Executive Director in accordance with his incentive agreement with the company and an advance made to an Executive Director pursuant to the Company's Senior Executive Loan Plan approved by Shareholders at the 1982 Annual General Meeting.

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 Directors Meetings		No. of Audit Committee Meetings		No. of Other Committee Meetings	
	Attended	Held*	Attended	Held*	Attended	Held*
D.S. Adamsas	11	11	4	4	2	2
K.L. Bennett *(Resigned Jan 94)*	6	6				
M.A. Besley	11	11			6	6
P.J. Cottrell	8	11				
H. Hehner *(Retired Feb 94)*	3	8			3	3
H.P. Keitel	2	11			1	1
W.M. King	11	11	4	4	6	6
P.J. North	10	11			2	2
D.P. Robinson	10	11	4	4	2	2
R.M. Wylie	10	11	4	4		

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

Additional Information

Options. Leighton Holdings Limited had granted to certain persons participating in The Leighton Staff Equity Participation Plan options to have issued to them shares in the Company. The date of expiration of the options was 31 July 1994.

(a) Particulars of these options, which were granted on 18 December 1989, were set out in the 1990 Annual Report.

(b) During July 1993 there were 545,000 ordinary shares issued by virtue of the exercise of options at an exercise price of $0.50 per option.

(c) At the date of this report there are no remaining unissued ordinary shares of the company under option.

Rounding off of Amounts. As the Company is of the kind referred to in Regulation 3.6.05(6) of the Corporations Regulations, the Directors have chosen to round off amounts in this Report and the accompanying accounts to the nearest thousand dollars in accordance with Section 311 of the Corporations Law and Regulation 3.6.05 of the Corporations Regulations, unless otherwise indicated.

Dated at Sydney this 9th day of September 1994.

Signed and made in accordance with a resolution of the Directors.

M A Besley

M A Besley AO
Chairman

W M King
Chief Executive Officer

DIRECTORS' RESUMES

M A (Tim) Besley, AO (67)
BE(Civil), BLegS, FTS, FIEAust, FAIM.
A graduate of the University of New Zealand and Macquarie University. A Non-Executive Director since 1989. Elected Chairman February 1990. Chairman of The Commonwealth Bank of Australia and Redland Australia Limited. Other directorships include Amcor Limited, Clyde Industries Limited, and Fujitsu Australia Limited. Chancellor Macquarie University. Councillor (NSW) and member of National Executive of the Metal Trades Industry Association of Australia. A Governor of the Council for International Business Affairs.

W M King, (50)
BE, MEngSc, FIEAust, CP Eng, FAIM.
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 Ipco International Limited. Participates in construction industry affairs and is the current inaugural President of the Australian Constructors Association. Member of the Business Council of Australia and Foundation Fellow of Australian Institute of Company Directors.

D S Adamsas, (51)
BComm.
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. Member of the Financial Executives Institute of Australia.

P J W Cottrell, AO, OBE (66)
ME(Syd), DGS(Birm)
A master of engineering from the University of Sydney with a post graduate diploma in management from Birmingham University in the United Kingdom. A Non-Executive Director since 1993. Managing Director of Email from 1974 until 1992. Chairman of Email and Pacific BBA and since 1992 Chairman of the Adelaide Steamship group of companies. Other directorships include Boral and the National Australia Bank.

Dr H P Keitel, (47)
Dr. – Ing
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. Joined Hochtief 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 and Member of the Board of RWE AG (Holding) in 1992. A Director of HOCHTIEF Limited.

P J North, (60)
BE, MBA, FAIM, FAICD
A graduate of the University of Sydney and Harvard University. A Non-Executive Director since 1981. Consultant specialising in corporate strategy and policy. Former chief executive in manufacturing industry. Chairman of Heggies Bulkhaul Limited and a Director of Leighton Asia Limited and The Warren Centre for Advanced Engineering (University of Sydney).

Dr B. Peus, (52)
Dr of Law
Studied at the Universities of Münster, Lausanne and Berlin. Graduated and awarded doctorate of law from the University of Münster. Appointed a Non-Executive Director on 17 August, 1994. Joined HOCHTIEF in 1977 and is a member of the Board of Executive Directors with responsibility for international subsidiaries and associates. A Director of HOCHTIEF Limited.

D P Robinson, (38)
BEc, ACA.
A graduate of the University of Sydney. A Non-Executive Director since 1990. Alternate Director for E F Vocke from 1987 to December 1990. A chartered accountant and partner with the firm of Harveys Chartered Accountants in Sydney. Responsible for management services within that firm. Participates in construction industry affairs. A Director of Hochtief Limited.

R M Wylie, OBE (66)
BComm, BA, FCA.
A graduate of the University of Queensland. A Non-Executive Director since 1985. Elected Deputy Chairman in February 1990. A chartered accountant, formerly senior partner in the Queensland practice of Peat Marwick Mitchell & Co. Chairman of Q.U.F. Industries Ltd, a Director of Queensland Alumina Limited and a member of the Principal Board of the AMP Society. Former Chairman of the Queensland Branch Council and Federal Councillor of both the Institute of Chartered Accountants and the Institute of Directors in Australia.

SHAREHOLDINGS

Information as to shareholdings on 9 September 1994 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 Limited	108,171,279
The following companies hold a relevant interest in these shares.	
HOCHTIEF Aktiengesellschaft, ("HOCHTIEF AG"), (the parent company of HOCHTIEF Limited.)	
RWE Aktiengesellschaft, (a majority shareholder in HOCHTIEF AG.)	
Potter Warburg Asset Management Limited	19,539,300
Mercury Asset Management Plc	13,548,452
Oppenheimer Global Fund	10,240,725

Hochtief has entered into formal agreements with the Company which ensure the continuing independence of Leighton and which also provide Leighton with continual access to HOCHTIEF's extensive, specialised technological know-how.

Number of Shareholders

Of ordinary shares which have equal voting rights*	5476

* 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 is the holder.

Distribution Schedule

Category	No. of Shareholders
1–1,000	1,416
1,001–5,000	2,615
5,001–10,000	794
10,001 and over	651
	5,476

There were 185 shareholders with less than a marketable parcel (100 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 84.30% and their names and numbers of shares are as follows:

Name	Number	Percentage of Total Shareholdings
Hochtief Limited	108,168,534	48.31
ANZ Nominees Limited	25,183,475	11.25
Westpac Custodian Nominees Limited	11,285,456	5.04
National Nominees Limited	10,851,145	4.85
Perpetual Trustees Victoria Limited	9,437,700	4.21
State Authorities Superannuation Board	3,635,019	1.62
Pendal Nominees Pty Limited	3,352,267	1.50
MLC Life Limited	2,678,097	1.20
Chase Manhattan Nominees Limied	2,535,396	1.13
Suncorp Insurance & Finance	2,029,893	0.91
Transport Accident Commission	2,000,997	0.89
The Colonial Mutual Life Assurance Society Limited	1,348,367	0.60
HKBA Nominees Limited	1,061,739	0.47
Permanent Trustee Australia Limited	970,000	0.43
Permanent Trustee Co Limited	872,000	0.39
Mercantile Mutual Life Insurance Co Limited	795,100	0.36
Labrador Pty Limited	683,500	0.31
Australian Mutual Provident Society	637,000	0.28
Victorian Superannuation Board	628,475	0.28
Colonial Financial Management Limited	613,522	0.27
	188,767,682	84.30

BALANCE SHEETS as at 30 June 1994

	Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Current Assets					
Cash	6	**71,077**	87,535	**45,200**	37,500
Receivables	7	**212,649**	189,637	**9,286**	9,476
Investments	8	**28,050**	12,860	**13,969**	—
Inventories	9	**23,690**	29,727	**—**	—
Other	10	**24,375**	14,443	**142**	292
Total Current Assets		**359,841**	334,202	**68,597**	47,268
Non-Current Assets					
Receivables	11	**2,238**	1,357	**2,238**	1,357
Investments	12	**81,546**	86,105	**593,835**	526,237
Inventories	13	**189,843**	206,104	**—**	—
Property, Plant and Equipment	14	**360,248**	334,720	**23,152**	20,910
Intangibles	15	**2,069**	4,099	**—**	—
Other	16	**53,059**	31,208	**13,672**	11,360
Total Non-Current Assets		**689,003**	663,593	**632,897**	559,864
Total Assets		**1,048,844**	997,795	**701,494**	607,132
Current Liabilities					
Creditors and Borrowings	17	**300,330**	287,059	**4,691**	7,388
Provisions	18	**49,600**	43,138	**21,999**	12,713
Other	19	**1,426**	1,663	**—**	—
Total Current Liabilities		**351,356**	331,860	**26,690**	20,101
Non-Current Liabilities					
Creditors and Borrowings	20	**280,077**	289,381	**396,660**	331,927
Provisions	21	**101,216**	78,434	**11,702**	10,678
Total Non-Current Liabilities		**381,293**	367,815	**408,362**	342,605
Total Liabilities		**732,649**	699,675	**435,052**	362,706
Net Assets		**316,195**	298,120	**266,442**	244,426
Shareholders' Equity					
Share Capital	22	**111,948**	109,665	**111,948**	109,665
Reserves	23	**126,437**	124,738	**127,054**	118,829
Retained Profits		**64,133**	51,443	**27,440**	15,932
Shareholders' Equity Attributable to Members of the Chief Entity		**302,518**	285,846	**266,442**	244,426
Outside Equity Interest in Controlled Entities	24	**13,677**	12,274	**—**	—
Total Shareholders' Equity		**316,195**	298,120	**266,442**	244,426

The balance sheets are to be read in conjunction with the notes to and forming part of the accounts set out on pages 53 to 74.

PROFIT AND LOSS STATEMENTS for the year ended 30 June 1994

		Consolidated		Company	
	Note	**1994 $'000**	1993 $'000	**1994 $'000**	1993 $'000
Operating Profit before Abnormal Items and Income Tax		**50,965**	72,632	**31,963**	18,341
Abnormal Items	5	**(10,370)**	(64,370)	**9,130**	(9,629)
Operating Profit	1,2,3	**40,595**	8,262	**41,093**	8,712
Income Tax (Expense)/Benefit Attributable to Operating Profit	4	**(4,738)**	4,901	**(7,576)**	4,809
Operating Profit After Income Tax	36	**35,857**	13,163	**33,517**	13,521
Outside Equity Interest in Operating Profit after Income Tax		**(2,775)**	1,907	**—**	—
Operating Profit After Income Tax Attributable to Members of the Chief Entity		**33,082**	15,070	**33,517**	13,521
Retained Profits at the Beginning of the Financial Year		**51,443**	41,924	**15,932**	16,885
Total Available for Appropriation		**84,525**	56,994	**49,449**	30,406
Dividends provided for or paid		**(20,028)**	(16,596)	**(20,028)**	(16,596)
Aggregate of Amounts Transferred (to)/from Reserves	23	**(364)**	11,045	**(1,981)**	2,122
Retained Profits at the End of the Financial Year		**64,133**	51,443	**27,440**	15,932

The profit and loss statements are to be read in conjunction with the notes to and forming part of the accounts set out on pages 53 to 74.

STATEMENTS OF CASH FLOWS for the year ended 30 June 1994

		Consolidated		Company	
	Note	**1994 $'000**	1993 $'000	**1994 $'000**	1993 $'000
Cash Flows From Operating Activities					
Cash receipts in the course of operations		**1,666,712**	1,445,349	**13,932**	12,662
Cash payments in the course of operations		**(1,513,939)**	(1,314,232)	**(34,251)**	(27,813)
Dividends received		**620**	6,013	**19,561**	6,909
Interest received		**3,686**	3,115	**5,157**	6,428
Interest paid		**(16,916)**	(18,850)	**(7,689)**	(9,413)
Income taxes paid		**(13,003)**	(11,854)	**(2,947)**	(3,074)
Net cash provided by/(used in) operating activities	40	**127,160**	109,541	**(6,237)**	(14,301)
Cash Flows From Investing Activities					
Proceeds from sale of Investment in Controlled Entity		**—**	21,270	**—**	21,270
(Increase) in Investment in Controlled Entities		**—**	—	**—**	(37,097)
Decrease in Investment in Controlled Entities		**—**	—	**—**	47,999
Payments for property, plant and equipment		**(204,815)**	(181,899)	**(508)**	(1,271)
Proceeds from sale of non-current assets		**101,447**	35,446	**64**	15
(Increase) in Investment in Other Entities		**(37,986)**	(36,717)	**(767)**	(48,537)
Decrease in Investment in Other Entities		**2,977**	11,012	**—**	—
Loan Repayments by Executive and Staff Shareholders		**1,064**	686	**1,064**	686
Loan Proceeds to Executive and Staff Shareholders		**(1,360)**	—	**(1,360)**	—
Net cash (used in) investing activities		**(138,673)**	(150,202)	**(1,507)**	(16,935)
Cash Flows From Financing Activities					
Costs of Shares Issue		**—**	(230)	**—**	(230)
Proceeds from Share Issues*		**273**	33,112	**273**	32,992
Proceeds from Borrowings		**176,346**	37,753	**148,949**	9,082
Repayment of Borrowings		**(167,681)**	(54,481)	**(10,000)**	(20,000)
Loans from Related Entities		**—**	10,229	**174,497**	297,773
Repayment of Loans to Related Entities		**—**	—	**(288,703)**	(321,156)
Dividends Paid*		**(11,106)**	(8,475)	**(9,373)**	(8,383)
Net cash (used in)/provided by financing activities		**(2,168)**	17,908	**15,643**	(9,922)
Net (decrease)/increase in cash held		**(13,681)**	(22,753)	**7,899**	(41,158)
Net cash at the beginning of the financial year	40	**87,490**	106,247	**37,500**	78,556
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year		**(2,732)**	3,996	**(199)**	102
Net cash at the end of the financial year	40	**71,077**	87,490	**45,200**	37,500

The statements of cash flows are to be read in conjunction with the notes to and forming part of the accounts set out on pages 53 to 74.

*Net of Dividend Reinvestment Plan of $8,255 (1993 – $7,162)

STATEMENT OF ACCOUNTING PRINCIPLES AND METHODS

The accounting methods adopted by the Economic Entity are in accord with the accounting standards and disclosure requirements of the Australian accounting bodies, applicable Australian Accounting Standards and the requirements of law. The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount and in assessing recoverable amounts net present value methods have not been used. The accounts of the Chief Entity (Company) and the Economic Entity (Consolidated) have been prepared in accordance with the provisions of Schedule 5 to the Corporations Regulations. Set out below is a summary of the significant accounting methods adopted where there exists a choice between acceptable methods.

(a) Consolidation

The consolidated accounts comprise the accounts of Leighton Holdings Limited, being the Chief Entity, and its controlled entities. These controlled entities are listed in note 36 to the accounts. Profits and losses of controlled entities are included in the consolidated profit and loss from the date control is obtained and excluded from the date the entity is no longer controlled. Transactions and balances between entities within the Economic Entity have been eliminated in full.

(b) Trade Debtors

Trade debtors includes all net receivables and includes the progressive valuation of work completed on construction contracts represented by amounts billed to and receivable from clients less cash received. The valuation of work completed is made after bringing to account a proportion of the estimated contract profits available and after recognising all known losses.

(c) Profit Recognition

(i) Profit is recognised on construction contracts on the basis of the value of work completed.
(ii) The whole of any expected loss on a construction contract is recognised in the accounts as soon as a loss has become apparent.
(iii) The Economic Entity recognises each year its proportion of revenue and profits from partnerships on the basis of the value of work completed. The whole of any expected loss is brought to account as soon as it becomes apparent.
(iv) Holding charges comprising rates, taxes and interest on properties under active development are capitalised. Holding charges on all other development properties are written off as incurred.
(v) Profits from property development, housing and land sales are recognised on settlement of the contracts.

(d) Property, Plant and Equipment

(i) Depreciation is calculated so as to write off the net book value of property, plant and equipment over their estimated effective working lives using in the case of:
freehold buildings – the straight line method;
major plant and equipment – the cumulative number of hours worked;
other equipment – the diminishing value method.
(ii) Leasehold properties and improvements are amortised over the terms of the leases.
(iii) Land and buildings are revalued at least every three years and any potential capital gains tax in relation to assets acquired after 19 September 1985 has not been taken into account as the Directors believe it is unlikely the Economic Entity will be liable for this tax on the basis there is no intention to sell the applicable properties.
(iv) Where fixed assets are acquired by means of finance leases, the present value of the lease rentals and residuals is included as an asset in the balance sheet and is depreciated over the expected effective working life of those assets. The net present value of future finance lease rentals and residuals is included in the balance sheet as a leasing liability. Operating lease rentals are charged to the Profit and Loss as incurred.

(e) Income Tax

The Economic Entity adopts the liability method of tax effect accounting in accordance with the Accounting Standard AASB1020.

(f) Foreign Currency

Overseas controlled entities' accounts, investments, loans and borrowings are translated in accordance with the Accounting Standard AASB1012 "Foreign Currency Translation".

(g) Inventories

(i) Development Properties
Development properties are carried at the lower of cost and net realisable value.
(ii) Trading Inventories
Finished goods and raw materials are carried at the lower of cost and net realisable value.

(h) Employee Benefits

The Economic Entity includes in its accounts the liability to its employees for annual leave and for long service leave in Australia after five years service has been completed and as required by law in overseas subsidiaries. Employee superannuation funds exist to provide benefits for eligible employees or their dependants. Contributions by members of the Economic Entity are charged against profits.

(i) Contract and Plant Maintenance

Members of the Economic Entity provide for maintenance on construction contracts and repairs and maintenance on plant and equipment over the estimated effective working life of the equipment.

(j) Bills Payable and Promissory Notes

The liability for bills payable and promissory notes is shown at face value.

(k) Goodwill

The excess of the purchase consideration for the acquisition of controlled entity operations over the net assets acquired is amortised using the straight line method over the period during which the benefits are expected to arise, which period at present does not exceed ten years (note 15).

(l) Mining Tenements

The tenements are capitalised at the lower of cost and recoverable amount and are amortised over the economic life of the investment from the commencement of mining operations.

(m) Investments

Interests in entities which are not controlled entities are shown in the accounts as investments and where applicable dividends are included in operating profit.
The investment in associated companies includes those corporations in which significant influence is exercised. The investment in associated companies has been revalued by the Directors at balance date and the associated companies are listed in note 26.
Interests in partnerships are shown in the accounts at cost with the addition of the Economic Entity's proportion of retained profits and losses.

(n) Rounding off of Amounts

As the Company is of the kind referred to in Regulation 3.6.05(6) of the Corporations Regulations amounts in the accounts and notes to the accounts have been rounded to the nearest thousand dollars in accordance with Section 311 of the Corporations Law and Regulation 3.6.05 of the Corporations Regulations, unless otherwise indicated.

(o) Comparative Figures

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

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
1 Revenue	Operating Revenue		**1,692,506**	1,517,310	**—**	—
	Other Revenue		**4,641**	6,561	**45,836**	30,750
	Proceeds from Sales of Non-Current Assets		**110,581**	56,711	**9,194**	21,787
	Total Revenue of the Economic Entity		**1,807,728**	1,580,582	**55,030**	52,537
2 Operating Profit	The operating profit before income tax is arrived at after:					
	Crediting as Revenue:					
	Profit on Sales of Non-Current Assets		**22,090**	19,776	**9,135**	21,172
	Dividends Received/Receivable					
	– Related Body Corporate		**—**	—	**19,136**	7,336
	– Related Entities	26	**620**	2,228	**620**	—
	Charging as Expense:					
	Depreciation and Amortisation					
	– Company Owned Assets and Leaseholds		**79,787**	74,783	**1,024**	1,718
	– Finance Leased Plant and Equipment		**249**	1,787	**—**	—
	Operating Lease Rental Expense		**26,226**	33,229	**21**	40
	Bad Debts Written Off		**—**	143	**—**	—
	Loan Written Off		**—**	—	**219**	2,636
	Auditors' Remuneration					
	– Amounts received or due and receivable for audit services by:					
	Auditors of the Company		**637**	690	**414**	597
	Other Auditors		**76**	94	**—**	—
	– Amounts received or due and receivable for other services by:					
	Auditors of the Company		**468**	521	**319**	337
	Other Auditors		**89**	187	**—**	—
	Loss on Sales of Non-Current Assets		**4,646**	3,082	**1**	192
	(Gain)/Loss on Foreign Exchange		**—**	—	**(5,210)**	595
	Goodwill Amortised and Written Off		**2,030**	995	**—**	—
	Abnormal Items					
	– Net Revaluation of Non-Current Investments	5	**19,500**	13,822	**—**	30,797
	– Property and Other Writedowns	5	**—**	63,540	**—**	—
	Other Revaluations and Writedowns		**6,708**	4,921	**—**	—
	Gross Amount Charged to Provisions					
	– Employee Benefits		**25,657**	18,836	**686**	2,576
	– Plant and Contract Maintenance		**48,877**	46,016	**252**	(444)
	– Doubtful Debts		**658**	449	**—**	—

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
3 Interest Expense and Income	The operating profit before income tax is arrived at after including:					
	Interest Expense					
	Related Corporations		—	—	—	4,915
	Related Entities		46	12	—	—
	Other Corporations		17,162	19,318	8,589	9,766
			17,208	19,330	8,589	14,681
	Interest Income					
	Related Corporations		—	—	24,478	22,165
	Related Entities		1,084	1,612	104	639
	Other Corporations		2,937	2,721	1,498	1,037
			4,021	4,333	26,080	23,841
	Interest previously capitalised expensed against property sale proceeds		667	548	—	—
	Finance Charges					
	Finance Leased Assets		1,226	363	—	—
4 Income Tax Expense	Operating profit before income tax		40,595	8,262	41,093	8,712
	Prima facie income tax expense at 33% (1993 – 39%)		13,396	3,222	13,561	3,397
	The following items have affected income tax expense for the period:					
	– Rebateable and exempt dividends		(205)	(388)	(6,519)	(2,861)
	– Fringe benefits tax and other non-allowable items		2,292	4,162	238	531
	– Depreciation and amortisation not allowable for tax		1,172	1,174	127	128
	– Revaluation and Capital Profits		(3,499)	(20,173)	(1,724)	(18,345)
	– Building and plant allowance		(5,381)	(1,962)	(54)	(33)
	– Tax Losses not recognised in the accounts		538	14,673	—	10,635
	– Tax Losses not previously recognised in the accounts		(2,852)	—	—	—
	– Overseas income tax differential		(98)	(2,612)	2,241	355
	Current period income tax expense		5,363	(1,904)	7,870	(6,193)
	– (Over) provision for prior year		(625)	(3,324)	(294)	(605)
	– Income Tax Rate Change		—	327	—	1,989
	Total Income Tax Expense		4,738	(4,901)	7,576	(4,809)
	Provision for Income Tax					
	Income tax expense		4,738	(4,901)	7,576	(4,809)
	Net timing differences		11,146	18,635	2,773	7,674
	Income Tax Payable	18	15,884	13,734	10,349	2,865

Future Income Tax Benefits

Included in future income tax benefit (note 16) is $32,491 (1993 - $18,716) attributable to operating and capital gains tax losses, $17,568 (1993 - $8,221) in provisions not currently allowable as an income tax deduction and $Nil (1993 - $771) in increased contract profit recognition for taxation purposes. The unrecorded future tax benefit available to some members of the Economic Entity at 30 June 1994 at the applicable rates of tax was $13,514 (1993 - $13,489). The benefit of these income tax losses will be utilised only if those entities earn sufficient profit in the future and continue to comply with the provisions of the income tax legislation relating to the deduction of carried forward tax losses.

The Company is taxed as a public company.

5 Abnormal Items (Net of Tax)

	Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Net Decrement – Investments					
Green – December 1992 Revaluation		—	(7,195)	—	(7,195)
Tax Expense		—	—	—	—
		—	(7,195)	—	(7,195)
Green – June Revaluation		**(40,500)**	(41,323)	—	(39,324)
Tax Benefit		**13,365**	6,353	—	6,353
		(27,135)	(34,970)	—	(32,971)
Ipco – June Revaluation*		—	37,088	—	18,114
Tax Expense		—	—	—	—
		—	37,088	—	18,114
Interlink Roads – June Revaluation #		**21,000**	—	—	—
Tax Expense		**(6,930)**	—	—	—
		14,070	—	—	—
Other – June Revaluation		—	(2,392)	—	(2,392)
Tax Expense		—	—	—	—
		—	(2,392)	—	(2,392)
Total – Investments					
Included in operating profit		**(19,500)**	(13,822)	—	(30,797)
Tax Benefit		**6,435**	6,353	—	6,353
		(13,065)	(7,469)	—	(24,444)
Group Companies					
Gain on sale 20% Leighton Asia		**9,130**	12,992	**9,130**	21,168
Tax Expense		—	—	—	—
		9,130	12,992	**9,130**	21,168
Development Property provision – Australia		—	(58,482)	—	—
Tax Benefit		—	22,808	—	—
		—	(35,674)	—	—
Development Property provision – USA		—	(2,192)	—	—
Tax Benefit		—	800	—	—
		—	(1,392)	—	—
Other		—	(2,866)	—	—
Tax Benefit		—	1,574	—	—
		—	(1,292)	—	—
Total – Group Companies					
Included in operating profit		**9,130**	(50,548)	**9,130**	21,168
Tax Benefit		—	25,182	—	—
		9,130	(25,366)	**9,130**	21,168
Total Abnormal Items					
Included in operating profit		**(10,370)**	(64,370)	**9,130**	(9,629)
Tax Benefit		**6,435**	31,535	—	6,353
Net Abnormal Items		**(3,935)**	(32,835)	**9,130**	(3,276)

*The Ipco investment at June 1994 was maintained at the 1993 valuation which included a premium of 25% above the prospectus placement price of $US2.45. Ipco shares traded at $US4.99 (1993 $US 5.50) on the Stock Exchange of Singapore at 30 June 1994.

#Interlink Roads was conservatively revalued by the Directors with reference to two independently determined estimates of realisable value.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
6 Current Assets – Cash	Funds on Deposit		**63,993**	83,917	**41,612**	32,214
	Cash at Bank and in Hand		**7,084**	3,618	**3,588**	5,286
			71,077	87,535	**45,200**	37,500
7 Current Assets – Receivables	Contract Debtors Receivable*		**174,771**	156,210	**—**	—
	Trade and Other Amounts Receivable		**37,693**	32,657	**9,101**	8,706
	Loans – Secured		**185**	770	**185**	770
			212,649	189,637	**9,286**	9,476
	Contract Valuations					
	Progressive value of work completed at 30 June		**3,325,435**	3,662,890	**—**	—
	Progressive Receivable					
	Contract Receivables		**150,654**	135,545	**—**	—
	Retentions held by Clients		**24,117**	20,665	**—**	—
	Contract Debtors Receivable from Clients		**174,771**	156,210	**—**	—
	Cash received to date		**3,150,664**	3,506,680	**—**	—
	Total Progressive Value		**3,325,435**	3,662,890	**—**	—

*Thiess Contractors Pty Ltd has given a registered charge to Natwest Australia Bank over part of its revenue from a contract with BHP. Natwest Australia Bank has provided project funding for the project.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
8 Current Assets – Investments	Interest in construction and property partnerships and trusts #		**10,589**	10,596	**—**	—
	Associated Companies	26	**17,461**	2,264	**13,969**	—
			28,050	12,860	**13,969**	—

#Thiess Contractors Pty Ltd has given a registered charge in favour of Asia Securities Australia Pty Limited over shares in Cullen Bay Estates Pty Limited and units held in the Cullen Bay Unit Trust.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
9 Current Assets – Inventories	**Development Properties**					
	Cost		**8,321**	15,747	**—**	—
	Development expenses capitalised		**13,705**	8,998	**—**	—
	Rates, taxes, interest, etc, capitalised		**4,769**	1,754	**—**	—
	Total Project Costs		**26,795**	26,499	**—**	—
	Less: Property Provisions		**11,246**	3,227	**—**	—
			15,549	23,272	**—**	—
	Trading Inventories					
	Finished Goods		**4,196**	2,729	**—**	—
	Raw Materials		**3,945**	3,726	**—**	—
			8,141	6,455	**—**	—
			23,690	29,727	**—**	—

Development properties are held at the lower of cost and net realisable value.
Trading Inventory represents finished reinforcing steel and raw steel stocks. The net realisable value of the trading inventories is expected to be not less than cost.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
10 Other Current Assets	Prepayments		**9,373**	5,511	**142**	292
	Plant and equipment held for sale		**15,002**	8,932	**—**	—
			24,375	14,443	**142**	292

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
11 Non-Current Assets – Receivables	Loans – secured		**2,238**	1,357	**2,238**	1,357
12 Non-Current Assets – Investments	**Controlled Entities**					
	Shares not quoted on a prescribed Stock Exchange – cost	36	**—**	—	**325,072**	338,572
	Amounts receivable from controlled entities		**—**	—	**228,024**	128,384
	Provision for diminution in value		**—**	—	**(5,000)**	(5,000)
			—	—	**223,024**	123,384
	Total Investment in Controlled Entities		**—**	—	**548,096**	461,956
	Other Entities**					
	Interest in Trusts					
	– Valuation – June 1993		**—**	449	**—**	—
	– Valuation – June 1994		**451**	—	**—**	—
	Interest in Partnerships*					
	– Valuation – June 1993		**—**	2,490	**—**	2,490
	– Valuation – June 1994		**2,490**	—	**2,490**	—
	Shares not quoted on a prescribed Stock Exchange					
	– Valuation – June 1993		**—**	1,342	**—**	1,342
	– Valuation – June 1994		**1,344**	—	**1,344**	—
			4,285	4,281	**3,834**	3,832
	Associated Companies**	26				
	Listed shares not quoted on a prescribed Stock Exchange					
	– Valuation – June 1993		**—**	60,449	**—**	60,449
	– Valuation – June 1994		**41,905**	—	**41,905**	—
	Unlisted Shares					
	– Valuation – June 1993		**—**	785	**—**	—
	– Valuation – June 1994		**21,732**	—	**—**	—
	Advances – at valuation June 1993		**—**	20,590	**—**	—
	– at valuation June 1994		**13,624**	—	**—**	—
			77,261	81,824	**41,905**	60,449
	Total Investments		**81,546**	86,105	**593,835**	526,237

* Leighton Holdings Ltd has granted a registered charge over its interest in Australia's Wonderland to provide funding to the partners for the development. No claim is anticipated against this charge as the assets of the partnership exceed its liabilities.

** All non-current investments in non-controlled entities were revalued at June 1994 by the directors and the net decrease in valuation was taken to the profit and loss account. The revaluation was based on officers' assessment of the non-controlled entities and the revaluation was not made in accordance with a policy of regular revaluations of this class of assets. In revaluing this class of assets the potential capital gains tax expense or benefit was taken into account where the Directors believe it is likely the Economic Entity will be liable for this tax.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
13 Non-Current Assets – Inventories	**Development Properties – Australia**					
	Cost		**85,949**	91,101	**—**	—
	Development expenses capitalised		**93,269**	103,359	**—**	—
	Rates, taxes, interest, etc, capitalised		**35,874**	40,956	**—**	—
			215,092	235,416	**—**	—
	Less: Property provisions		**57,266**	66,099	**—**	—
			157,826	169,317*	**—**	—
	Development Properties – USA					
	Cost		**15,933**	17,360	**—**	—
	Development expenses capitalised		**24,553**	26,836	**—**	—
	Rates, taxes, interest, etc, capitalised		**2,442**	2,661	**—**	—
			42,928	46,857	**—**	—
	Less: Property provisions		**10,911**	10,070	**—**	—
			32,017	36,787*	**—**	—
	Total Development Properties		**189,843**	206,104	**—**	—

*Non recourse borrowings applicable to such properties included in non-current creditors and borrowings (note 20) total $Nil (1993 – $66 million).

		Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
14 Non-Current Assets – Property, Plant and Equipment	**Land**				
	Independent valuation – June 1992	**13,076**	15,407	**6,320**	6,320
	At cost	**3,451**	3,405	**—**	—
		16,527	18,812	**6,320**	6,320
	Buildings				
	Independent valuation – June 1992	**20,716**	23,164	**13,046**	13,046
	At cost	**13,721**	8,155	**2,820**	—
		34,437	31,319	**15,866**	13,046
	Provision for depreciation	**(1,474)**	(614)	**(711)**	(326)
		32,963	30,705	**15,155**	12,720
	Leasehold Land and Building				
	Independent valuation – June 1992	**1,000**	1,000	**—**	—
	Provision for amortisation	**(480)**	(240)	**—**	—
		520	760	**—**	—
	Leasehold Improvements				
	Cost	**4,118**	3,359	**—**	—
	Provision for amortisation	**(1,851)**	(1,193)	**—**	—
		2,267	2,166	**—**	—
	Plant and Equipment				
	Cost	**533,563**	496,894	**7,186**	6,772
	Provision for depreciation	**(226,579)**	(218,543)	**(5,509)**	(4,902)
		306,984	278,351	**1,677**	1,870
	Leased Plant and Equipment				
	Cost	**1,874**	8,156	**—**	—
	Provision for depreciation	**(887)**	(4,230)	**—**	—
		987	3,926	**—**	—
	Total Plant and Equipment	**307,971**	282,277	**1,677**	1,870
	Total Property, Plant and Equipment	**360,248**	334,720	**23,152**	20,910

Plant and Equipment includes construction equipment, motor vehicles and office furniture and equipment.
Land and buildings are independently revalued at least every three years and included in the financial statements at the revalued amounts. As part of this policy all land and buildings were revalued during the 1992 financial year on an open market basis.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
15 Non-Current Assets – Intangibles	Cost of goodwill		**4,373**	8,410	**—**	—
	Accumulated Amortisation		**(2,304)**	(4,311)	**—**	—
	Cost less amounts written off		**2,069**	4,099	**—**	—
	Goodwill from the acquisition of controlled entities operations is being written off over a period of 10 years or the period the benefit is expected to arise, whichever is the lesser.					
16 Non-Current Assets – Other	Future Income Tax Benefit	4	**50,059**	27,708	**13,672**	11,360
	Mining Tenements – Directors Valuation 1993		**—**	3,500	**—**	—
	– Directors Valuation 1994		**3,000**	—	**—**	—
			53,059	31,208	**13,672**	11,360
	The tenements are valued at directors valuation based on cash flows on estimated reserves and will be amortised over the economic life of the investment from commencement of the mining operations. The recoupment of this value is dependent on successful development or sale. The tenements are under exploration assessment.					
17 Current Liabilities – Creditors & Borrowings	Trade Creditors		**277,181**	272,139	**3,809**	5,760
	Other Creditors		**16,562**	12,887	**882**	1,628
	Bank Overdraft		**—**	45	**—**	—
	Lease Liabilities	35	**5,864**	1,529	**—**	—
	Unsecured Loans		**723**	459	**—**	—
			300,330	287,059	**4,691**	7,388
18 Current Liabilities – Provisions	Income Tax Payable	4	**15,884**	13,734	**10,349**	2,865
	Employee Benefits		**13,269**	13,503	**455**	1,053
	Dividend		**11,195**	8,795	**11,195**	8,795
	Contract and Plant Maintenance Provisions		**9,252**	7,106	**—**	—
			49,600	43,138	**21,999**	12,713
19 Other Current Liabilities	Amounts Payable to Construction Partnerships		**1,426**	1,663	**—**	—
20 Non-Current Liabilities – Creditors & Borrowings	Trade Creditors		**6,079**	2,118	**—**	—
	Unsecured Loans		**251,511**	195,927	**213,836**	82,217
	Secured Loans*		**—**	70,607	**—**	—
	Bills Payable		**10,000**	20,000	**10,000**	20,000
	Lease Liabilities	35	**12,487**	729	**—**	—
	Payable to Controlled Entities		**—**	—	**172,824**	229,710
			280,077	289,381	**396,660**	331,927
	*Non-recourse loans of $Nil (1993 – $66 million) have been made against certain development properties disclosed in note 13 and do not have recourse to the general assets of the Economic Entity.					
21 Non-Current Liabilities – Provisions	Deferred Income Tax		**29,537**	15,968	**33**	416
	Employee Benefits		**29,426**	24,389	**10,997**	9,838
	Contract and Plant Maintenance Provisions		**42,253**	37,817	**672**	424
	Property Provisions		**—**	260	**—**	—
			101,216	78,434	**11,702**	10,678

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
22 Share Capital	**Authorised**					
	600,000,000 Ordinary shares of 50¢ each (1993 – 600,000,000)		**300,000**	300,000	**300,000**	300,000
			300,000	300,000	**300,000**	300,000
	Issued					
	223,895,881 Ordinary shares of 50¢ each fully paid (1993 – 219,329,650)		**111,948**	109,665	**111,948**	109,665
	Increase in Issued Capital During the Year					
	– ordinary shares of 50¢ each issued under :					
	Leighton Staff Equity Participation Plan					
	160,000 shares at a premium of 7.75¢ per share		—	80	—	80
	545,000 shares at par		**273**	—	**273**	—
	Dividend Reinvestment Plan					
	1,435,309 shares at a premium of 79¢ per share		—	718	—	718
	4,352,926 shares at a premium of 72¢ per share		—	2,177	—	2,177
	967,069 shares at a premium of 153 ¢ per share		**483**	—	**483**	—
	3,054,162 shares at a premium of 156¢ per share		**1,527**	—	**1,527**	—
	10% Placement					
	19,939,000 shares at a premium of 115¢ per share		—	9,969	—	9,969
23 Reserves	General		**25**	25	**25**	25
	Redemption		**60**	60	**60**	60
	Foreign Currency Translation		**(4,348)**	510	**4,371**	2,390
	Asset Revaluation		**9,692**	9,379	**1,590**	1,590
	Share Premium		**121,008**	114,764	**121,008**	114,764
			126,437	124,738	**127,054**	118,829
	Movements					
	Capital Profits					
	Opening Balance		—	11,603	—	4,997
	Increment/(Decrement) on sale of non-current assets transferred from:					
	– Asset Revaluation Reserve		—	(91)	—	34
	Transfer to Profit and Loss Account		—	(11,512)	—	(5,031)
	Closing Balance		—	—	—	—
	Foreign Currency Translation					
	Opening Balance		**510**	(2,961)	**2,390**	(518)
	Translation of overseas controlled entity accounts & borrowings applicable to overseas investments		**(4,858)**	3,471	—	—
	Transfer from Profit and Loss Account		—	—	**1,981**	2,908
	Closing Balance		**(4,348)**	510	**4,371**	2,390
	Asset Revaluation					
	Opening Balance		**9,379**	8,772	**1,590**	1,624
	Transfer to Capital Profits Reserve		—	91	—	(34)
	Transfer from Profit and Loss Account		**364**	467	—	—
	Surplus/(Deficiency) on Revaluations		**(51)**	49	—	—
	Closing Balance		**9,692**	9,379	**1,590**	1,590
	Share Premium					
	Opening Balance		**114,764**	87,808	**114,764**	87,808
	Ordinary Shares issued at a premium					
	– 25,887,235 shares in 1992/93		—	27,210	—	27,210
	– 4,021,231 shares in 1993/94		**6,244**	—	**6,244**	—
	Cost of Share Issue#		—	(254)	—	(254)
	Closing Balance		**121,008**	114,764	**121,008**	114,764

#The expenses associated with the June 1993 share placement have been charged to the Share Premium Account.

24 Outside Equity Interests in Controlled Entities

	Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Share Capital		**1,594**	3,460	**—**	—
Reserves		**3,217**	1,374	**—**	—
Retained Profits		**8,866**	7,440	**—**	—
		13,677	12,274	**—**	—

25 Earnings Per Share

	Consolidated 1994	Consolidated 1993
Basic earnings per share (cents per share)	**14.9¢**	7.6¢
Diluted earnings per share (cents per share)	**14.9¢**	7.6¢
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**221,516,001**	198,442,692

There have been no other conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

During the 1994 financial year holders of options issued under the Leighton Staff Equity Plan exercised options to purchase 545,000 fully paid ordinary shares.

26 Investments – Associated Companies

Associated Company	Balance Date	Activity	Location	Economic Entity Interest at Year End 1994 %	1993 %
Green Holdings, Inc.	31 Dec 1993	Civil Engineering, Building & Mining	USA	**50**	50
Ipco International Limited	30 June 1994	Marine & Civil Engineering	Asia	**33.6**	33.6
Kaparidge Pty Limited	30 June 1994	Property Development	Aust	**50**	50
Leighton-Brückner (Thailand) Co Ltd	31 Dec 1993	Foundation Engineering	Thai	**50**	30
Interlink Roads Pty Limited	30 June 1994	Tollroad Operations	Aust	**50**	50
LCV Mud Dredging Co Ltd #	30 June 1994	Civil Engineering	Asia	**33**	33
LCV Services Co Ltd #	30 June 1994	Services - Civil Engineering	Asia	**33**	33
Leighton-Brückner Terraform Ltd #	30 June 1994	Site Investigation - Foundation	Asia	**50**	30
Zappaway Ltd	30 June 1994	Environmental Services	Asia	**50**	—

Associated Company	Carrying Value of Shares 1994 $'000	1993 $'000	Advances 1994 $'000	1993 $'000	Dividends Received/ Receivable 1994 $'000	1993 $'000
Green Holdings, Inc.	**—**	—	**2,137**	7,609	**—**	—
Ipco International Limited	**55,874**	60,449	**—**	—	**620**	2,228
Kaparidge Pty Limited	**—**	—	**4,167**	5,395	**—**	—
Leighton-Brückner (Thailand) Co Ltd	**144**	754	**2,043**	924	**—**	—
Interlink Roads Pty Limited	**21,000**	—	**6,828**	6,184	**—**	—
LCV Mud Dredging Ltd #	**—**	—	**1,156**	1,635	**—**	—
LCV Service Co Ltd #	**—**	—	**468**	629	**—**	—
Leighton-Brückner Terraform Ltd #	**—**	—	**128**	478	**—**	—
Zappaway Ltd	**475**	—	**—**	—	**—**	—
Other	**113**	31	**189**	—	**—**	—
	77,606	61,234	**17,116**	22,854	**620**	2,228

Incorporated construction partnerships

The details of Associated Companies disclosed are for the Economic Entity. The only material investment held by the Chief Entity was Ipco International Limited where the shares held were $55,874 (1993 – $60,449).

		Consolidated		Company	
		1994 $'000	1993 $'000	**1994 $'000**	1993 $'000
26 Investments – Associated Companies (continued)	**Associated Companies — Summary**				
	– note 8	**17,461**	2,264		
	– note 12	**77,261**	81,824		
		94,722	84,088		

There were no post balance date events which would materially affect the financial position or performance of any associated company and there were no dissimilar accounting policies used by the associated companies.
Investments in associated companies have been revalued by the Directors based on officers' assessment at June 1994.
The assessment of the investment in Green Holdings Inc. included an evaluation of the recoverability of a number of contractual claims, the major one being an offshore overdue trade receivable from a foreign government owned company of $US11 million (1993 – $US11 million) which is in the process of recovery under an overseas trade indemnity insurance policy. Green Holdings Inc. has a secured bank loan of $US9 million which is to be repaid from the settlement of the offshore trade receivable. The Ipco investment at June 1994 was maintained at the 1993 valuation which included a premium of 25% above the prospectus placement price of $US2.45. Ipco shares traded at $US4.99 (1993 $US5.50) on the Stock Exchange of Singapore at 30 June 1994. Interlink Roads was conservatively revalued by the Directors with reference to two independently determined estimates of realisable value.
The Economic Entity has interests in other associated companies which, at 30 June 1994, were not of a material size or contribution to the Economic Entity's activities to warrant separate disclosure.

		Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
27 Capital Commitments	Plant and Equipment	**54,234**	64,030	**—**	—

All capital commitments contracted are payable within one year.

		Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
28 Bank Guarantees, Insurance Bonds and Letters of Credit	Contingent liability under indemnities given on behalf of controlled entities in respect of:				
	i) Bank Guarantees	**188,961**	175,487	**188,961**	175,487
	ii) Insurance, Performance & Payment Bonds	**10,084**	20,458	**10,084**	20,458
	iii) Letters of Credit	**2,165**	2,710	**2,165**	2,710
	Contingent liability under indemnities given on behalf of an associated company in respect of:				
	i) Letters of Credit #	**20,411**	30,448	**20,411**	30,448

The letters of credit in part secure a loan of $12.33 million to Green Holdings Inc. by a bank. The loan is to be repaid through the realisation of Green Holdings Inc. assets or, in the case of a shortfall, by the Company in accordance with an agreed timetable. The value of loans falling due in the next twelve months is $12.33 million. The Company has indemnified a bonding company which has provided bonds to an associated company, Green Holdings Inc. and its subsidiaries. The value of these bonds is $US165 million (1993 – $US178 million) of which $US31 million (1993 – $US85 million) is related to uncompleted work. The above amounts are the face value of the relevant securities and no claims are anticipated under the indemnities.

		Company 1994 $'000	Company 1993 $'000
29 Other Contingent Liabilities	(i) Guarantees and undertakings given in respect of borrowings by controlled entities	**55,065**	44,899

(ii) The Company is called upon to give in the ordinary course of business guarantees and indemnities in respect of the performance by controlled entities, associated companies and related parties of their contractual and financial obligations. These guarantees and indemnities are indeterminable in amount.
(iii) A liability may exist under the Leighton Staff Equity Participation Plan in the event of the share price being lower than the issue price for the sale of shares on termination of employment of participating employees.
(iv) There exists in some members of the Economic Entity the normal design liability in relation to completed design and construction projects. The Directors are of the opinion that there is adequate insurance cover for this liability.
(v) Certain members of the Economic Entity have the normal contractor's liability in relation to construction contracts which liability may include litigation by or against the entities.
(vi) Controlled entities have entered into various partnership and trust arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the partnership or trust.
(vii) Under the terms of the Class Order issued pursuant to Section 313(6) of the Corporations Law the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.

No significant claims are anticipated in respect of contingent liabilities.

30 Result by Segments

Industry	Contracting and Project Management $'000	Property Development $'000	Unallocated $'000	Total $'000
1994				
Total Revenue	**1,754,165**	**30,820**	**22,743**	**1,807,728**
Operating Profit/(Loss) Before Tax*	**72,010**	**(21,657)**	**(9,758)**	**40,595**
Total Assets	**737,641**	**210,368**	**100,835**	**1,048,844**
1993				
Total Revenue	1,527,836	16,208	36,538	1,580,582
Operating Profit/(Loss) Before Tax*	112,111	(89,603)	(14,246)	8,262
Total Assets	641,895	234,253	121,647	997,795

Geographic	Australia $'000	S. E. Asia $'000	U.S.A. $'000	Total $'000
1994				
Total Revenue	**1,368,866**	**438,766**	**96**	**1,807,728**
Operating Profit/(Loss) Before Tax*	**50,378**	**30,621**	**(40,404)**	**40,595**
Total Assets	**736,190**	**277,438**	**35,216**	**1,048,844**
1993				
Total Revenue	1,200,016	380,564	2	1,580,582
Operating Profit/(Loss) Before Tax*	(16,233)	78,936	(54,441)	8,262
Total Assets	748,344	199,143	50,308	997,795

All transactions with related parties are made on normal commercial terms and conditions and the aggregate of related party transactions are not material in the overall operations of the Economic Entity or the Chief Entity.

The division of the operating profit/(loss) and assets into industry and geographic segments has been ascertained by reference to direct identification of assets and revenue/cost centres. Other expenses and assets which cannot be allocated to an industry segment are reported as unallocated.

*Operating Profit/(Loss) Before Tax includes abnormal items.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
31 Directors' Emoluments	Amounts received, or due and receivable, by directors of Leighton Holdings Limited and executive and non-executive directors of controlled entities.		**15,100**	12,670	**6,705**	3,819
	Number of directors of Leighton Holdings Limited whose remuneration, which includes salary and allowances, performance bonus, provision of motor vehicles, fringe benefits, superannuation fund contributions and accommodation costs, were within the following bands:					
	$10,000 — $19,999				**—**	2
	$40,000 — $49,999				**2**	2
	$50,000 — $59,999				**2**	1
	$60,000 — $69,999				**—**	1
	$90,000 — $99,999				**1**	1
	$100,000 — $109,999				**1**	1
	$150,000 — $159,999*				**1**	—
	$770,000 — $779,999				**—**	1
	$820,000 — $829,999				**1**	—
	$1,220,000 — $1,229,999				**—**	1
	$1,270,000 — $1,279,999				**1**	—
	$1,380,000 — $1,389,999				**—**	1
	$4,040,000 — $4,049,999*				**1**	—

*Included are payments of $125,806 in accordance with the board retirement policy for non-executive directors and Section 237(6) of the Corporations Law, and $2,626,393 as a consequence of a long-term deferred contractual obligation relating to the profitability of part of the Economic Entity.

The above amounts are disclosed in accordance with an ASC Class Order dated 22 June 1994.

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
32	**Remuneration of Executives**	Amounts received or due and receivable by executive officers, whose remuneration equals or exceeds $100,000.	**14,790**	12,141	**7,262**	4,014
		Number of executive officers whose remuneration, which includes salary and allowances, performance bonus, provision of motor vehicles, fringe benefits, superannuation fund contributions and accommodation costs, equals or exceeds $100,000 were within the following bands:				
		$180,000 — $189,999	**1**	2	**—**	—
		$200,000 — $209,999	**—**	2	**—**	—
		$210,000 — $219,999	**1**	—	**—**	—
		$220,000 — $229,999	**2**	—	**—**	—
		$230,000 — $239,999	**—**	1	**—**	—
		$240,000 — $249,999	**1**	—	**—**	—
		$250,000 — $259,999	**1**	1	**—**	—
		$260,000 — $269,999	**1**	—	**—**	—
		$270,000 — $279,999	**1**	2	**—**	—
		$280,000 — $289,999	**—**	1	**—**	—
		$290,000 — $299,999	**3**	2	**—**	—
		$300,000 — $309,999	**1**	4	**1**	1
		$310,000 — $319,999	**1**	—	**1**	—
		$320,000 — $329,999	**—**	1	**—**	1
		$360,000 — $369,999	**1**	—	**—**	—
		$370,000 — $379,999	**1**	—	**—**	—
		$380,000 — $389,999	**—**	1	**—**	—
		$400,000 — $409,999	**—**	1	**—**	—
		$410,000 — $419,999	**—**	2	**—**	—
		$420,000 — $429,999	**—**	1	**—**	—
		$430,000 — $439,999	**1**	—	**—**	—
		$440,000 — $449,999	**1**	—	**—**	—
		$450,000 — $459,999	**1**	1	**—**	—
		$480,000 — $489,999	**1**	—	**1**	—
		$490,000 — $499,999	**1**	—	**—**	—
		$510,000 — $519,999	**—**	1	**—**	—
		$570,000 — $579,999	**—**	1	**—**	—
		$600,000 — $609,999	**1**	—	**—**	—
		$610,000 — $619,999	**1**	—	**—**	—
		$770,000 — $779,999	**—**	1	**—**	1
		$820,000 — $829,999	**1**	—	**1**	—
		$920,000 — $929,999	**—**	1	**—**	—
		$980,000 — $989,999	**1**	—	**—**	—
		$1,220,000 — $1,229,999	**—**	1	**—**	1
		$1,270,000 — $1,279,999	**1**	—	**1**	—
		$1,380,000 — $1,389,999	**—**	1	**—**	1
		$4,040,000 — $4,049,999*	**1**	—	**1**	—

*Includes a payment of $2,626,393 as a consequence of a long-term deferred contractual obligation relating to the profitability of part of the Economic Entity.

		Consolidated		Company	
	Note	**1994 $'000**	1993 $'000	**1994 $'000**	1993 $'000

33 Superannuation Benefits and Commitments

On termination, employees are entitled to benefits under the various funds. The superannuation plans provide defined benefits based on years of service and final average salary or accumulated benefits based on the employee's contribution and the actual earnings of the fund.

Employees contribute to the plans at various percentages of their salaries or wages. The Company and its controlled entities also contribute to the plans at various percentages of the employee's salary or wages. Future contributions to superannuation funds sponsored by the Economic Entity are not legally enforceable provided that vested benefits are fully funded.

The Economic Entity also contributes to various industry award funds in accordance with the relevant awards. Contributions are enforceable in accordance with the relevant award.

Actuarial assessments of the applicable Australian plans were made at 30 June 1994 by Mercer Campbell Cook & Knight Pty Ltd and the Leighton Asia plan was assessed at 30 June 1993 by the Wyatt Company. Based on these assessments, the Directors are of the view that the assets of each of the funds are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans, and voluntary or compulsory termination of employment of each employee.

34 Loans to Executive Directors

Approval was given by shareholders for the establishment of the Leighton Staff Equity Participation Plan on 22 July 1981 and a senior executive loan plan on 29 October 1982. Under both plans loans amounting to $1,907,549 (1993 – $964,895) and ranging from $611 to $1,360,000 (1993 – $1,332 to $150,000) have been made to 24 (1993 – 32) Executive Directors of Leighton Holdings Limited and related entities. Interest of $104,141 (1993 – $67,913) was received on senior executive loans.

Loans under the Staff Equity Participation Plan are interest free and repayable from dividend income earned by the shares acquired under the Plan. The loans are secured by a charge over the shares issued under the Plan. During the year repayments totalling $183,507 (1993 – $211,416) were received in respect of the Plan from D. Adamsas, M. Albrecht, K. Bennett, P. Cooper, T. Cooper, J. Faulkner, C. Firmin, E. Furney, M. Gray, R. Gussey, W. Hamilton, R. Hawkins, J. Holt, R. Hunter, C. Jesse, R. Logan, R. Merkenhof, J. McGee, N. Jukes, N. Sallustio, A. Spink, R. Turchini, W. West, W. Wild, P. Williams, H. Wu, E. Young and T. Young.

Loans under the Senior Executive Loan Plan were charged interest between 6% p.a. and 10% p.a. (1993 – 10% p.a.), were secured by mortgages over real estate property and were repayable after 10 years and 20 years from the dates of the loans. Loans of $1,360,000 (1993 – $Nil) were made during the year. Repayments of $212,500 (1993 – $Nil) in respect of senior executive loans were received during the year.

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

35 Lease & Rental Commitments

	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Finance Leases				
Lease Commitments capitalised				
– Not later than one year	**5,882**	1,617	—	—
– Later than one year but not later than two years	**5,180**	766	—	—
– Later than two years but not later than five years	**10,213**	—	—	—
	21,275	2,383	—	—
Less future finance charges	**(2,924)**	(125)	—	—
Present value of leasing liability	**18,351**	2,258	—	—
Current Liability (note 17)	**5,864**	1,529	—	—
Non-Current Liability (note 20)	**12,487**	729	—	—
	18,351	2,258	—	—
Operating Leases				
Plant & Equipment Leases	**42,612**	6,945	—	24
Carpark Leases	**36,631**	43,649	—	—
Property Leases	**14,749**	17,328	—	—
	93,992	67,922	—	24
Lease Commitments not capitalised				
– Not later than one year	**27,508**	19,633	—	24
– Later than one year but not later than two years	**21,887**	14,053	—	—
– Later than two years but not later than five years	**34,108**	22,502	—	—
– Later than five years	**10,489**	11,734	—	—
	93,992	67,922	—	24

Plant and Equipment used in contract mining and civil engineering is leased over its economic life and the leases are structured to match income from contracts. Pacific Parking Pty Ltd has entered into long-term leases of up to 10 years for car parking facilities. The car parking operations are currently under final negotiation of sale and it is expected $18,038 of operating lease liability will be assigned on finalisation of sale.

36 Leighton Holdings Limited and Controlled Entities

All controlled entities carry on business in the country of incorporation except where noted	Class of Shares	Entity's Investment $'000	Entity's Share of Equity	Place of Incorporation	Contribution to Economic Entity Operating Profit/(Loss) After Income Tax 1994 $'000	1993 $'000
† Leighton Holdings Limited				Vic.	**14,214**	10,365
* Solomon Insurance Pte Ltd	Ord.	662	100%	Singapore	**(9)**	(10)
Atchison Investments Pty Ltd (Liquid)	Ord.	—	100%	N.S.W.	**219**	(824)
† Leighton Finance Limited	Ord.	20,000	100%	N.S.W.	**(24,422)**	(315)
Leighton Major Projects Pty Ltd (in liq)	Ord.	30,000	100%	N.S.W.	**(4)**	2,797
Leighton Staff Shares Pty Ltd	Ord.	2§	100%	Vic.	**—**	—
Leighton Superannuation Pty Ltd	Ord.	2§	100%	N.S.W.	**—**	—
† Lomo Pty Ltd	Ord.	15,091	100%	Qld.	**—**	—
† Technical Resources Pty Ltd	Ord.	2§	100%	N.S.W.	**13**	166
† Leighton Contractors Pty Ltd	Ord.	99,060	100%	N.S.W.	**44,316**	35,455
# Welded Mesh Pty Limited	Ord.	900§	90%	N.S.W.	**—**	—
# Welded Mesh Unit Trust	Ord.)	994				
	Red.Pref.)	9,067	90%	N.S.W	**5,394**	3,611
* Leighton Contractors (PNG) Pty Ltd	Ord.	2§	100%	P.N.G.	**—**	—
† Bonedale Pty Ltd	Ord.	2§	100%	A.C.T.	**(100)**	(337)
† Leighton Interlink Pty Ltd	Ord.	2§	100%	N.S.W.	**—**	459
Pluteus Act (No 7) Pty Limited	Ord	100§	100%	A.C.T.	**—**	—
† NW Link Pty Limited (formerly Yarralink Roads Pty Ltd)	Ord	2§	100%	Vic.	**—**	—
† Leighton Properties (Qld) Pty Ltd	Ord.	1§	100%	Qld.	**1**	(205)
† Ridgewood Development Pty Ltd	Ord.	3§	100%	Qld.	**200**	838
† Leighton Properties Pty Ltd	Ord.	50,000	100%	N.S.W.	**(2,848)**	(9,851)
2 City Road Pty Ltd	Ord.	2§	100%	N.S.W.	**(682)**	(702)
Actrip Pty Ltd (in liq)	Ord.	2§	100%	A.C.T.	**—**	—
Algester Properties Pty Ltd (in liq)	Ord.	2§	100%	Qld.	**—**	—
Leighton Projects Pty Ltd (5)	Ord.	2§	100%	N.S.W.	**—**	—
Burton Properties Pty Ltd	Ord.	1§	100%	N.S.W.	**—**	(31)
Gapwell Pty Ltd	Ord.	2§	100%	Qld.	**—**	—
Landetting Nominees Pty Ltd	Ord.	2§	100%	Vic.	**—**	—
† LB Developments Pty Ltd	Ord.	2§	100%	Qld.	**(665)**	(1,598)
† Leighton Properties (Vic) Pty Ltd	Ord.	1§	100%	Vic.	**(57)**	(466)
† Moussewood Pty Ltd	Ord.	2§	100%	Qld.	**(362)**	(488)
† Pacific Parking Pty Ltd	Ord.	2§	100%	N.S.W.	**(1,524)**	(3,679)
† Adelaide Terrace Investments Pty Ltd	Ord. A) Ord. B)	20	100%	S.A.	**(2,721)**	(12,175)
† Comserv (No. 1776) Pty Ltd	Ord. A	101§	100%	N.S.W.	**596**	(100)
† Gabeze Pty Limited	Ord.	2§	100%	N.S.W.	**(55)**	(43)
Dovida Pty Limited	Ord.)	99§	100%	N.S.W.	**(829)**	(7,168)
	A)	1§				
Leighton Properties Pty Limited/ Hochtief Limited Dovida Partn.	—	500§	99.9%	N.S.W.	**(1,746)**	(2,108)
Mamasan Pty Limited	Ord.	4§	100%	A.C.T.	**(8,608)**	(13,230)
	Red.Pref.)	300§				
Leighton Properties Pty Limited/ Lucrum Partnership	—	—	99.9%	N.S.W.	**(2,934)**	(3,924)
Yifta Pty Limited	Ord.)	99§	100%	N.S.W.	**97**	(3,133)
	A)	1§				
Leighton Properties Pty Limited/ Hochtief Limited Yifta Partnership	—	500§	99.9%	N.S.W.	**(982)**	(1,186)
Block 200 Partnership	—	—	99.9%	N.S.W.	**(419)**	(536)

36 Leighton Holdings Limited and Controlled Entities (continued)

All controlled entities carry on business in the country of incorporation except where noted		Class of Shares	Entity's Investment $'000	Entity's Share of Equity	Place of Incorporation	Contribution to Economic Entity Operating Profit/(Loss) After Income Tax 1994 $'000	1993 $'000
† Thiess Contractors Pty Ltd		Ord.	27,365	100%	Qld.	**6,592**	7,202
* Thiess Contractors (PNG) Pty Ltd		Ord.	110§	100%	P.N.G.	**—**	—
* Thiess Contractors (Malaysia) Sdn. Bhd.		Ord.	88	100%	Malaysia	**(1,244)**	(682)
† Thiess Construction Ltd		Ord.	794	100%	Qld.	**—**	—
Integrated Concrete Repairs Pty Ltd		Ord.	1§	50%	A.C.T.	**—**	—
† South East Queensland Regional Landfill Pty Ltd (formerly Rail Waste Technology Pty Ltd)		Ord.	100§	100%	Qld.	**(19)**	—
† Thiess Contractors International Pty Ltd		Ord.	1	100%	Qld.	**—**	—
† Thiess Services Pty Ltd (formerly Thiess OGB (Yan Yean) Pty Ltd)		Ord.	2§	100%	Vic.	**—**	—
† Thiess Mining Services Pty Ltd		Ord.	2§	100%	N.S.W.	**—**	—
* Ausindo Holdings Pte Ltd		Ord.) Red.Pref.)	1,247	80%	Singapore	**(12)**	(17)
* PT Thiess Contractors Indonesia		Ord.	1,442	80%	Indonesia	**1,619**	6,614
† Multicon Holdings Pty Limited		Ord.	17,517	100%	N.S.W.	**—**	—
† Multicon Engineering Pty Limited		Ord.	1§	100%	N.S.W.	**(2,032)**	(5,030)
† Altikar Pty Limited		Ord.	1§	100%	N.S.W.	**272**	(947)
Multicon Engineering (WA) Pty Ltd (in Liq)		Ord.	64	100%	N.S.W.	**—**	—
Bymer Pty Ltd		Ord.	200§	100%	N.S.W.	**—**	—
Mount Sugarloaf Collieries Pty Ltd		Ord.	—	100%	N.S.W.	**—**	—
* Leighton USA Holdings Inc		Ord.	54,911	100%	U.S.A.	**2,359**	2,154
* Leighton Pacific Developments Inc.		Ord.	52,277	100%	U.S.A.	**(1,751)**	(3,631)
* Asian Region Investment Ltd	(5)	Ord.	92	100%	Hong Kong	**—**	—
Aus. Construction and Dredging B.V.	(2)	Ord.	10,060	100%	Netherlands	**856**	1,124
* Leighton Asia Limited		Ord.	405	80%	Hong Kong	**(700)**	(588)
* Crighton Management Sdn. Bhd. (in Liq.)		Ord.	—	100%	Brunei	**—**	(1)
* Lai Lap Foundation Engineering Ltd		Ord.	4,394	100%	Hong Kong	**(87)**	(21)
* Leighton Contractors (China) Ltd (formerly Leighton Asia Waste Services Ltd)		Ord.	—	100%	Hong Kong	**486**	—
* Leighton Contractors (Indo-China) Ltd	(5)	Ord.	—	100%	Hong Kong	**—**	—
* Leighton Brückner Foundation Engineering Ltd		Ord.	3,840	60%	Hong Kong	**(1,899)**	(6,865)
* Leighton Contractors (Malaysia) Sdn. Bhd.		Ord.	1,064	100%	Malaysia	**(63)**	144
* Leighton Contractors (Middle East) Ltd (in liq)	(1)	Ord.	—	100%	Hong Kong	**—**	5,545
* Leighton Contractors (Singapore) Pte Ltd		Ord.) Red.Pref.)	2,212	100%	Singapore	**(255)**	718

36 Leighton Holdings Limited and Controlled Entities (continued)

All controlled entities carry on business in the country of incorporation except where noted		Class of Shares	Entity's Investment $'000	Entity's Share of Equity	Place of Incorporation	Contribution to Economic Entity Operating Profit/(Loss) After Income Tax 1994 $'000	1993 $'000
* Leighton Asia Management Services Co. Ltd (formerly Leighton Ipco Ltd)		Ord.	14	100%	Hong Kong	**1,937**	2,219
Leighton Asia Finance Ltd.	(5)	Ord.	1§	100%	Hong Kong	**1,183**	—
# Thai-Leighton Ltd	(4)	Ord.	5,525	49%	Thailand	**3,865**	3,459
* Leighton Contractors (Asia) Ltd		Ord.) Red.Pref.)	15,641	100%	Hong Kong	**8,335**	10,047
* Leighton Asia Fund Management Ltd		Ord.	—	100%	Hong Kong	**—**	—
* Giddens Investment Ltd		Ord.	—	100%	Hong Kong	**172**	6
* Technical Resources Asia Ltd (formerly Hong Kong Landfills Ltd)		Ord.	—	100%	Hong Kong	**(3)**	—
* Leighton-Ted Partnership	(3)	—	—	66.7%	Hong Kong	**163**	131
Contribution to Consolidated Operating Profit after Income Tax						**35,857**	13,163
			423,847				
Elimination of investments other than in directly controlled entities			98,775				
			325,072				

Names inset indicates that the investment is held by entity immediately above the inset.

(1) Carries on business in the Middle East
(2) Carries on business in Australia
(3) Carries on business in Brunei
(4) Entities controlled under shareholder agreements
(5) Incorporated in 1994 year

* Audited by overseas KPMG Peat Marwick member firms
# Audited by firms other than KPMG Peat Marwick
§ These amounts have not been rounded off to the nearest thousand dollars
† Companies participating in the Class Order

37 Acquisition and Disposal of Controlled Entities and Businesses

Name	Date Acquired	Proportion Acquired	Cash Consideration $	Net Tangible Assets at Acquisition $
Entities Acquired				
Leighton Asia Finance Limited	Sept 1993	100%	1	1
Leighton Contractors (Indo-China) Ltd	Jan 1994	100%	—	—
Asian Region Investment Ltd	March 1994	100%	91,575	91,575
Leighton Projects Pty Ltd	Aug 1993	100%	2	2

The Cash Consideration was for the initial subscription of entities incorporated in the current year.

Name	Date Disposed	Proportion Retained	Profit on Sale $	Net Tangible Assets at Disposal $
Disposal of Entities				
Apical Pty Ltd	June 1994	—	—	2

Liquidated Entities

Leighton Resources Pty Ltd
Black Hill Mining Pty Ltd
Atchison Investments Pty Ltd
Crighton Management Sdn Bhd
Leighton Contractors (Middle East) Ltd

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

38 Outside Equity Holdings in Controlled Entities

Name	Number of Shares Held by Outside Interests 1994 No.	1993 No.	Total Issued and Paid Up Capital 1994 $'000	1993 $'000	Equity Holdings of Outside Interests 1994 %	1993 %
Leighton Asia Ltd						
Ordinary Shares of HK$10 each	**60,001**	60,001	**528**	574	**20**	20
Welded Mesh Pty Ltd						
Ordinary Shares of $1 each	**100**	100	**1**	1	**10**	10
Welded Mesh Unit Trust						
Ordinary Units of $1 each	**100**	100	**1**	1	**10**	10
Redeemable Pref Units of $1 each	**520**	520	**5**	5	**10**	10
Mamasan Pty Ltd						
Ordinary Shares of $1 each	*	2	*	4§	*	50
Non Participating Red. Pref. Shares of $1 paid to $0.01	*	—	*	300§	*	—
Dovida Pty Ltd						
Ordinary Shares of $1 each	*	50	*	99§	*	50
'A' Class Shares of $1 each	*	—	*	1§	*	
Yifta Pty Ltd						
Ordinary Shares of $1 each	*	50	*	99§	*	50
'A' Class Shares of $1 each	*	—	*	1§	*	
Ausindo Holdings Pte Ltd						
Ordinary 'A' Shares of $S1 each	**—**	—	**4§**	4§		
Ordinary 'B' Shares of $S1 each	**1**	1	**1§**	1§	**20**	20
Red. Pref 'A' Shares of $S1 each	**—**	—	**1,315**	1,409		
Red. Pref 'B' Shares of $S1 each	**424,800**	424,800	**329**	352		
PT Thiess Indonesia						
Ordinary Shares of $US1,000 each	**300**	300	**2,055**	2,181	**20**	20
Leighton Brückner Foundation Engineering Limited						
Ordinary 'A' Class of $US1 each	*	—	*	2,443	*	40
Ordinary 'B' Class of $US1 each	*	1,120,000	*	1,640	*	

§ These amounts have not been rounded off to the nearest thousand dollars.
* These amounts are not shown as the company was fully acquired during the year.

	Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000

39 Related Party Information

Directors

The Directors who held office as Directors of Leighton Holdings Limited during the year ended 30 June 1994 were:

Morrish Alexander Besley, AO
Wallace MacArthur King
Dieter Siegfried Adamsas
Keith Leslie Bennett (Resigned 25.01.94)
Peter John Waraker Cottrell, AO, OBE
Holm Hehner (Retired 16.02.94)
Hans-Peter Keitel
Peter John North
David Paul Robinson
Rodney Malcolm Wylie, OBE

Directors' Transactions

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

Banking services and facilities are provided by the Commonwealth Bank of Australia on normal commercial terms to the Economic Entity. M.A. Besley is Chairman of the Commonwealth Bank. P.J.W. Cottrell is a director of National Australia Bank Limited which provides banking services and facilities on normal commercial terms to the Economic Entity.

M.A. Besley is a director of Monier PGH Limited, Clyde Industries Limited and Amcor Limited. P.J.W. Cottrell is a director of Boral Limited. A.C. Hardy, a director of a controlled entity, is a director of the Frankipile Group. K.J. Ferguson and J.A. Thomson, directors of a controlled entity, are directors of PT Longyear Mintek. These companies may provide or receive from time to time on normal commercial terms general construction materials and services. D.P. Robinson is a partner in the firm of chartered accountants Harveys which receives fees from Hochtief Limited for services provided to that company which is a related party.

Legal services and consulting services were provided to a member of the Economic Entity on normal commercial terms and conditions by a firm in which G.J. Lay, who is a director of certain controlled entities, is a partner.

During the year Directors of Leighton Holdings Limited acquired and disposed of shares on the open market and acquired shares in accordance with the dividend re-investment plan. The aggregate details of those transactions were 92,467 (1993 — 7,708) shares acquired and 20,000 (1993 — 150,000) shares sold. During the year Hochtief Limited acquired 6,572,734 (1993 — 10,384,811) shares giving a shareholding at year end of 108,168,534 (1993 — 101,595,800) shares. H-P. Keitel, D.P. Robinson and H. Hehner were directors of Hochtief Limited during the year.

Transactions with Related Parties

The sale of a 20% interest in Leighton Asia Ltd, formerly a wholly owned subsidiary, to the Economic Entity's major shareholder Hochtief Limited, was finalised during the year. The pricing formula for the sale provided for an initial payment of approximately $20 million on completion of the sale and a further payment based on the profitability of Leighton Asia. A final payment of $9 million was agreed upon.

A member of the Economic Entity has signed conditional construction contracts, totalling approximately $700 million, for the construction of the Sydney Casino complex. The contracts are contingent upon the casino licence being granted to Sydney Harbour Casino Holdings Ltd in which a member of the Economic Entity will have a 5% shareholding.

The Economic Entity has interests in a number of construction partnerships and trading trusts which are included in other related parties shown below.

Transactions with related parties are made on normal commercial terms and conditions and the aggregate of the related party transactions was not material in the overall operations of the Economic Entity or the Chief Entity except for the provision of loans from Hochtief Limited during the year on which interest was paid in accordance with the loan agreements, advances to property development partnerships and associates as shown in notes 8 and 12 and the sale of 20% of Leighton Asia.

Dividends were received or receivable during the year from associated companies as disclosed in note 26.
Interests held in associated and controlled entities are set out in notes 26 and 36 to the accounts.

Amounts Receivable from and Payable to Related Parties

	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Companies aggregate amounts receivable at balance date from Directors:				
– Current	**79**	293	**8**	59
– Non Current	**1,828**	672	**1,404**	113
Other related parties:				
– Associated Companies				
– Current – Trade receivables	**10,500**	—	**—**	—
– Current – Investment	**3,492**	2,264	**—**	—
– Non Current – Investment	**13,624**	20,590	**—**	—
– HOCHTIEF				
– Current – Other receivables	**724**	—	**724**	—
– Other				
– Current – Partnerships	**10,589**	10,596	**—**	—

		Note	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
39 Related Party Information (continued)	Aggregate amounts payable at balance date to Other related parties:					
	– HOCHTIEF					
	– Non Current		**—**	10,229	**—**	9,082
	– Other					
	– Current		**1,426**	1,663	**—**	—

40 Cash Flow Information

Reconciliation of Cash Balances

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

	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Cash at Bank and on Hand	**7,084**	3,618	**3,588**	5,286
Interest Bearing Deposits	**63,993**	83,917	**41,612**	32,214
Bank Overdraft	**—**	(45)	**—**	—
	71,077	87,490	**45,200**	37,500

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

	Consolidated 1994 $'000	Consolidated 1993 $'000	Company 1994 $'000	Company 1993 $'000
Operating profit after income tax	**35,857**	13,163	**33,517**	13,521
Add (less) non-cash items				
Depreciation	**80,036**	76,570	**1,024**	1,718
Amortisation and write off of goodwill	**2,030**	995	**—**	—
Amounts set aside to provisions	**75,192**	65,301	**938**	2,132
Bad debts writeoff	**—**	143	**—**	—
Loan writeoff	**—**	—	**219**	2,636
Revaluation of non-current assets	**19,500**	13,822	**—**	30,797
Property and other writedowns	**6,708**	68,461	**—**	—
Foreign Currency (Gains)/Losses	**—**	—	**(4,208)**	909
Income Tax Payable	**(8,266)**	(16,748)	**4,629**	(7,883)
(Gain)/Loss on Sales of Non-Current Assets	**(17,444)**	(16,694)	**(9,134)**	(20,980)
Partnership results	**(333)**	(1,864)	**766**	734
Intercompany transactions	**—**	—	**(31,656)**	(32,399)
Interest Charged to Associated Companies	**(322)**	—	**—**	—
Net cash provided by operating activities before changes in assets and liabilities	**192,958**	203,149	**(3,905)**	(8,815)
Net Changes in Assets/Liabilities				
(Increase)/Decrease in Prepayments	**(3,864)**	(1,502)	**150**	476
(Increase)/Decrease in Other Receivables	**1,542**	(3,077)	**342**	(3,019)
(Decrease)/Increase in Trade Creditors	**8,945**	23,672	**(1,952)**	(2,130)
(Decrease)/Increase in Other Creditors	**3,674**	(6,412)	**(745)**	(509)
(Decrease)/Increase in Provisions	**(63,408)**	(53,947)	**(127)**	(304)
Proceeds of Sales of Development Properties	**15,816**	1,416	**—**	—
(Other Net Movement) in Development Properties	**(848)**	(31,440)	**—**	—
(Increase)/Decrease in Shares in Associates	**—**	(1,254)	**—**	—
(Increase)/Decrease in Trade Debtors	**(25,970)**	(20,560)	**—**	—
(Increase)/Decrease in Inventory	**(1,685)**	(504)	**—**	—
	(65,798)	(93,608)	**(2,332)**	(5,486)
Net cash provided by operating activities	**127,160**	109,541	**(6,237)**	(14,301)

		Note	Consolidated		Company	
			1994	1993	**1994**	1993
			$'000	$'000	**$'000**	$'000
40 Cash Flow Information (continued)	**Details of Credit Facilities**					
	The Economic Entity has a total of $430 million (1993 – $310 million) committed facilities of which $150 million (1993 – $154 million) were undrawn as at 30 June 1994. These facilities include a Private Unsecured Loan Placement in the USA of $US82 million for 10 years with an effective life of seven years. These facilities have maturity dates ranging between December 1994 and May 2004.					
	Non-Cash Financing and Investing Activities					
	During the year $8.255 million (1993 – $7.162 million) of dividends was reinvested as capital in the Chief Entity pursuant to the Dividend Reinvestment Plan.					
	The Hochtief loan of $8.348 million was converted to purchase consideration on the finalisation of the 20% sale of Leighton Asia Limited to Hochtief Limited.					
	Fair Value of Assets of Controlled Entities Acquired					
	Property Plant and Equipment		—	10,200	—	—
	Creditors and Borrowings		—	(7,000)	—	—
	Intercompany Borrowings		—	(3,200)	—	—
			—	—	—	—

41 Deed of Gross Guarantee

Pursuant to an ASC Class Order dated 19 December 1991, relief was granted to certain wholly owned Australian incorporated subsidiaries from the Corporations Law requirements for preparation, audit and publication of accounts.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Law. If a winding up occurs under other provisions of the Law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are identified in note 36.

At balance date the Company and subsidiaries which are a party to the Deed have aggregate assets of $1,345,495, aggregate liabilities of $798,771, and their contribution to the consolidated operating profit and extraordinary items after income tax for the year was $31,401.

Statement by Directors on the Financials Statements set out on pages 50 to 74

In the opinion of the Directors of Leighton Holdings Limited

(a) The profit and loss statement gives a true and fair view of the Company's profit for the financial year ended 30 June 1994;

(b) The balance sheet gives a true and fair view of the Company's state of affairs as at 30 June 1994;

(c) At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due;

(d) The consolidated accounts:

(i) have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and

(ii) in particular, give a true and fair view of the matters with which they deal;

(e) The financial statements have been made out in accordance with applicable Australian Accounting Standards.

(f) There are reasonable grounds to believe that the Company and certain subsidiaries will, as an Economic Entity, be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to a Class Order. Refer to note 41 for further details.

Dated at Sydney this ninth day of September, 1994.

Signed in accordance with a resolution of Directors:

M A Besley
M A Besley AO
Chairman

W M King
Chief Executive Officer

Auditors' report to the members of Leighton Holdings Limited

Scope

We have audited the financial statements of Leighton Holdings Limited for the financial year ended 30 June 1994, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the statement by Directors set out on pages 50 to 75. The financial statements comprise the accounts of the Company and the consolidated accounts of the Economic Entity, being the Company and its controlled entities. The Company's Directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

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

The names of the controlled entities of which we have not acted as auditors are set out in note 36. We have received sufficient information and explanations concerning these controlled entities to enable us to form an opinion on the consolidated accounts.

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

Audit Opinion

In our opinion, the financial statements of Leighton Holdings Limited are properly drawn up:

(a) So as to give a true and fair view of:

(i) the state of affairs of the Company and the Economic Entity at 30 June 1994, and the results and cash flows of the Company and the Economic Entity for the financial year ended on that date; and

(ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;

(b) In accordance with the provisions of the Corporations Law; and

(c) In accordance with applicable Australian Accounting Standards.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Dated at Sydney this ninth day of September, 1994.

John H. Richardson
Partner

STATISTICAL SUMMARY for the ten years 1985 – 1994

	1994 $'000	1993 $'000	1992 $'000	1991 $'000	1990 $'000	1989 $'000	1988 $'000	1987 $'000	1986 $'000	1985 $'000
Summary of Balance Sheets *										
Issued and Paid-up Capital	**111,948**	109,665	96,721	92,569	62,826	60,706	56,502	56,007	51,793	49,961
Total Capital and Reserves	**316,195**	298,120	249,059	238,453	193,403	178,866	165,612	151,041	148,643	137,365
Non-Current Liabilities	**381,293**	367,815	330,204	207,636	195,499	173,556	141,715	157,468	157,953	133,771
Current Liabilities	**351,356**	331,860	292,203	297,593	286,005	272,568	258,693	241,383	211,542	192,098
Non-Current Assets	**689,003**	663,593	570,250	429,608	363,741	320,224	265,938	287,054	284,923	250,502
Current Assets	**359,841**	334,202	301,216	314,074	311,166	304,766	300,082	262,838	233,215	212,732
Total Assets	**1,048,844**	997,795	871,466	743,682	674,907	624,990	566,020	549,892	518,138	463,234
Summary of Profit and Loss Statements ø										
Revenue	**1,807,728**	1,580,582	1,590,196	1,710,044	1,636,460	1,431,260	1,489,100	1,355,345	1,138,338	850,179
Operating Profit Before Interest and Income Tax †	**56,208**	29,850	65,423	55,156	53,677	40,663	31,772	34,818	5,989	33,944
Operating Profit Before Tax	**37,820**	10,169	38,468	34,364	35,043	27,110	18,856	16,731	(14,487)	14,808
Income Tax Expense	**4,738**	(4,901)	15,959	13,335	14,563	10,575	7,731	10,016	(1,777)	1,805
Operating Profit after Tax	**33,082**	15,070	22,509	21,029	20,480	16,535	11,125	6,715	(12,710)	13,003
Financial Statistics										
Earnings per Ordinary Share – basic	**14.9¢**	7.6¢	11.6¢	16.1¢	16.5¢	14.2¢	9.9¢	6.2¢	—	13.7¢
– diluted	**14.9¢**	7.6¢	11.6¢							
Dividends per Ordinary Share	**9.0¢**	8.0¢	8.0¢	8.0¢	8.0¢	7.0¢	4.0¢	—	—	12.0¢
Return on Ordinary Shareholders funds	**10.46%**	5.06%	9.04%	8.82%	10.59%	9.24%	6.72%	4.45%	(8.55%)	9.47%
Dividend Payout Ratio	**60.54%**	110.13%	68.59%	60.24%	49.00%	50.46%	40.63%	—	—	93.66%
Dividend Times Covered	**1.7**	0.9	1.4	1.7	2.0	2.0	2.5	—	—	0.9
Net Tangible Assets per Ordinary Share	**140¢**	128¢	126¢	123¢	128¢	121¢	115¢	113¢	111¢	127¢
Current Ratio	**1.02**	1.00	1.04	1.06	1.09	1.12	1.15	1.09	1.10	1.11
Shareholders Funds to Total Assets	**30.15%**	29.88%	28.58%	32.06%	28.66%	28.62%	29.26%	27.47%	28.69%	29.65%
Gross Borrowings to Shareholders Funds	**0.89**	0.97	0.82	0.56	0.82	0.75	0.72	1.02	1.15	1.23
Net Borrowings to Shareholder Funds	**0.66**	0.68	0.39	0.24	0.49	0.37	0.31	0.77	0.84	0.79

*Includes consolidation of controlled entities under AASB1024 from 1992.

ø Prior to 1992, the Summary of Profit and Loss Statements reflected the equity accounted revenue and profit and loss of associated companies.

†Includes Abnormal Items

DIRECTORY AND OFFICES

Leighton Holdings Limited
Head Office
472 Pacific Highway
St Leonards NSW 2065
Tel. (02) 925 6666
Fax. (02) 925 6005

Directory
Board of Directors
Morrish Alexander Besley, AO
Wallace MacArthur King
Dieter Siegfried Adamsas
Peter John Waraker Cottrell, AO, OBE
Hans-Peter Keitel
Peter John North
Busso Peus
David Paul Robinson
Rodney Malcolm Wylie, OBE

Associate Directors
Martin Carl Albrecht
John Faulkner
Vyril Anthony Vella

Secretary
Ashley John Moir

Principal Registered Office in Australia
Level 5, 472 Pacific Highway
St Leonards
Sydney NSW 2065
Tel. (02) 925 6666

Principal Banker
Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000

Financial Advisor
Centaurus Corporate Finance Pty Limited
35 Pitt Street
Sydney NSW 2000

Auditor
KPMG Peat Marwick
Chartered Accountants
The KPMG Centre
45 Clarence Street
Sydney NSW 2000

Share Register Office
C/- Coopers & Lybrand
Level 8
580 George Street
Sydney NSW 2000
Tel. (02) 285 7111

Corporate Management Leighton Holdings Limited

W M King
BE, MEngSc, FIEAust, CPEng, FAIM
Chief Executive Officer

D S Adamsas
BComm
Director of Finance and Administration

A J Moir
FCPA, FCIS, FCIM
Company Secretary

G E McOrist
CPA
General Manager, Treasury

W H West
BSc(Tech), MIEAust
Manager, Investment

T G Young
BBS, DipTech(Comm), CPA, FTIA, FCIS
Group Financial Controller

Leighton Contractors Pty Limited
Head Office
472 Pacific Highway
St Leonards NSW 2065
Tel. (02) 925 6666
Fax. (02) 925 6004

New South Wales
Levels 9 and 10
12 Help Street
Chatswood NSW 2067
Tel. (02) 414 3333
Fax. (02) 415 2509

Queensland
19 Lang Parade
Milton QLD 4064
Tel. (07) 870 3355
Fax. (07) 870 1451

Victoria
Level 1
5 Queens Road
St Kilda VIC 3004
Tel. (03) 828 5800
Fax. (03) 866 8870

Western Australia
1 Altona Street
West Perth WA 6005
Tel. (09) 324 1166
Fax. (09) 481 2449

Thiess Contractors Pty Limited
Head Office
Environmental Services
Process Engineering
146 Kerry Road
Archerfield QLD 4108
Tel. (07) 275 8500
Fax. (07) 275 8517

New South Wales and Australian Capital Territory
Level 5
26 College Street
Sydney NSW 2000
Tel. (02) 332 9444
Fax. (02) 331 4264

Queensland and Northern Territory
Level 2
50 McDougall Street
Milton QLD 4064
Tel. (07) 368 0200
Fax. (07) 368 0250

Victoria
Level 2
493 St Kilda Road
Melbourne VIC 3004
Tel. (03) 820 2000
Fax. (03) 820 9717

Western Australia
Level 6, East Tower
The Capital Centre
256 St Georges Terrace
Perth WA 6000
Tel. (09) 481 0199
Fax. (09) 321 1222

PT Thiess Contractors Indonesia
Cilandak Commercial Estate
Building 412
Jalan Raya KKO Cilandak
Jakarta, Selatan 12560
Indonesia
Tel. (62-21) 780 0796
Fax. (62-21) 780 0778

Thiess Contractors (Malaysia) Sdn Bhd
16B Jalan SS 21/62
Damansara Utama
47400 Petaling Jaya
Kuala Lumpur
Tel: (6003) 718 5875
Fax: (6003) 718 4373

Thiess Contractors International Pty Ltd
151B Hai Ba Trung Street
District 03
Ho Chi Minh City
Vietnam
Tel: (848) 294 140
Fax: (848) 294 140

Leighton Asia Limited
Head Office
Hong Kong
Regional
49th Floor Hopewell Centre
183 Queen's Road East
Wanchai Hong Kong
Tel. (852) 823 1111
Fax. (852) 529 8784

Thai Leighton Limited
6th Floor, SPC Building
1 Soi Chaemchan
Sukhumvit 55 Road
Bangkok 10110 Thailand
Tel. (662) 381 3344 Ext 600
Fax. (662) 391 4503

Leighton Properties Pty Limited
Head Office & NSW Branch
Level 3
472 Pacific Highway
St Leonards NSW 2065
Tel. (02) 925 6666
Fax. (02) 925 6003

Leighton Properties (Vic) Pty Limited
Level 3
5 Queens Road
Melbourne VIC 3004
Tel. (03) 866 1688
Fax. (03) 866 8847

Leighton Properties (Qld) Pty Limited
73 Loane Drive
Edens Landing QLD 4207
Tel. (07) 805 1099
Fax. (07) 805 3232

Welded Mesh Pty Limited
Head Office
11 Amour Street
Milperra NSW 2214
Tel. (02) 792 1722
Fax. (02) 772 4737

Victoria
136-158 Cherry Lane
North Laverton VIC 3026
Tel. (03) 369 7211
Fax. (03) 369 4231

Western Australia
105 Kurnell Road
Welshpool WA 6106
Tel. (09) 451 3366
Fax. (09) 356 1365

Queensland
787 Boundary Road
Richlands QLD 4077
Tel: (07) 217 0700
Fax: (07) 217 0600

Technical Resources Pty Limited
Level 2
472 Pacific Highway
St Leonards NSW 2065
Tel. (02) 925 6666
Fax. (02) 925 6002