

The Leighton Group Annual Report 1991



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The Leighton Group Annual Report

Financial Calendar

1991

7 October	Shares begin trading ex Dividend
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11 October	Books close for Final Dividend
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31 October	Annual General Meeting
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31 October	Final Dividend paid
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31 December	Half year end
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1992

19 February	Half Yearly Results announced
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9 March	Shares begin trading ex Dividend
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13 March	Books close for Interim Dividend
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31 March	Interim Dividend paid
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30 June	Year end
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19 August	Preliminary Final Results announced
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Leighton Holdings Limited A.C.N. 004 482 982

Notice of Annual General Meeting 1991

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, NSW on Thursday, 31 October 1991 at 11.00 am.

The closing date for the receipt in writing of nominations for the office of Director, to be voted on at the Annual General Meeting, is Friday, 18 October 1991.

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 Wal King, the Group's Chief Executive Officer, following which all present are invited to join the Directors for light refreshments.



Financial Overview

	1991 \$'000	1990 \$'000	% Change
Total Revenue	1,710,044	1,636,460	+4.5
Value of Uncompleted Work in Hand	1,373,226	1,218,000	+12.7
Value of Contracts Awarded during the Year	1,335,866	1,203,000	+11.0
Operating Profit before Tax	34,364	35,043	-2.0
Income Tax	(13,335)	(14,563)	-8.4
Operating Profit after Tax	21,029	20,480	+2.7
Dividends	12,668	10,035	+26.2
Total Capital, Subordinated Loans and Reserves	238,453	193,403	+23.3
Total Assets	743,682	674,907	+10.2
Net Tangible Assets per Ordinary Share	123¢	128¢	-3.9
Earnings per Ordinary Share	16.1¢	16.5¢	-2.4
Dividends per Ordinary Share	8.0¢	8.0¢	-

The Financial Overview includes Leighton's share of associated companies' results.

Operating Profit Before Tax \$'000



Operating Profit After Tax \$'000



Total Revenue \$'000



Work in Hand \$'000



Total Assets \$'000



Operations Overview



Leighton Holdings Limited

Leighton Holdings is the parent public company of the Leighton Group. Its role is to provide strategic direction, financial management, market positioning and communication for Group activities.

Operating through five main subsidiaries and two associates, the Group's business activities comprise civil and building design and construction, project management, contract mining, property development, specialist engineering, and waste and environmental management in Australia, Hong Kong, South-East Asia and specific regions in the USA. In addition, Leighton Holdings maintains a central Technical Resources division to provide commercial and technological support to Group operations.

Leighton Holdings' principal objective is to continue to develop and maintain a financially sound and competitively strong group of companies while recognising the needs and aspirations of clients, shareholders, employees, governments and other communities on which we depend for success.

To strengthen the Group's market position and technological capabilities, strategic business relationships continue to be forged with leading international companies, including our major shareholder HOCHTIEF, a diversified European construction group.



	Leighton Contractors	Leighton Properties
Total Revenue	\$593M	
Work in Hand	\$554M	
Final Total Development Costs		\$259M
No. of Employees	1,505	30*
Profile	<p>Established: 1949 Managing Director: Keith Bennett</p> <p>Broad-based Australian construction contractor. Capabilities include building and civil engineering, contract mining, project and construction management. Subsidiary, Welded Mesh, manufactures and supplies reinforcing steel and mesh.</p>	<p>Established: 1972 Managing Director: Vyril Vella</p> <p>Developer of commercial, industrial, retail and selected residential property in Australia. Undertakes selective land developments and provides development management services, property asset review and relocation studies. Also has operating subsidiary, Pacific Parking Pty Limited.</p>
Performance	<ul style="list-style-type: none"> Strong profit achieved on 9.5% fall in revenue. Return on assets employed exceeded Group targets. Awarded \$215m F5 privatised tollroad, its largest ever construction contract. New civil and mining work offset decline in building projects. Central engineering resources strengthened. Experienced steady growth for materials supply subsidiary, Welded Mesh. 	<ul style="list-style-type: none"> Operated at a loss. Poor result compounded by deeper than expected recession, demise of Australian property trusts and subsequent withdrawal of institutional investors. Focused on minimising Group risk exposure levels on property projects. St Kilda Road project affected by industrial disputes. Development performance satisfactory, with projects completed to budget. Pacific Parking performance below expectations.
Prospects	<ul style="list-style-type: none"> Well placed to weather the recession and competitive pressures. Focus on profitable civil work to maintain financial returns. Plans to further capitalise on public and private infrastructure projects. Confident of maintaining cash flow and Group profit contribution. 	<ul style="list-style-type: none"> Market oversupply and lack of investor confidence signal slow recovery in Australian property market. Focus on selling down asset base to further reduce exposure. Core skills being maintained to manage existing properties. Holding costs will mean continuing losses.

* In addition, Pacific Parking has some 65 employees



Thiess Contractors	Multicon Holdings	Leighton Asia	The Ipco Group	Green Holdings	Technical Resources
\$618M	\$83M	\$237M	\$24M*	\$200M*	
\$451M	\$89M	\$202M	\$24M*	\$155M*	
3205	346	1169	68	741	41
<p>Established: 1935 Managing Director: Martin Albrecht</p> <p>Multidisciplinary contractor operating throughout Australia, the near Pacific region and Indonesia. Activities include civil engineering, contract mining, building, environmental and waste management, mechanical engineering, marine engineering and underground construction.</p>	<p>Established: 1973 Managing Director: George Genocchio</p> <p>The Group's specialised engineering contractor, providing mechanical, electrical and structural engineering design, manufacture and construction throughout Australia, with manufacturing facilities in Sydney.</p>	<p>Established: 1975 Managing Director: John Faulkner</p> <p>Hong Kong based general construction contractor with additional office in Thailand, experienced in engineering and building projects in the Asian market. Includes Leighton Brückner (60% owned), which specialises in foundation engineering and construction.</p>	<p>Established: 1975 Managing Director: Charles Hardeman</p> <p>Project development, engineering and construction company (45% owned) with head office in Singapore, operates on a world-wide basis with particular emphasis in the South-East Asia region. Projects include marine facilities, ports and harbours, onshore and offshore energy and resource developments, oil and gas facilities, power and water supply systems as well as civil and industrial.</p>	<p>Established: 1929 President: J. David McClung</p> <p>Diversified USA construction company (50% owned). Mainland USA activities include civil engineering, building and contract mining projects. Alaskan interests focus on heavy civil construction, mine development and maintenance. In Guyana, South America, the company is engaged in contract mining.</p>	<p>Established: 1960 Managing Director: Bob Gussey</p> <p>Provides centralised expertise to all Group companies in the commercial, engineering, technical and marketing disciplines associated with construction and property development. Based in Sydney, operates throughout Australia and targeted areas of the Asia-Pacific region offering strategic opportunities to the Group.</p>
<ul style="list-style-type: none"> - Improved profit contribution to Group results on 15% rise in revenue. - Awarded \$54m contract for design and construction of privatised Junee Correctional Centre in NSW. - Expanded profitable contract mining and associated civil work in Indonesia. - Established specialist marine and underground division. - Completed successful gold and coal projects in four Australian states. - Consolidated businesses in niche markets such as waste management. 	<ul style="list-style-type: none"> - Traded at a loss due to major problem contract at Sydney Airport and other unforeseen operational difficulties. - Steel industry projects progressed satisfactorily. - Increased materials handling work for coal industry. - Focused on technology-based projects to gain a competitive edge. - Maintained solid level of work in hand at year end. 	<ul style="list-style-type: none"> - Significant improvement in profit contribution. - Achieved targets for revenue and return on net assets despite difficult market. - Revenue and work in hand fell due to delays in Hong Kong and Thai infrastructure projects. - Actively sought projects elsewhere in Asia to counter project delays. - Successfully pursued private sector work in Hong Kong to balance project portfolio. - Gained local licence as a public housing contractor. - Leighton Brückner maintained revenue and solid profit contribution. 	<ul style="list-style-type: none"> - Profit contribution positive but below Group targets. - Project delays and local competition contributed to low levels of revenue and work in hand. - Focused on establishing a presence in new geographic markets. - Secured new joint venture project in Nigeria with local company. 	<ul style="list-style-type: none"> - Small profit contribution to Group results. - Increased revenue by securing new low-risk management work on behalf of US bonding company. - Achieved reduction in risk exposure by resolving majority of prior litigation. - Selective mining and infrastructure work in Alaska and Guyana performed well. - Ended the year with a solid level of work in hand. 	<ul style="list-style-type: none"> - Identified and pursued projects in important growth markets. - Delivered specialist industrial and process engineering support to operating companies. - Worked with operating companies to enhance project controls and quality. - Fostered Group expertise in marketing and corporate communication.
<ul style="list-style-type: none"> - Continued positive outlook in specialised market segments and in Indonesia. - Competitive contract tendering in Australian building and mining sectors. - Environmental and waste management to offer continuing opportunities. - Positioned to secure additional infrastructure renewal projects. 	<ul style="list-style-type: none"> - Seeking broader base of work to insulate against problem contracts. - Opportunities to secure additional materials handling projects. - Other prospects in hydro power, water treatment and paper recycling. - Working towards improving contribution to Group. 	<ul style="list-style-type: none"> - PADS announcement boosts business confidence in Hong Kong. - Increasing opportunities in Hong Kong construction market from 1992. - Tight market in Hong Kong in current year. - Pursuing prospects in Thailand and other countries on a selective basis. - Good prospects for Leighton Brückner. 	<ul style="list-style-type: none"> - Strong prospects based on substantial medium term growth in the Asia-Pacific area. - Actively negotiating a number of major privatised infrastructure projects. - Significant growth in work in hand and profit performance forecast for 1991/92. 	<ul style="list-style-type: none"> - US construction market to remain highly competitive. - Continued profitable work in Guyana and Alaska. - Focus on maintaining cashflow and profitable work in hand. - Expect to steadily improve profit contribution. 	<ul style="list-style-type: none"> - Developing new business opportunities in growth areas such as privatised infrastructure facilities. - Stronger strategic role in Group marketing, external communication and engineering management systems. - Longer term emphasis on exclusive technology agreements. - Maintain strategic links with overseas companies.

* 100% Ipco Group values

* 100% Green Holdings values

Directors

Chairman -
M A Besley
Deputy Chairman -
R M Wylie -

W M King
D S Adamsas
K L Bennett
H Hehner
P J North
D P Robinson
E F Vocke

Associates -
M C Albrecht
J Faulkner
V A Vella

Leighton Holdings Limited Board

Audit Committee
Chairman -
R M Wylie

D S Adamsas
W M King
D P Robinson
Secretary -
A J Moir

Secretarial

Company
Secretary
A J Moir

Finance and Administration

Director
D S Adamsas

Investment

Manager
W H West

Chief Executive Officer

W M King

Executive Committee

Chairman - W M King
D S Adamsas
M C Albrecht
K L Bennett

J Faulkner
G Genocchio
R G Gussey
A J Moir
V A Vella
W H West

Technical Resources

Managing Director
R G Gussey

Leighton Contractors Pty Limited

Managing Director
K L Bennett

Leighton Properties Pty Limited

Managing Director
V A Vella

Thiess Contractors Pty Limited

Managing Director
M C Albrecht

Multicon Holdings Pty Limited

Managing Director
G Genocchio

Leighton Asia Limited

Managing Director
J Faulkner

45% shareholding

The Ipco Group

Managing Director
C S Hardeman

50% shareholding

Green Holdings Inc.

President
J D McClung

60% shareholding

Leighton Brückner Foundation Engineering

Managing Director
C J Jesse

From the Chairman

The Leighton Group's performance in a year of negative economic growth reflects a sound business strategy and highly skilled management.

The year just ended was one of great challenge for Australian business. In a period of severe downturn in most sectors of the Australian economy, your Company successfully withstood difficult operating conditions to maintain revenue, profit and dividend levels.

Based on the Group after-tax profit result of \$21.0m representing earnings of 16.1 cents per share (adjusted for the 1 for 4 rights issue), the Directors have recommended a fully franked final dividend of 4.0 cents per share. When combined with the interim dividend of 4.0 cents per share, the total fully franked dividend will be maintained at the 1989/90 level of 8.0 cents.

The profit and recommended dividend remain at the five year peak reached last year. This performance, in a year in which the Australian economy experienced negative growth in Gross Domestic Product and a significant increase in business sector bad debts, is testimony to the dedication and skill of the Group's senior management team. The team has demonstrated its ability to stabilise the Group, achieve steady growth and more recently, to respond to a rapidly changing and demanding environment. A return on shareholders' funds of 12.2% for the year vindicates the Group's strategy of continuing to develop the construction capabilities of the operating companies.

Your Directors took positive action in May to strengthen the Company's balance sheet by announcing a placement of shares to investors and a rights issue to shareholders in a prudent move designed to reduce Group debt. The share issue was strongly supported and, on behalf of the Board, I thank shareholders for demonstrating their confidence in the Group.

It is important to record however, Directors' concern at the onerous and costly due diligence provisions of the new Corporations Law, which consumed undue senior management time during preparation of the prospectus. Government review of the compliance processes involved would appear to be both timely and warranted.

In December, Mr David Robinson, a former alternate director to Dr E F Vocke, accepted an invitation to join the Board as a full Director. He subsequently became a member of the Audit Committee.

Your Directors were deeply saddened by the sudden passing in February of Mr Vern Christie who had been a Non-Executive Director of Leighton Holdings Limited since 1987. Mr Christie served the Board with great distinction and his experience and wise counsel will be missed.

Over the past year, the Leighton Group has strengthened its position in core markets, maintained a solid workload and developed opportunities in major privatised infrastructure projects. As investors in the Leighton Group, shareholders can derive satisfaction from knowing that they are actively participating in projects of critical importance to the future of Australia and its Asian neighbours.

Although expert economists at year end were predicting a slow economic upturn, the Leighton Group does not anticipate a significant recovery in the Australian construction industry over the next 12 months. This will pose major challenges to senior management in maintaining revenue, profit and returns to shareholders. However, I am confident that the Company's performance will be sustained.

I thank my Board colleagues for their support during this my first full year as Chairman, and express my appreciation to all Leighton constituents – shareholders, management and employees – for their continued dedication and commitment.

MA (Tim) Besley
Chairman



MA Besley

Objectives	Achievements
Increase profitability and shareholders' returns	<ul style="list-style-type: none"> Profit and dividend levels for the year maintained in a tight recessionary climate at \$21.0m and 8.0 cents per share respectively. Return on shareholders' funds remained steady at 12.2%, compared with 12.3% last year.
Maintain balanced workloads and reduce operating exposures	<ul style="list-style-type: none"> Mix of work in hand reflects prevailing market conditions and includes \$565m civil engineering, \$314m building work, and \$355m contract mining. Capital base and balance sheet strengthened through share issue. Programme to reduce property liabilities through completion, leasing or sale of smaller developments at acceptable prices. Leighton Pacific Developments' operations in USA discontinued due to inadequate returns.
Extend core businesses into specialised areas	<ul style="list-style-type: none"> Focus on privatised infrastructure projects results in two significant contracts awarded to Group operating companies in Australia. Specialised foundation engineering company Leighton Brückner expands into Thailand. Thiess establishes specialist marine and underground division. Building materials subsidiary Welded Mesh emerges as a major supplier to the construction industry.
Participate in value-added projects	<ul style="list-style-type: none"> Leighton Contractors secures a \$215m design and construct contract for the F5 Tollroad project in Sydney. Thiess awarded a \$54m contract to design and construct a new privately managed correctional centre at June, NSW. Specialist tank technology results in North-West shelf natural gas storage tanks project in joint venture with Toyo Kanetsu KK of Japan.
Achieve technological and market leadership	<ul style="list-style-type: none"> Group negotiates international technology agreements for paper recycling and other environmental/waste management growth markets. Thiess establishes Technical Services Department to enhance total quality management and specialist capabilities. Leighton Contractors strengthens central engineering capabilities to support major civil projects. Leighton Asia consolidates its engineering and technical services.

The Chief Executive's Report

Change, uncertainty and an Australian economy that moved into a deeper than expected recession posed major challenges for our Group over the past year. The impact of the recession and a corresponding slump in business confidence were felt particularly in the building and property development sectors.

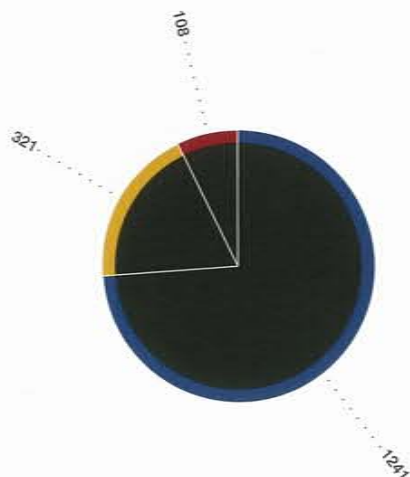
The Group responded to these challenges and to significant market changes, implementing initiatives that have protected our core business interests. Our geographic spread and diverse strengths have helped to offset the dramatic decline in building construction, and we have secured profitable new business in civil engineering, contract mining and major privatised infrastructure projects.

As a result, I am pleased to report that we have maintained our market position and financial performance to enter the new year with a good level of work in hand.

Wal King
Chief Executive Officer



Wal King



Total Group Operating Revenue – Including Associated Companies by Geographic Area \$M

Australia
Asia
USA

Financial Performance The Group maintained revenue and profit in spite of a difficult and highly competitive market characterised by a fall off in project opportunities. After tax operating profit increased marginally to \$21.0m, comprising a first half profit of \$9.5m and a second half result of \$11.5m. The result was achieved on a 5.6% rise in total Group operating revenue including associated companies to \$1.67bn. Management contracts on projects valued at \$201m also were completed. Australian projects accounted for 74% of total revenue, compared to 76% in the previous year, with Asian operations increasing their revenue contribution to 19%.

Review of Operations Our strategy of maintaining decentralised operations in Australia and selected international markets has achieved results despite the impact of the recession in Australia. Although our business strategy allows the operating companies considerable business discretion, Leighton Holdings closely monitors their performance and market emphasis. Accordingly, we initiated a series of actions to insulate core businesses against the impact of the recession and to pursue available opportunities in a restrained market. These included expanding the capital base of the Group to strengthen our balance sheet and minimise risk exposures on existing commitments.

Also, we elected to discontinue the operations of our California-based property company, Leighton Pacific Developments, following an assessment that the USA property development market offered extremely limited prospects and inadequate returns on deployed capital. Orderly completion and sale of existing developments will be undertaken over the next two years under the direction of Leighton Properties, based in Sydney. A \$4m provision for the closure is shown under "extraordinary items" in the financial statements.

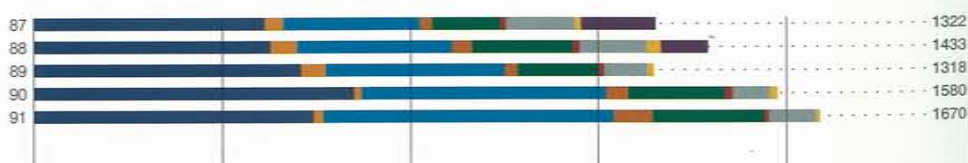
In response to a rapidly shrinking Australian property market, we curtailed all new developments with ownership risk and embarked on a programme to reduce our property exposure. This involves the completion, leasing or sale of smaller developments where acceptable prices can be achieved, and retention of the remaining developments until market conditions improve.

Elsewhere, we concentrated our focus on our traditional core business strengths. To capitalise on emerging large-scale privatised infrastructure projects in Australia and Asia, we deployed the specialist skills of our Technical Resources division and the expertise of our corporate financial management group to augment construction and marketing skills within the operating companies. This provided us with the competitive advantage to win new business as lead partners in two of the largest privatised infrastructure projects to date – the F5 Tollroad and the Junee Correctional Centre, both in New South Wales.

The Group's stable work position is a major highlight in a difficult year. Operating companies completed a total of 229 projects and were awarded 204 new contracts to the value of \$1.336bn. In particular, continued success in securing new contracts in civil engineering and contract mining has provided revenue stability. Our two Australian construction companies, Leighton Contractors and Thiess Contractors, were major contributors to Group performance, with Leighton Contractors achieving a particularly impressive result. In spite of significant revenue growth, the Group's specialist engineering contractor, Multicon, operated at a loss. Further changes involving a rationalisation of management and improvements in business focus were initiated to enhance financial performance. However, the benefits are not expected to lead to improved results for at least two years.

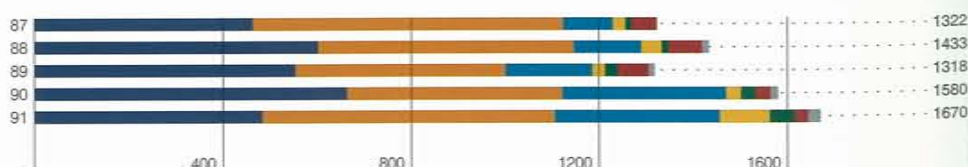
Total Group Operating Revenue – Including Associated Companies by Operating Company \$M

Leighton Contractors ■ Leighton Properties ■ Thiess Contractors ■ Multicon Holdings ■ Leighton Asia ■ The Ipco Group ■ Green Holdings ■ Leighton Pacific Developments ■ Major Projects ■



Total Group Operating Revenue – Including Associated Companies by Market Segment \$M

Building ■ Civil Engineering ■ Contract Mining ■ Mechanical Engineering ■ Foundation Engineering ■ Property Development ■ Waste and Environmental Management ■



Note: Operations of Major Projects were absorbed by Thiess Contractors in July 1987

Our operations in South-East Asia recorded significant profit growth. The primary focus continued to be the Hong Kong construction market, where activity slowed due to delays in the Ports and Airport Development Scheme (PADS) and government deferral of housing and public works programmes. The Group also explored selected project opportunities elsewhere in South-East Asia, with Leighton Brückner establishing an office in Thailand to service new contracts won in this emerging growth market. In Indonesia, Thiess' contract mining and infrastructure work delivered pleasing results, with the value of current mining projects exceeding \$80m. Our operations in the USA through Green Holdings showed gradual improvement, with Green achieving a small profit in line with Group expectations. Substantial progress has been made in resolving litigation associated with previously discontinued operations.

Group Structure and Strategy Deteriorating economic and market conditions over the past year have provided an important test for the overall thrust of our business strategy which, although fine-tuned, remains unchanged. The Group's sound performance has confirmed that our business strategy is delivering long-term stability. This strategy is based on our decentralised corporate structure, which encourages each operating company to achieve its business objectives within established targets and to take advantage of local market opportunities. Within this framework, the Group aims to achieve steady growth by:

- maintaining a balanced workload of civil engineering, contract mining and building construction;
- balancing short-term and longer-term prospects in areas of traditional strength to protect the Group from cyclical fluctuations in the construction market;
- ensuring that Group operations are efficiently funded to take advantage of profitable opportunities and that tight financial discipline is maintained over our business;
- providing adequate long-term funding for property development projects;
- maintaining a level of technical capability that delivers a competitive advantage to Group companies, through a highly skilled central resource synchronised with market needs;
- strengthening the skills, dedication and commitment of our people, recognising that they are our most valuable resource and that their abilities and tenacity hold the key to progress in difficult times;
- progressing workplace reform in our Australian operations in line with Government objectives.

Prospects Leighton has emerged at year end well placed to maintain revenue and profit in 1991/92. Work in hand stands at \$1.37bn compared to \$1.22bn at 30 June 1990, and operating companies hold a further \$138m in uncompleted management contracts. Although the Australian economy is expected to slowly recover during 1991/92, corresponding growth in construction opportunities is not forecast due to the time lag in converting renewed business confidence into new projects. The Group anticipates continued strong competition and tight margins in the non-residential building sector which is unlikely to recover until late 1993.

In this restricted climate, the Group will focus on its traditional strengths and will take further steps to maintain financial controls. In particular, we will endeavour to reduce our property exposure. The large holding costs associated with the Group's property commitments will impact on earnings over the medium term. Every effort will be made to lease and sell existing developments in an orderly manner. The core activities of construction in Australia and Asia will underwrite the Group's stable earnings base, with civil engineering, private and public infrastructure projects, and contract mining providing the major contributions to revenue and profit. These activities, together with a stronger balance sheet, are expected to offset the holding costs associated with development properties.

Although delays in the PADS scheme and other government infrastructure projects have currently restrained prospects in Hong Kong, this market will continue to underwrite our presence in South-East Asia. The recent announcement by the Hong Kong government of its intention to proceed with the massive infrastructure development scheme will provide significant opportunities for Leighton Asia from 1992/93. Other encouraging prospects in Asia include continued growth in contract mining and associated construction work in Indonesia and a series of privatised infrastructure projects for The Ipcor Group. Gradual economic recovery in the USA is expected to provide Green Holdings with new opportunities and contribute to the recovery process.

Based on our solid level of work in hand in Australia and Asia, we expect to maintain revenue, operating profit and dividends achieved in the 1990/91 year. The Group is in a strong position, both financially and technically, to secure profitable construction work in selected markets as economic conditions improve.

Corporate Financial Management

Through a significant share issue and a steady level of earnings, the Group has considerably strengthened its financial position over the past year.

Financial Strength In June 1991, Leighton Holdings' balance sheet was strengthened by the completion of a 10% placement of 13 million shares at \$1.18 to investors and a 1 for 4 renounceable rights issue at \$1.00 to shareholders. The additional equity acquired of \$57m comprised \$37m from the rights issue, \$15m from the placement and \$5m from HOCHTIEF's conversion of its convertible loan. Following the rights issue, HOCHTIEF exercised its right to request the repayment of \$17m of its \$20m subordinated loan. This capital raising resulted in an additional 55 million shares being issued and incremental cash to the Group of \$35m. At year end, shareholders' funds rose to \$238m, including \$6m of subordinated debt, from \$193m including \$27m of subordinated debt. Shareholders' funds to total assets increased to 32% from 29% and borrowings reduced to \$133m, compared to \$159m at June 1990. During the year, the Group maintained a satisfactory liquidity position, with steady cashflow generated from the operating companies. At year end, the Group had some \$77m in cash on deposit and \$147m in undrawn facilities.

Leighton Properties' interests in development properties was \$251m at June 1991 of which \$176m has been financed long term through off-balance sheet partnership and joint venture arrangements. Subsequent to June 1991 the off-balance sheet funding has been reduced to \$145m by selling one property and bringing another onto the balance sheet. Included in the off-balance sheet arrangements is \$52m of non-recourse funding and \$93m of limited recourse funding.

Group Controls and Management Reporting Interest rate exposures are actively managed to achieve an optimum level of interest cost relative to borrowings. Funding is provided through both general long term facilities and specific facilities related to the expected term and particular class of asset.

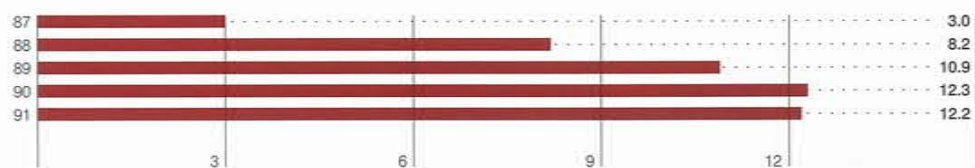
Although the Group's decentralised structure provides operating companies with the freedom to perform as independent enterprises and profit centres, each is allocated a level of equity and borrowings in accordance with balance sheet objectives and profitability assessments. Financial management systems to closely monitor and regulate our position have evolved in line with the Group's growth over recent years. Performance against objectives is measured quarterly in a review process that extends to all levels of line management responsible for discrete business and project units. In this way, corporate financial controls are central to management performance, which is assessed according to returns on funds employed and other appropriate financial criteria.

Financial Relationships and Investor Relations In addition to our strong and long established relationship with our principal banker, The Commonwealth Bank of Australia, the Group maintains strategic links with a small number of significant local and overseas financial institutions which provide funding facilities through negative pledge arrangements.

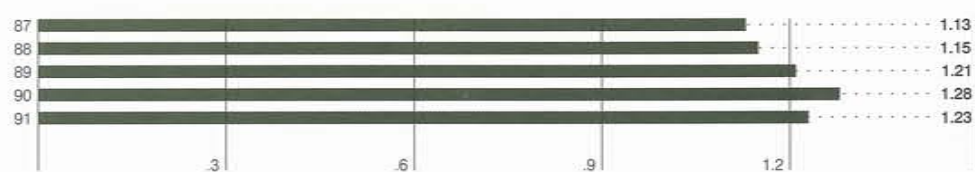
Recognising the importance of keeping shareholders and the financial community well informed, the Group maintains an active programme of communication involving briefings and consultation with key audiences such as brokers, institutional fund managers, insurance companies and shareholders. These financial and investor relations initiatives are supported by a public relations programme designed to keep government, business leaders, industry and key media representatives informed about the Group and its activities.

Future Priorities Our financial management strategies are directed into reducing current exposures, particularly in the area of off-balance sheet funding for Group property developments. The improved financial strength will allow the Group to underwrite further profitable civil engineering and contract mining projects and take advantage of important privatised infrastructure prospects. It will also facilitate retention of development properties until acceptable sales can be achieved. Through the allocation of appropriate funding, the Group will continue to support profitable business initiatives of the operating companies in order to provide acceptable returns to shareholders.

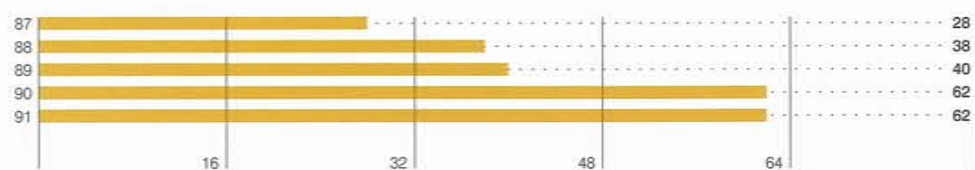
Return on Shareholders' Funds %



Net Tangible Assets per Ordinary Share \$ - at Year End



Gross Cash Flow per Ordinary Share ¢



Dieter Adamsas
Director of Finance and
Administration



Working with Government

Private participation in the development of public infrastructure provides timely delivery of facilities to the community and offers measurable benefits to the public and private sector partners.

Privatised Infrastructure

The Need Efficient infrastructure is essential to economic growth. It is a vital element in the restructuring of the Australian economy and in the industrial growth and development of South-East Asian nations. Improved productivity and international competitiveness only can become a reality if transport systems, communication networks and industrial infrastructure keep pace with technological change.

Health, quality of life and social issues are also placing renewed pressure on governments to upgrade or provide new community infrastructure and essential services. Additional expenditure on pollution controls for waste water systems and electricity generation reflects growing environmental concerns over air quality and the safety of our waterways. Urban development and expectations of higher living standards are bringing the collection and supply of healthy drinking water into the public spotlight. Similarly, the collection and disposal of waste is becoming a significant international issue.

Whilst traditional public funding of capital works will continue to predominate in Australia and overseas, the challenge of meeting growing demands for public services in a climate of budgetary restraints means that governments alone cannot sustain adequate investment in infrastructure.

The private sector must work with governments to develop the standards of infrastructure expected by the community and required for economic growth. This public/private partnership is based on the premise that governments should provide, but not necessarily produce, essential public services.

The Concept Privatised infrastructure is being accepted across the world as providing a viable solution to the funding dilemma.

The concept is based on a simple "user pays" principle. The complexity of providing privatised infrastructure involves determining the feasibility of the project, then agreeing the cost, method of payment and terms and conditions of either owning the facility or eventually transferring it to government ownership.

In Australia, as in many other countries around the world, tolls for roads, bridges and cross-harbour tunnels have been established as the income stream to underwrite feasible privatisation projects. Mass transportation facilities such as airports, railways and ports also can be developed through private sector participation and ownership. Domestic essential services such as drinking water, electricity and gas are other areas that have proven to be appropriate for privatisation – as has community infrastructure such as education facilities, hospitals and prisons.

Payments can take various forms such as rent for a hospital, entry fees for a museum, a fee per unit of production for water treatment, or a payment per inmate for prison accommodation.

The Benefits Privatisation is both relevant and beneficial for infrastructure traditionally provided by all levels of government and can be applied to almost any form of community service that can be charged to the end-user.

The primary benefit to the community of this government/private sector partnership is the provision of a facility which might otherwise not be available, or feasible, for many years through traditional funding techniques.

The provision of privatised infrastructure is driven by user demand and the need to generate attractive returns. As a result, the infrastructure is generally developed more efficiently and is likely to operate more effectively. The "user pays" principle ensures that users more readily voice their concerns or refrain from using the facility if it fails to deliver what is expected.

The privatised approach involves total accountability to users for the construction and operation and provides private sector access to leading international technology.

Governments can fulfil electorate expectations often sooner and at no taxation cost to the community. This is particularly beneficial when the public sector is under pressure to cater for the infrastructure needs of special interest groups where government spending might not otherwise be justified.

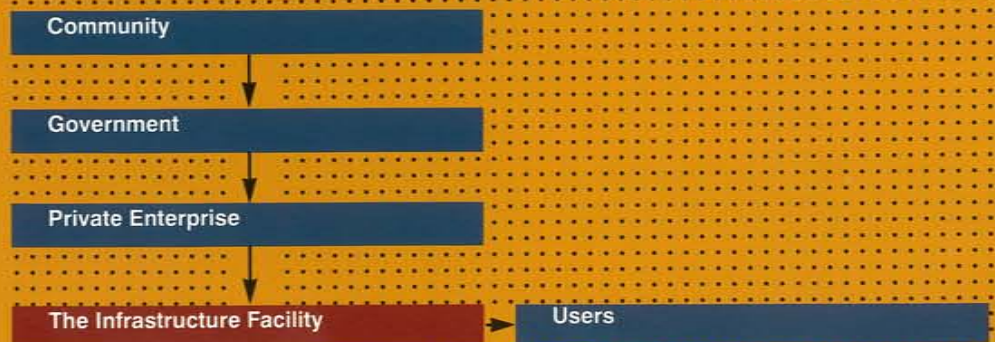
Private sector benefits include the opportunity for a broad spectrum of investors to financially support the proposed infrastructure development and derive a potentially attractive return on their investment.

Infrastructure

Based on the "user pays" principle, the concept of privatised infrastructure involves private sector responsibility for the financing and delivery of a service to replace traditional public sector funding and development.

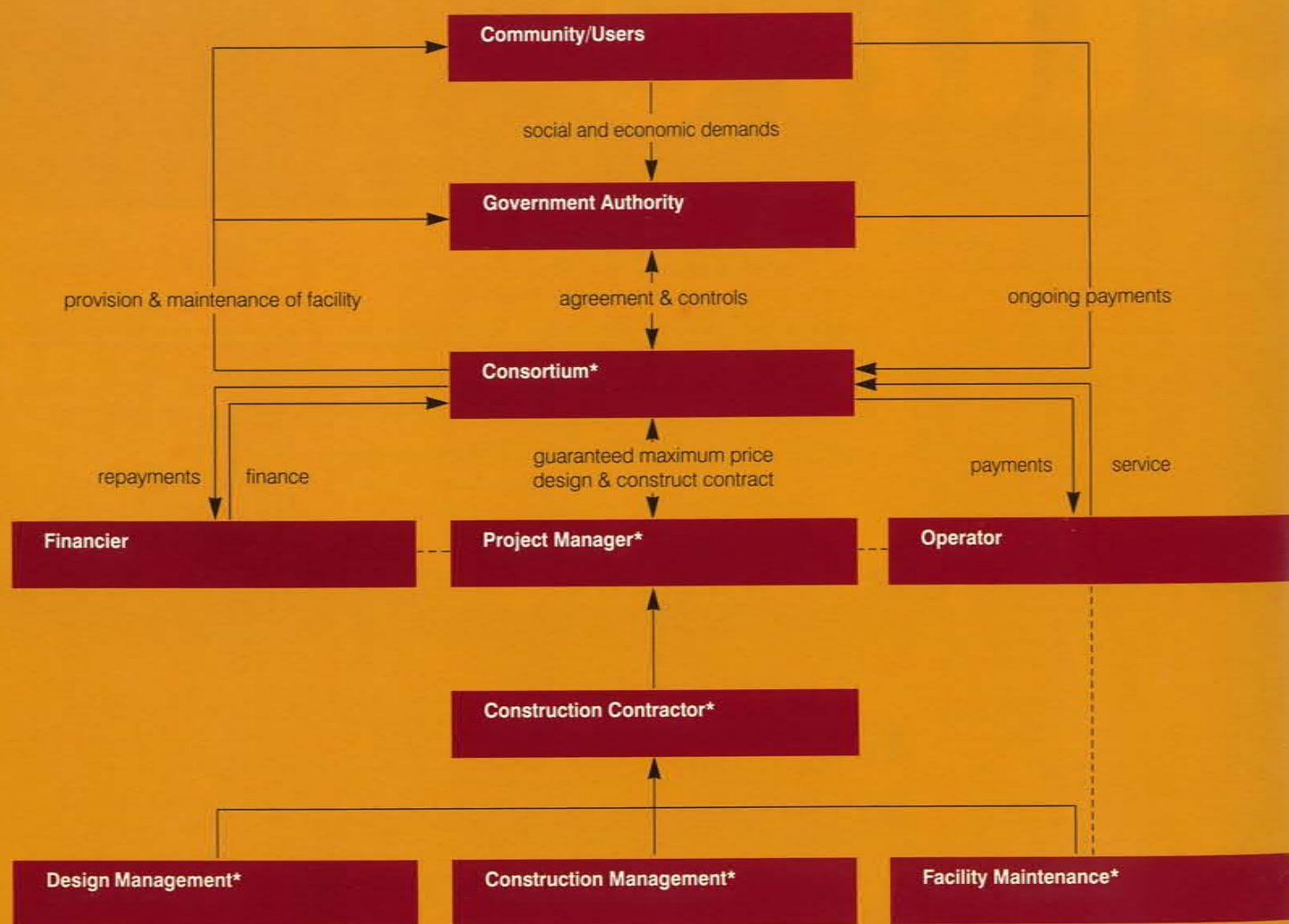
Governments have a responsibility to service the community's social and economic needs. When that service requires a facility, government establishes the appropriate guidelines, standards and controls for the facility. Privatised infrastructure projects are developed under identical guidelines and controls with private enterprise providing finance, design and construction capabilities and the ongoing operation and maintenance of the facility.

The Privatisation Concept



The Leighton Group is actively working with governments and joint venture partners to initiate and develop privatised infrastructure projects that deliver improved facilities at a lower community cost.

Project Structure Model



* Indicates potential involvement by Group operating companies

The diagram opposite shows the inter-relationship between the participants in a privatised infrastructure project. Generally, a consortium is formed between the key private sector participants with the consortium appointing a project manager to co-ordinate the design and construction activities. The end-users of the facility pay the consortium for the service received. This may be in the form of a direct payment, for example via a bridge toll, or an indirect payment by the community through a government agency for facilities such as prisons.

Top to bottom:
Labuan Island Water Supply, East Malaysia
F5 Tollroad, Sydney NSW
Junee Correctional Centre, NSW
BHP Waste Water Treatment Plant, Port Kembla NSW

Our Solutions In 1987, The Ipco Group constructed a water supply facility for Labuan Island in Malaysia and organised the financing, primarily through Malaysian superannuation funds. Ipco designed and constructed the water treatment works, pipeline and storage tanks, and established a private company which will own and operate the system until the year 2001, when ownership will transfer to the Malaysian Government.

Early this year, Leighton Contractors was awarded a \$215m design and construct contract for the F5 Tollroad in Sydney. Leighton prepared the project feasibility and, in conjunction with the Commonwealth Bank, developed an appropriate financing structure for the 14.5 km continuous dual carriageway tollroad in Sydney's south western suburbs.

The total contract to the winning consortium, Interlink Roads, involves the financing, design, construction, operation and maintenance of the tollroad over a long-term concession period. Ownership will be transferred to the New South Wales Roads & Traffic Authority (RTA) at the end of this period. Motorists and the RTA will benefit from a major improvement of Sydney's arterial road network and, ultimately, ownership of the road at little, if any, cost to the general community.

More recently, Thiess Contractors, together with specialist international organisations Wackenhut Corrections and ADT Security, worked successfully with the New South Wales Government to develop a privatised concept for the design, construction and management of Junee Correctional Centre in southern New South Wales.

The consortium, in consultation with the State Government's Corrective Services Department, developed an overall solution which satisfied rehabilitation requirements in a secure environment whilst substantially reducing operating costs. The Correctional Centre will commence operations in 1993 under a five year management contract which, subject to satisfactory performance, can be extended for a further three years.

The same principle of supplying a facility and service for an agreed fee, toll or charge can also be applied to private sector organisations. For example, Thiess Contractors is currently building a waste water treatment plant for BHP at its Port Kembla steelworks in New South Wales. Thiess has arranged financing for the \$20m capital cost of the plant and is negotiating an operating contract with BHP for 15 years.

Future Strategies Privatised infrastructure generally involve large projects with a significant multi-disciplinary design and construction content. They require innovative and often complex financing structures, strong local management expertise and where appropriate, the introduction of overseas technology. An essential requirement for ownership and operation schemes is long-term commitment and local presence.

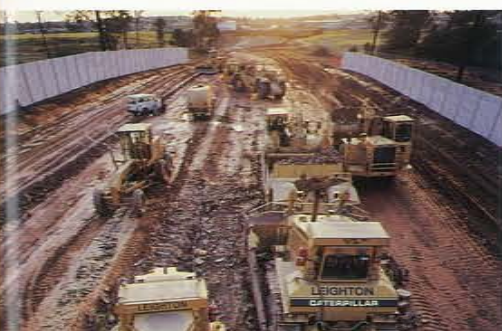
Consequently there are few Australian contractors that can match the Leighton Group's capacity to develop viable privatised infrastructure agreements or that can be competitive in this growth market.

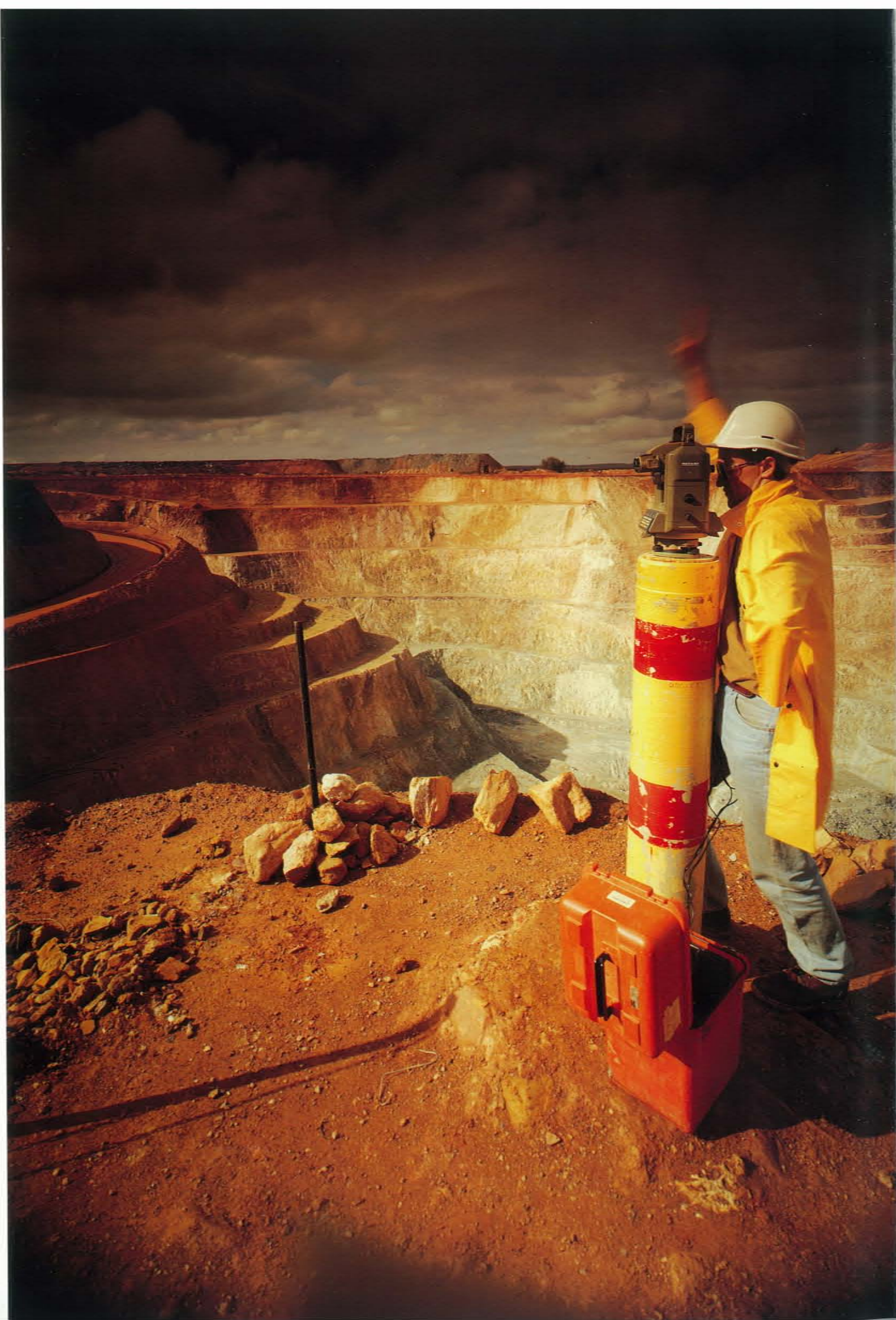
The Leighton Group's size, financial strength, depth of capability, experience and international standing ensure that it maintains a competitive advantage in privatised infrastructure projects both in Australia and South-East Asia.

To enhance this advantage, the Group continues to forge strategic relationships with leading local and international infrastructure operators in specialist areas such as water treatment, hospitals, tollroads and prisons. We are also strengthening our links with key engineering and architectural firms to ensure our design and construction capabilities are the best available.

Relationships with major financial institutions also are being developed, particularly those managing Australian superannuation funds as these organisations represent a major potential source of private funding for infrastructure development. The Commonwealth Treasury estimates that by the year 2000 more than \$700bn in assets will be held by these funds.

Privatised infrastructure will present the Leighton Group with further opportunities to generate significant additional construction work and establish stable, profitable sources of income through long-term project participation.





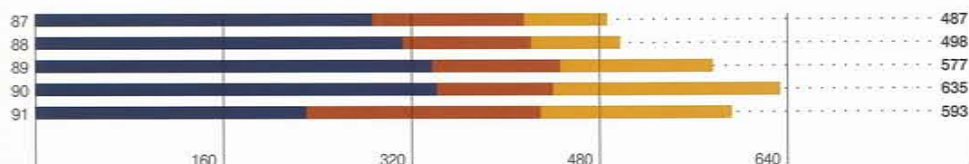
Leighton Contractors

Another strong performance is further endorsement of Leighton Contractors' strict focus on efficient project delivery in a balance of core business areas.

Financial Performance The past year has brought new challenges and rewards for the management and staff of Leighton Contractors. The company made a further solid profit contribution to the Group, was awarded the largest contract in its history and ended the year with a record profit and high level of work in hand. The strong profit performance was achieved on a 6.7% fall in revenue to \$593m in a volatile market characterised by a lesser number of profitable building projects. Returns on the level of assets employed comfortably exceeded Group targets. Factors influencing our positive result included a greater proportion of civil work and our relative success managing contract payments in a difficult climate. Underpinning our profit-driven operating philosophy is the continuing focus on sound management, strict financial and project controls, and efficient project delivery in the core businesses of civil engineering, contract mining, building and project and construction management. The high level of work in hand is largely attributable to repeat business from clients satisfied with the quality of projects delivered on time and within budget.

Review of Operations As forecast, there has been a substantial change in the mix of projects undertaken during the past year. Civil construction and contract mining as a proportion of total revenue rose to 61% from 46% the previous year, while building revenue fell to 39%. Our previous year's forecast of growth in civil engineering work in response to increased public pressure for improved infrastructure was confirmed in new projects to the value of \$292m won during the year. Leighton Contractors' proven ability to manage the construction and funding risks on major infrastructure projects was instrumental in the award of the \$215m F5 privatised tollroad contract in Sydney's south-west, the largest hard dollar contract ever won by the company.

Revenue \$M Building ■ Civil Engineering ■ Mining ■



Work in Hand \$M Building ■ Civil Engineering ■ Mining ■



Opposite:
Hill 50 Gold Mine,
Western Australia
Large-scale contract
mining for one of
Australia's major export
industries is a core
activity for Leighton
Contractors. The
Company has secured
repeat business at
Western Mining
Corporation's Hill 50
gold mine 550km
north of Perth, with
extensions to existing
ore extraction and
earthmoving contracts
valued at \$55m.

Keith Bennett
Managing Director



Keith Bennett



As one of the first Build, Own, Operate and Transfer contracts in New South Wales, the project involves funding, project management, construction and associated civil works for a new 14.5km tollroad linking Beverly Hills and Casula to the west. The F5 Tollroad will make an important contribution to Sydney's arterial road network.

Other major civil engineering projects awarded include the \$52m Thompsons Creek Dam near Lithgow in New South Wales as well as road construction and river diversion work in New South Wales, Victoria and Western Australia. With continued growth expected in civil engineering work, we further strengthened our Central Engineering capability to provide the technical expertise and experience required to support the branches undertaking major civil projects.

Contract mining continued to be an important source of profitable business, with gold mining contracts to the value of more than \$100m won over the past 12 months in Western Australia and Victoria. Overall, contract mining work in four Australian states accounted for 27% of our revenue in 1990/91.

In private and public sector building and project and construction management, we made substantial progress on a number of key projects including the \$90m second contract for the Commonwealth Serum Laboratories in Melbourne. With the over-supplied CBD office market offering only limited building work, we have focused on private sector retail, manufacturing and smaller commercial projects in suburban locations, as well as public sector educational facilities. In the private sector, work has included a \$25m regional office at Chermside and a \$24m suburban shopping centre at Brookside in Brisbane, and the \$13m Arnotts distribution and \$16m Pepsi Seven-Up bottling facilities in Sydney. Public sector education work included a \$4m contract for teaching facilities at the University of Newcastle. Leighton Contractors also achieved practical completion on the

Main photo:
Stanwell Power Station, Central Queensland
Civil construction of infrastructure for Australia's power generation industry is a traditional strength of Leighton Contractors. Completed earlier this year, the \$13m contract at the Queensland Electricity Commission's new Stanwell Power Station involved construction of a slot bunker and track hopper. Under the contract, one of three awarded to the Company at the power station, Leighton Contractors excavated more than 200,000m³ of material and installed some 30,000m² of formwork, 21,000m³ of structural concrete, 5km of pipework and 3,000t of reinforcing bars.

Far left:
Welded Mesh Workshop, Milperra, Sydney
Now firmly established as a major manufacturer and supplier to the Australian construction industry, Leighton Contractors' subsidiary Welded Mesh continues to increase its profit contribution to the Group. Modern manufacturing plants at Milperra in Sydney and Laverton in Melbourne use some of the most advanced manufacturing technology in the world to produce a wide range of products including welded wire reinforcing, reinforcing bars, tie wire, bar chairs, clamps and reducers. Sustained investment in these manufacturing facilities and the deployment of highly skilled technical and sales teams to provide support for construction projects, from pre-tender estimating through to on-site delivery, have underwritten the company's acceptance as a market leader.

Near left:
Thompsons Creek Dam, New South Wales
Renewed requirements for infrastructure in the nation's water and energy supply industries are providing new opportunities for Leighton Contractors in civil construction. At Thompsons Creek near Lithgow in New South Wales, work is well advanced on a \$52m contract to construct a 2km long, 26,000 ML capacity dam to supply water for turbines at the new Mt. Piper Power Station. The project involves extensive site preparation and earthworks, dam wall construction, embankment instrumentation and aeration systems, spillway construction, pipeline installation, nutrient traps, and all landscaping and access roads.



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Chairman
K L Bennett –
Managing Director
D S Adamas
B T Cattell
P R Cooper
R G Gussey
R J Merkenhof
R P Turchini
P J Williams
E E Young

Associate
W A C Service

Secretaries
T R J Cooper
K J Steen

Senior Executives
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Managing Director
P R Cooper BTEch(Eng)
General Manager,
Southern Region
I M Luck BTEch(CivEng),
MIEAust
Manager, ACT & Southern
NSW
R J Merkenhof BEng
Manager, NSW Building
R P Turchini MIEAust
Manager, NSW Contracting
P J Williams DipCE,
GradDipMgt, MIEAust, FAIM
General Manager, Qld & NT
E E Young BE(Civ), MNZIE,
MIEAust
General Manager, WA
B A Bowman
Manager, Information
Systems
D Boyling MIEAust, CPEng
National Plant Manager
B T Cattell CPEng, MIEAust,
MICE
Manager, Central
Engineering
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CEng, MIEAust, MICE,
AIARBA
Manager, Contractual
Services
T R J Cooper CPA
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Commercial
B C Duggin ASTC, LGE,
FIEAust
Estimating Manager
E R Furney BArch, ARAIA,
ACDA
General Manager, National
Business
WAC Service BSc, BE,
MIEAust
National Building Manager
K J Steen ASA,
Administration Manager
J T Walshe MSc,
DiplndPsych
Manager, Industrial Relations,
Safety & Personnel

Main photo:
Moorabool River
Diversion, Victoria
Using fast track
construction techniques
involving detailed
planning and scheduling
of critically sequenced
operations, Leighton
Contractors has
completed a \$10m
contract to divert 2.6km
of the Moorabool River,
eight months ahead of
schedule. Early
completion avoided
predicted high
floodwaters in winter
and spring and provided
the client, Australian
Cement Limited, with
access to previously
untapped limestone
reserves, thereby
extending supplies used
in cement manufacture
by 50 years.
Construction of rock
lined pools and weirs
and the planting and
maintenance of 22,000
trees overlaying the
waterway will maintain
permanent water in the
river, providing an ideal
environment for fish and
wildlife.

Far right:
ABC Centre,
Ultimo, Sydney
The recently completed
headquarters for the
Australian Broadcasting
Corporation and the
Sydney Symphony
Orchestra was officially
opened by Prime
Minister Bob Hawke in
June 1991. Leighton
Contractors was
responsible for the
project management of
the building and partial
fitout at a cost of some
\$120m. The new centre
incorporates complex
technologies, including
the latest touch-screen
broadcasting facilities,
innovative sound
acoustics for orchestra
rehearsal and
performance, and
provision for advanced
satellite transmission.





\$90m St Kilda Road office development in Melbourne, overcoming delays associated with industrial disruption at the site and bringing to account in the current year all adverse cost effects associated with the construction of the project. Apart from the St Kilda Road project, there has been a significant improvement in the industrial climate in the building construction sector over the past 12 months. Government and ACTU initiatives aimed at achieving award and industry re-structuring are having a positive impact on management and employee attitudes in the workplace. Employees and management alike are deriving the greatest benefits in work environments where co-operation is highest. Leighton Contractors will continue to actively build on the successes already achieved.

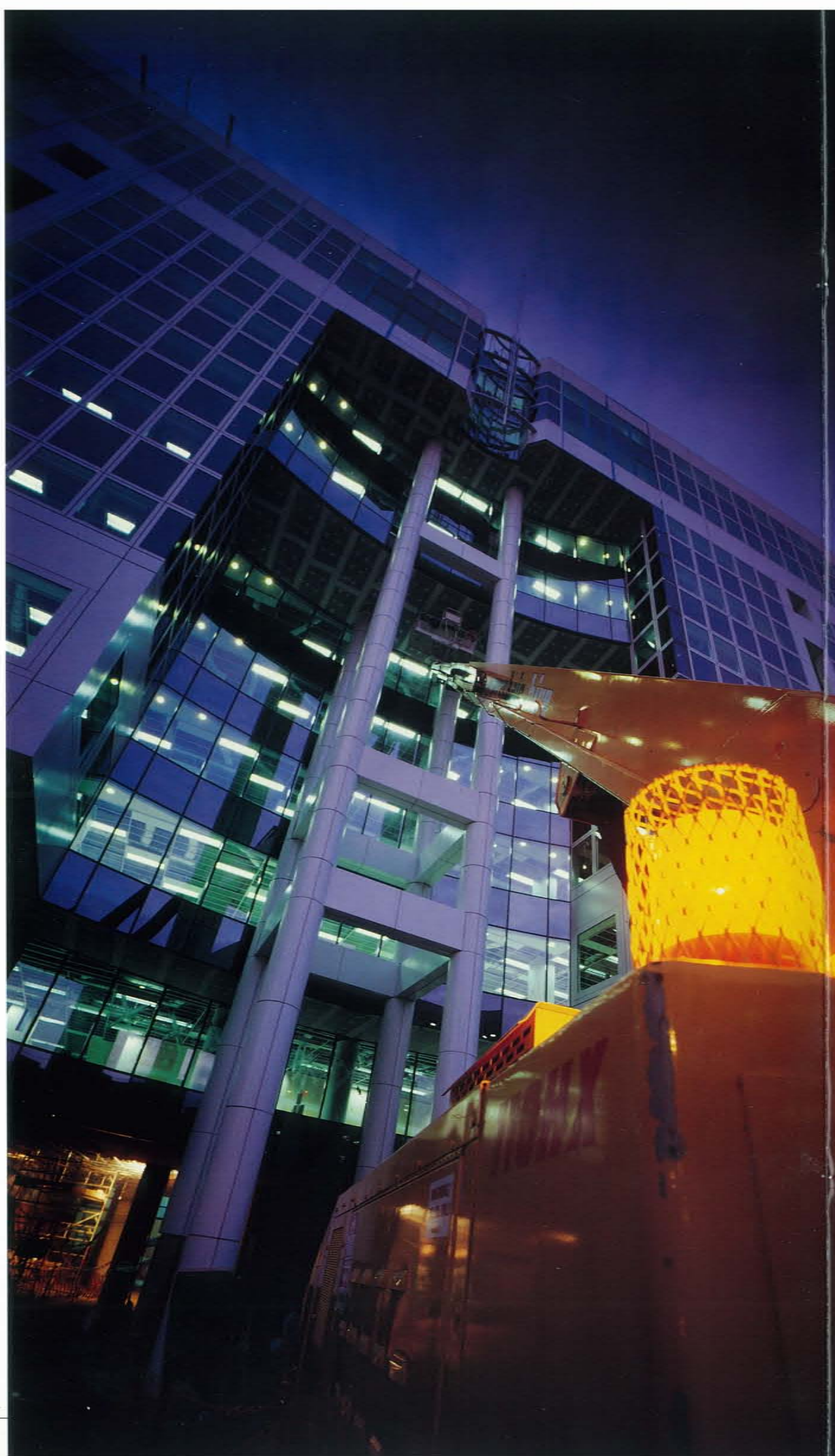
During the past year our subsidiary, Welded Mesh, has emerged as a major independent manufacturer and supplier of reinforcing steel and mesh to Australia's construction sector. This follows successful implementation of a four year growth plan.

Prospects Leighton Contractors will commence the new year well placed to withstand the continuing impact of the recession and capitalise on new projects. Our prospects are enhanced by a strong level of work in hand, which includes a high proportion of profitable civil engineering and contract mining work. Additionally, we will pursue further privatised infrastructure opportunities as these emerge. The major challenge will be to continue to win a balance of new, profitable work in a climate of tighter margins, particularly in the building sector. For Welded Mesh, we expect to achieve further growth and profitable returns in the year ahead.

We are confident of maintaining our cashflow and profit contribution to the Group in 1991/92. This will be achieved by managing overhead expenditure, further reducing assets employed, continuing to manage debt efficiently, and maintaining the management skills needed to enhance our competitive position.



Right:
St Kilda Road
Office Development,
Melbourne
Located in the prestigious commercial precinct only 3km from Melbourne's central business district, the \$90m office development at 417 St Kilda Road contains state-of-the-art communications technology and building services to support high quality tenant accommodation. Recognising that the project would be released onto a sluggish commercial office rental market, Leighton Properties has secured long-term funding to allow the property to be retained until market conditions improve.



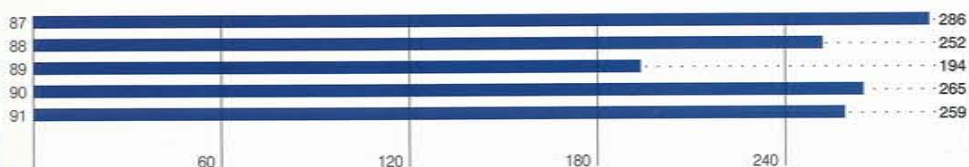
Leighton Properties

We have made progress in containing the Group's risk exposure on development projects in a severely depressed market, while retaining our core property skills.

Financial Performance During 1990/91, Australia's property market suffered a series of setbacks, many unforeseen at the start of the year, which led to the collapse of the property development industry. The setbacks included the demise of Australia's unlisted property trusts, a deeper than forecast recession and continuation of the long period of high interest rates until mid-year. As a result, the high vacancy rates in CBD commercial offices meant the withdrawal of institutional and other investors from the property market. Faced with these acute external pressures and protracted industrial disruption on our \$90m St Kilda Road office project, our financial performance was disappointing and the company operated at a loss. During the year we embarked on a programme involving the planned sell-down, lease or deferral of projects.

Review of Operations With the exception of our St Kilda Road office development, all current projects progressed satisfactorily, and were completed on time and within budget. The major challenge addressed by Leighton Properties involved managing the Group's property portfolio to minimise risk exposures in a climate where rising commercial vacancy rates and falling property prices have seriously threatened the viability of the business. In line with this strategy, we adopted the prudent course of deferring development work on our commercial office site at 84 Pacific Highway, North Sydney until a suitable investor, joint venture partner or major tenancy precommitment is secured. We also focused on the sale or lease of a number of our projects. The \$40m Cosmopolitan Centre in Adelaide was completed and the cinema component sold to the Greater Union Group. In Brisbane, we sold our \$4m office development in Logan Road during the year and more recently, the \$15.5m Stage One of the Nexus office park at Upper Mt Gravatt. Other projects completed included the \$14m Building 200, which is part of the Edgeworth David Corporate Park at Hornsby, and the

Final Total Development Costs \$M



Vyrl Vella
Managing Director





\$18m Epicentre warehouse and office complex at Rosebery in Sydney. Priority is being given to the lease or sale of these projects. Development and sale of residential land at Edens Landing near Beenleigh in South-East Queensland continued to deliver profitable returns in a weaker residential property market. Our carparking division, Pacific Parking, was adversely affected by a fall in demand for office carspaces in a climate of growing employee retrenchments and significantly higher office vacancy levels. However, the current depressed market is creating opportunities to secure favourable agreements with building owners for carparking leases. Following the decision by Leighton Holdings during the year to discontinue US property development activity, we assumed responsibility for winding down Leighton Pacific Developments' existing projects. Our objective is to achieve minimum adverse impact on the Leighton Group through orderly completion and sale of these projects.

Prospects Continued property market oversupply, high unemployment and a lack of market confidence signal continuing recession in the non-residential property market. During this period we will be downsizing the business whilst retaining the core skills to manage current projects. Over the next twelve months the priority will be to mitigate property holding costs by further reducing exposure through the sale or lease of existing smaller developments, while holding our St Kilda Road project until the return of a more stable property market. Funding is in place to support this strategy. However, the holding costs associated with these properties will cause Leighton Properties to continue to make losses. We are examining alternative uses for existing sites to improve viability in the forecast market. Additionally, we are seeking joint venture or consortium opportunities where our partners would retain the ownership risks, with Leighton Properties performing a development management role. In the longer term, we recognise that the inherent risks in the highly cyclical commercial property industry must be well managed to ensure the Leighton Group can benefit from development and complementary construction opportunities.

Main photo:
Cosmopolitan Centre, Adelaide
The \$40m purpose-built Cosmopolitan Centre in Adelaide, contains a 5 cinema complex, specialty shops, commercial office accommodation, a tavern and on-site parking for 445 cars. Australia's leading movie theatre group, Greater Union, purchased the development's cinema complex on completion. Leighton Properties carparking division, Pacific Parking, will operate the carpark under a 10 year lease agreement.

Far left:
Nexus, Stage 1, Upper Mt Gravatt, Brisbane
Strategically located at Upper Mt Gravatt, Brisbane's leading decentralised commercial growth centre, the Nexus office park is being developed in stages to meet market demand. Pre-lease commitments by various Commonwealth Government departments for almost 50% of the 7,600m² net lettable area have underwritten development of Stage 1, which was completed early in 1991 some 3 months ahead of schedule. The building is now 75% leased, with the sale effected in August 1991 for \$15.5m.

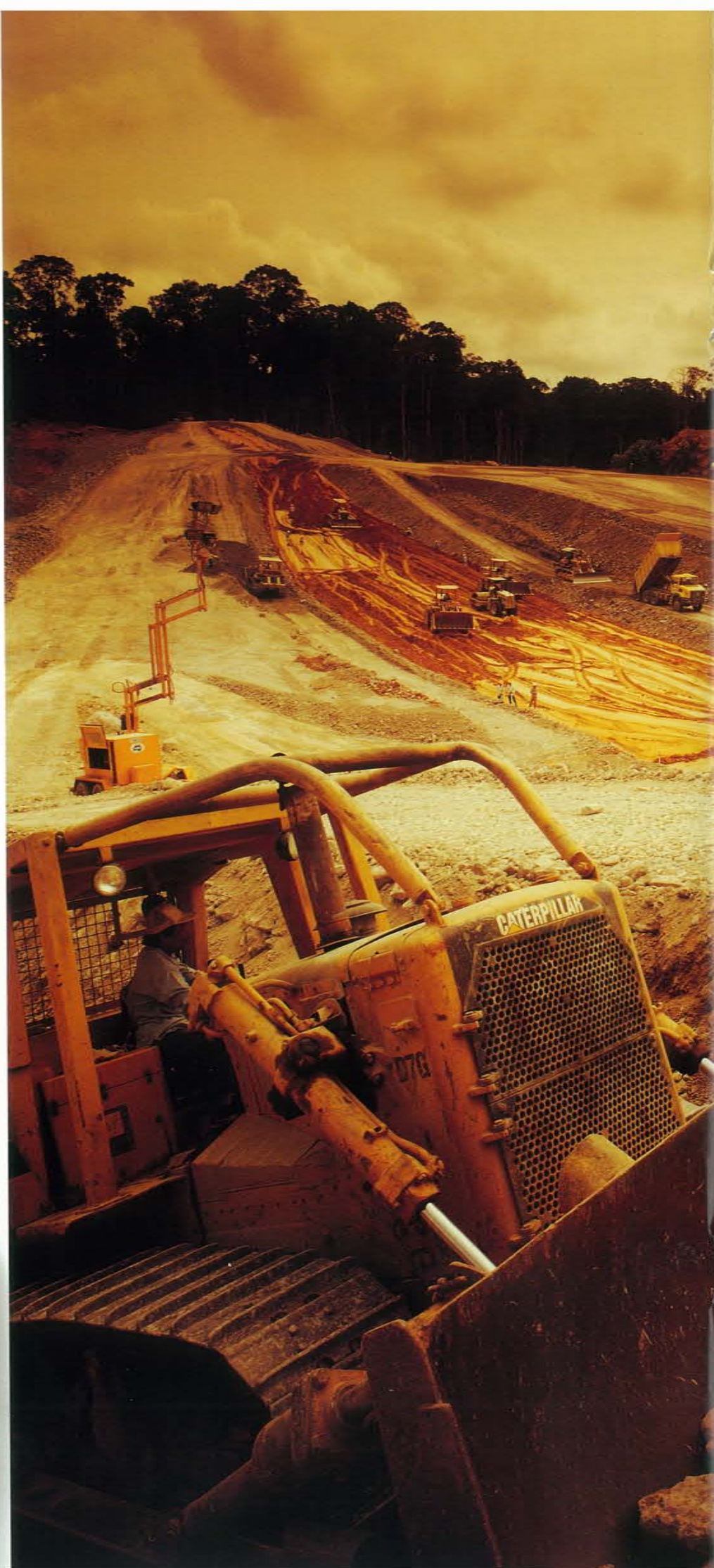
Board
V A Vella - Managing Director
D S Adamsas
R G Gussey
W M King
D P Robinson
Secretary
B W Clark

Senior Executives
V A Vella BSc, BE(Hons), MEngSc, MIEAust
Managing Director
J Barrett ARICS, AAIV
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
G C Harrold BBuild, MAIB, AIMM, AifRAIA
National Marketing Manager



Right:
Kelian Gold Mine, East Kalimantan, Indonesia
Significant growth in Indonesia's mining industry has further justified the decision by Thiess in 1988 to seek contract mining and infrastructure projects in the expanding economy of Australia's nearest neighbour. Through its local subsidiary, PT Thiess Contractors Indonesia, the company has secured new contracts valued at \$115m over the past year, including work worth \$40m with Kelian Equatorial Mining as part of the development of the Kelian Gold Mine in an isolated region of East Kalimantan.

Martin Albrecht
Managing Director



Thiess Contractors

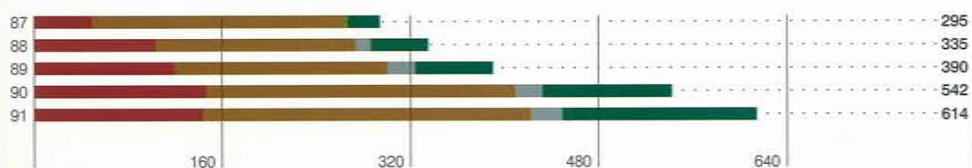
Thiess has performed well in the current economic climate and established a stronger position in specialised markets within core business areas.

Financial Performance Thiess marginally increased its overall profit contribution to the Group following the unprecedented growth achieved last year. This was aided by a 13% rise in total revenue, principally from our operations in Indonesia and specialist work associated with mechanical and marine activities. Earnings were achieved largely through contributions from our traditional profit cells and the second full year of contract mining and infrastructure construction work in Indonesia. Specialised markets in which we have established a presence in recent years also contributed to the increased earnings.

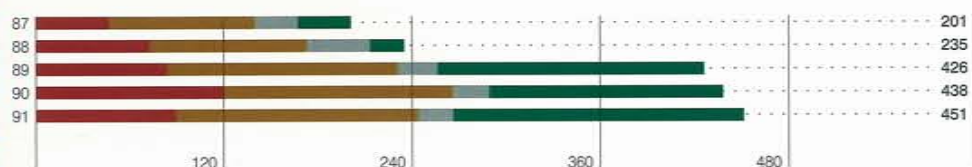
Review of Operations Continued growth was underwritten by traditional civil engineering work and businesses established in recent years in niche markets. These include waste and environmental management, privatised infrastructure, marine engineering and underground work. In 1990/91, civil engineering opportunities increased as governments responded to the need for infrastructure such as roads, dams, bridges and prisons. Public sector civil engineering work accounted for a significant proportion of revenue and included \$36m in contracts at Mt Piper Power Station and new contracts for roadworks in New South Wales, Victoria and North Queensland. Highly significant was the award of a \$28m design and construct contract for the Western Ring Road in Melbourne incorporating innovative design concepts.

Contract mining remains a core business for Thiess. Work for gold industry clients included continued activity at the Granny Smith and Darlot mines in Western Australia, the Mt Leyshon mine in North Queensland and Nagambie in Victoria. The investment over recent years in establishing a profile and capability to undertake mining and mine infrastructure work in Indonesia was rewarded with new projects in Kalimantan worth \$115m. Our long standing participation in the massive North-West Shelf natural gas project, combined with our ability to deliver specialist steel tank technology resulted in a \$28m mechanical engineering contract for the design and construction of gas condensate storage

Revenue \$M Building Civil Engineering Waste & Environmental Management Mining



Work in Hand \$M Building Civil Engineering Waste & Environmental Management Mining



Handwritten signature

Main photo:
Bennelong Point Car Parking Station, Sydney
 Almost 20 years after its completion, the Sydney Opera House for the first time will provide carparking facilities for patrons and performers. A \$16m contract for excavation of the 1,100 space Bennelong Point Underground Parking Station adjacent to the Opera House is the first major project awarded to Thiess' newly established Marine and Underground Division. The 70-week contract involves using the latest excavation technology to construct access ramps, entry tunnels and ventilation systems, together with an underground chamber 70m in diameter and 35m deep.

Near right:
Twin Waters Resort, Southern Queensland
 Thiess maintains a strong reputation in Queensland's expanding tourism and leisure market for delivering well managed, quality projects to clients on time and within budget - critical factors in this highly competitive industry. The \$40m contract to complete Stage 1 of Twin Waters Resort involved a strict 8 month schedule and a peak site workforce of 583. Thiess' ability to co-ordinate civil engineering and building work and provide single-point accountability to the client was a major factor in its selection for the project. Recently, Thiess has secured a \$38m contract to redevelop tourism facilities on Lindeman Island for international resort operator, Club Mediterranee.

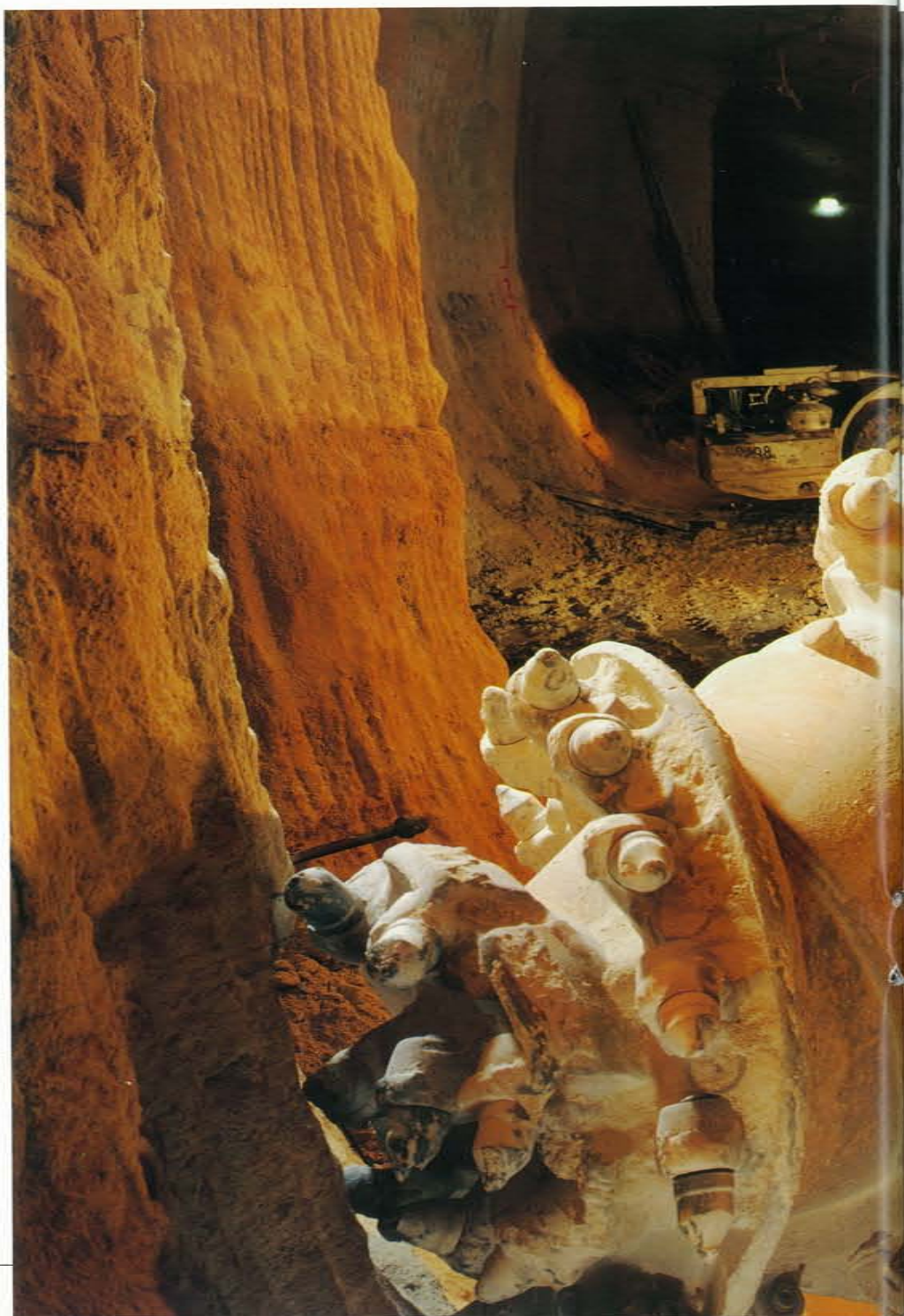
Far right:
Burrinjuck Dam Flood Security Upgrade, New South Wales
 Thiess Contractors' impressive record in major dam construction throughout Australia has been recognised by the NSW Government with a \$33m four year contract to upgrade historic Burrinjuck Dam, which supplies water to the Murrumbidgee and Hay Irrigation areas. As a key project in the Government's programme to upgrade "at risk" dams in the State, the contract involves strengthening the flood-prone dam to provide security against the risk of a 1 in 100,000 year "probable maximum flood". In challenging conditions, Thiess is raising the dam crest more than 13m and anchoring the wall up to 130m into the granite foundations with 161 post-tensioned steel cables.

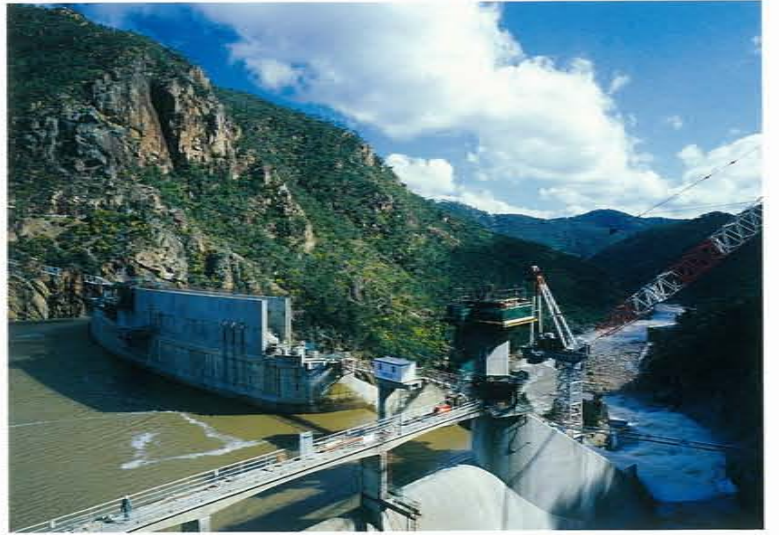
tanks in joint venture with Toyo Kanetsu KK of Japan. Having successfully completed a number of contracts for the Sydney Harbour tunnel project, we established a specialist underground and marine engineering profit centre. New work won included a \$16m contract for Stage 1 of a major underground carpark at Bennelong Point adjacent to the Sydney Opera House.

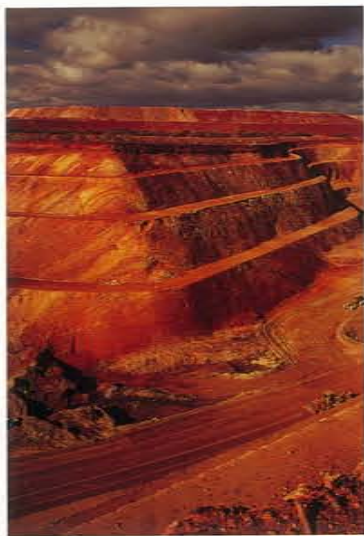
Building construction work accounted for 23% of total revenue in 1990/91, reflecting the downturn in non-residential construction. Among the projects completed, were Stage 1 of the \$120m Twin Waters Resort in Southern Queensland, the building contract for the \$40m Cosmopolitan Centre development in Adelaide for the Group's property division and a \$28m contract for expansion of the Western General Hospital in Melbourne. Thiess is maintaining its prominent position in tourist resort development with the recent award of a \$38m contract for Club Mediterranee's first resort in Australia, involving the redevelopment of Lindeman Island in Queensland.

Privatisation of public sector facilities is emerging as an important growth area for Thiess. Our expertise in constructing modern, efficient correctional centres such as the recently completed Borallon Prison near Brisbane and the Barwon Prison in Victoria culminated in a major highlight for the year - a \$54m contract for a Thiess-led consortium to design, construct and privately manage a new correctional centre at Junee in southern New South Wales.

Development of our environmental and waste services operation continues. Technical support from HOCHTIEF in site remediation technologies has culminated in two successful contracts and a number of additional prospects under negotiation. With the support of Linde TVT from Germany, we are providing construction management services for a \$20m waste water treatment plant at Port Kembla in New South Wales to be operated by Thiess under a 15 year contract to BHP Steel.







Also, Thiess is in the final commissioning phase for the largest direct water treatment plant in the southern hemisphere at Wurdee Boluc in Victoria. This contract for Geelong Water Board is ahead of the scheduled completion date and within budget.

Prospects Thiess has maintained a sound level of work in hand at year end. In Australia, contract tendering is expected to remain competitive in the period ahead. Margins will be tight, particularly in building work, where Thiess will only bid prime projects in which we have a competitive advantage and can achieve satisfactory returns. However, good prospects are expected in Indonesia which should provide the basis for further consolidation of our presence. Also, South-East Queensland, particularly the Gold Coast, offers growth prospects especially in the area of resort and associated infrastructure development. North Queensland offers similar prospects for Thiess as we are well positioned in this region to gain significant market share.

Although the environmental and waste services sector has undergone substantial rationalisation in the past year, the outlook appears attractive. This is based on continuing public pressure for improved environmental protection, higher standards of waste and water treatment and remediation of contaminated sites. Additionally, a slowing of expenditure by Governments on community infrastructure due to high public sector debt levels is expected to provide new opportunities for Thiess in privatisation work requiring single-point accountability. Our proven reputation in the construction of correctional facilities and other significant government projects positions us to capitalise on these opportunities. By strengthening our technical capabilities, further developing our specialist business units and offering our multi-disciplinary expertise, we are well equipped to secure profitable work in a restrictive operating environment.

Main photo:
BHP Waste Water Treatment Plant, Wollongong
The need for industry to upgrade the treatment and disposal of waste and effluent to meet more stringent government environmental standards is generating important project opportunities for Thiess Contractors' specialist environmental and waste services division. At BHP's Port Kembla steelworks in New South Wales, the company has sourced leading technology from international waste specialist Linde TVT of Germany to construct a \$20m waste water treatment plant. To be operated by Thiess under a 15 year contract with BHP Steel, the plant will operate 24 hours a day and treat 1.4 million m3 of effluent each year.

Near left:
Granny Smith Gold Mine, Western Australia
The vast Granny Smith gold mine project, 970km north-east of Perth, reflects Thiess' traditional strengths in contract mining in some of the harshest, most remote areas of Australia. The \$88m contract involves the extraction of up to 20t of material per year over three and a half years from a uniform ore body containing mineralised zones 30m wide. Associated work for the client, Placer Dome, includes installation of grinding and crushing mills and a 6km tailings dam wall.

Far left:
Western Ring Road, Broadmeadows Section, Melbourne
The award of Victoria's largest design and construction contract by Vic Roads, reflects Thiess' reputation for delivering major public infrastructure projects in a cost effective and innovative manner. Engineering and environmental challenges associated with road construction through the old Broadmeadows tip and the adjacent area are being overcome through innovative waste treatment, gas venting, foundation engineering and slope stabilisation techniques. The \$29m contract, involving roadworks, a major underpass to the Hume Highway, pedestrian and rail bridges, extensive earthworks and retaining walls, is expected to be completed ahead of schedule next year.

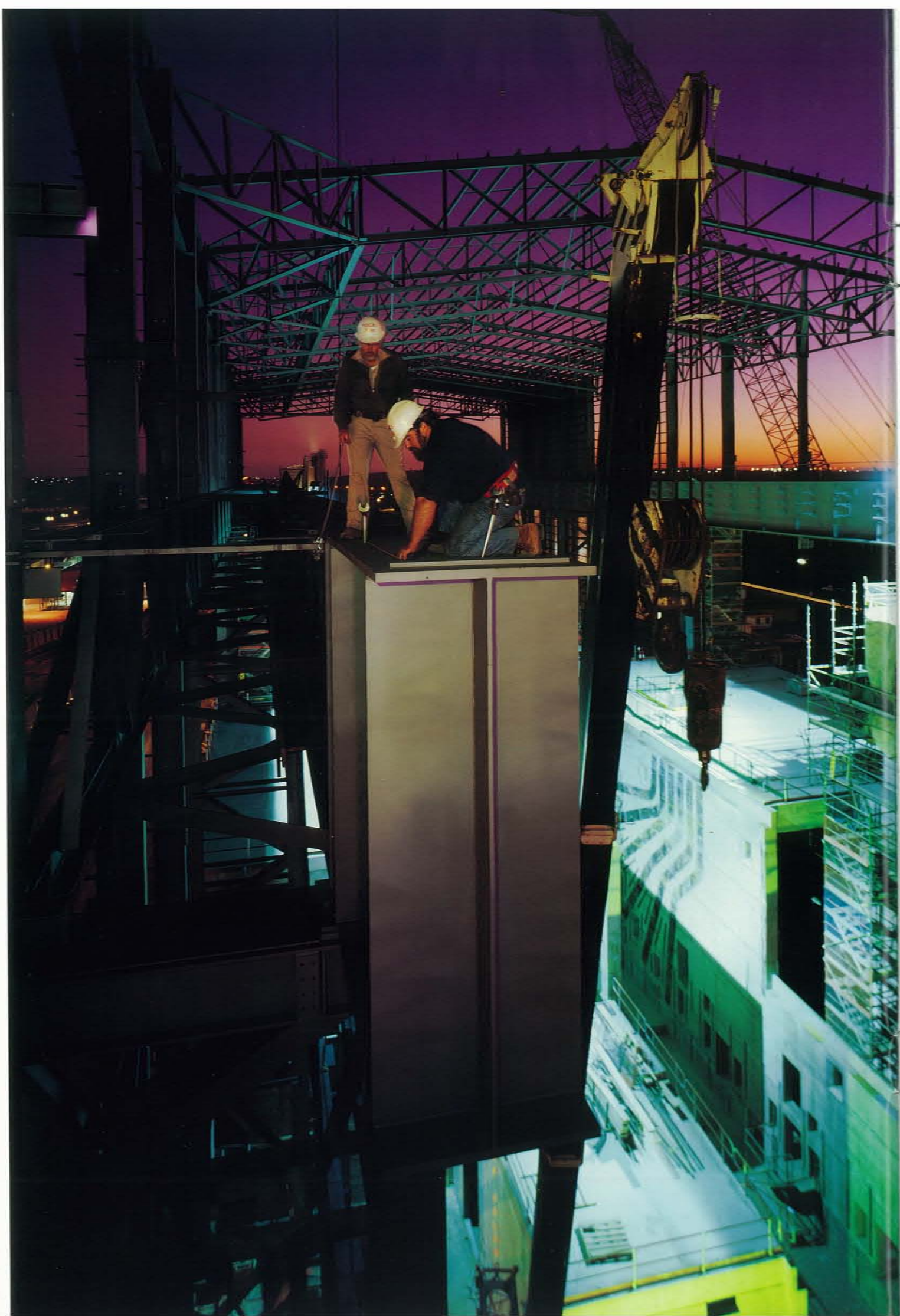
Board
R M Wylie, OBE – Chairman
M C Albrecht – Managing Director
D S Adamsas
B J Campain
S Christie, OBE
A C Hardy
W M King
G S McDonald, OBE
D G Young, ISO

Secretary
D J Argent

Senior Executives
M C Albrecht B.Tech., (CivEng)
Managing Director
D J Argent BComm, CPA, FCIM
General Manager, Commercial
B J Campain BE(Civ), MIEAust
General Manager, Operations
N N Jukes BE(Civ)
General Manager, WA & NT
R A Logan DipCE, BE(Civ), MEngSc
General Manager, Indonesia
R S Trundle BE(Civ), MIEAust, CPEng
General Manager Qld
R S H Aldis BE(Civ)Hons, Manager, NSW & ACT Civil
I R Buchan BSc(Tech), DipCE
Manager, NSW & ACT Building
D A Clark BE(Civ)
Manager, Vic, Tas, SA
J D Davis BE(Civ)
Manager, Environmental Services
R C Durant CPEng, MIEAust
Manager, Mechanical & Electrical
R W Ferguson BE(Civ)
Manager, NT
G Fitzsimmons HNC CE, MICE, MIEAust
Manager Sth Qld Civil Engineering
R J Moore BE, MIEAust, CPEng
Manager, Nth Qld
B J Roberts DipMechEng
National Plant Manager
D G Stewart Bsc, BEng
Manager Marine & Underground
J F Trio Assoc CE
Manager, WA
W G Turner BE(Mining), MAIMM
Manager, Engineering & Estimating
I D Wade BE(Civ)
Manager, Technical Services

Syd Christie, OBE
Mr Syd Christie retires from the Board of Thiess Contractors Pty Limited on 25 October 1991 after 15 years service. Mr Christie has played an active part in the direction of Thiess since he joined the company (then publicly listed) as a Director in 1976. Both the management and Board of Thiess will miss his wise counsel and guidance.





Multicon Holdings

Multicon experienced an unexpectedly difficult year and traded at a loss.

Financial Performance Major contractual difficulties on the \$15m structural building contract at Sydney International Airport contributed to the disappointing profit result. Unforeseen operational problems and industry-wide stoppages added to the poor performance. However, in the key steel industry market, our contracts were profitable and we were successful in slightly reducing the overall level of net assets employed.

Review of Operations The disappointing financial results should not obscure the success of Multicon's marketing efforts to secure design and construct contracts in the steel and materials handling industries. New projects have resulted from these efforts, including a \$28m contract to design and construct the Liddell Coal Handling Plant. This supports the decision taken two years ago to replace traditional engineering fabrication work with technology-based, value-added projects to improve returns. The Liddell contract is the second largest in the company's history and reflects industry acceptance of our ability to deliver sophisticated turnkey materials handling facilities. Projects associated with the steel industry proceeded satisfactorily, although our \$16m mini mill contract was delayed by a further six months at the client's direction. Steel industry work is the most viable of our broad spread of selected business interests and includes a \$111m joint venture for a new caster at BHP's Whyalla steelworks, scheduled for completion in 1992.

Prospects With nearly \$90m of work in hand at year end, Multicon should improve its performance despite uncertain and highly competitive operating conditions. Opportunities are expected in materials handling projects for Australia's mining sector, as well as in hydro power, water and waste treatment, paper recycling, and other environmental projects. We also plan to pursue appropriate opportunities through exclusive agreements with specialist technology companies. However, we recognise that we must continue to improve our skills and achieve a more balanced spread of profitable work to minimise the adverse impact of any problem contract. This strategy is particularly relevant to manage recent growth and maintain our market share in a very competitive environment. Based on achievable objectives in these areas and a strong level of work in hand at year end, we are working towards improving our contribution to Group results in 1991/92.

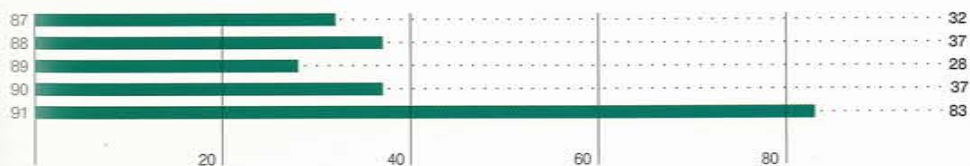
Opposite:
Whyalla Caster Project, South Australia
As a major participant in a consortium with Voest Alpine of Austria and Melbourne-based ASEA Brown Boveri, Multicon is undertaking detail design, manufacture and erection of a 1.2 million t per year continuous steel-casting plant and associated water treatment, electrical and hydraulic facilities at BHP's Whyalla steelworks. This \$111m project demonstrates Multicon's capability as a multi-disciplined engineering contractor.

Board
W H West -
Executive Chairman
G Genocchio -
Managing Director
D S Adams
J T Holt
W M King

Secretary
R P Gagliano

Senior Executives
W H West BSc(Tech),
MIEAust
Executive Chairman
G Genocchio BE(Hons),
MIEAust, FAIM, CPEng
Managing Director
J T Holt DipCivEng, MIEAust
General Manager
R P Gagliano BEc, CPA
Finance & Administration
Manager
J Wood BE(Mech) -
Marketing Manager
J Hutchings
Estimating Manager

Revenue \$M



Work in Hand \$M

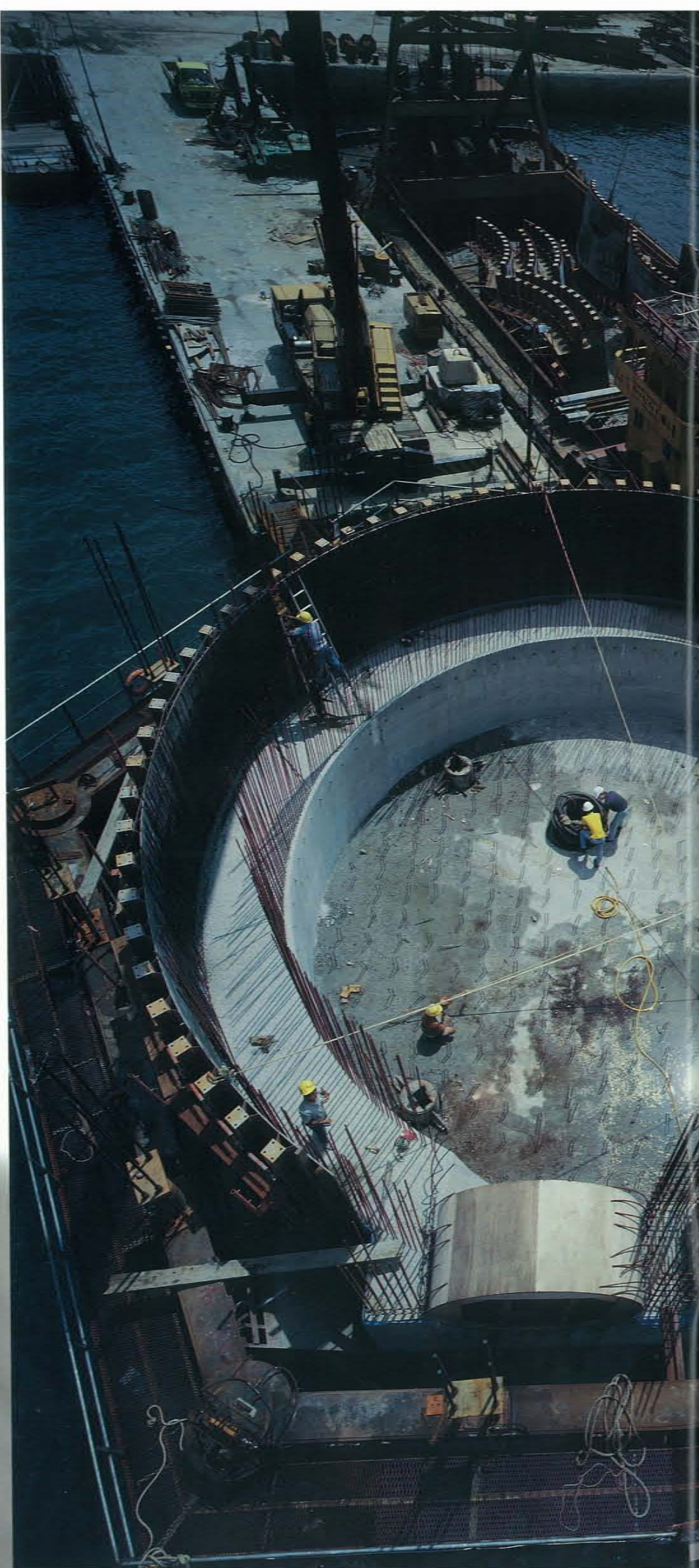


George Genocchio
Managing Director



Right:
**North-West Kowloon
Sewage Treatment and
Disposal Plant**
Environmental
protection and more
efficient infrastructure
for waste and water
treatment are emerging
as important issues in
Hong Kong, demanding
technically complex
solutions.
The development of
specialist waste
management
capabilities by Leighton
Asia to meet these
needs is exemplified in a
\$72m joint venture
contract to construct a
sophisticated sewage
treatment and disposal
plant on Stonecutters
Island to service the
North-West Kowloon
area. In addition
to constructing the
treatment works, the
project involves
installing two 2 metre
submarine pipelines
1km under Hong Kong
Harbour and
pier demolition and
reconstruction.

John Faulkner
Managing Director



Leighton Asia

Leighton Asia achieved a significant improvement in profitability and is well placed to take advantage of the massive infrastructure development in Hong Kong.

Financial Performance During the past 12 months, Leighton Asia significantly improved its previous year's profit contribution to the Group on a slight increase in revenue. This pleasing result was achieved despite a competitive market and a decline in new projects won during the year. The fall off in available work was due to the Hong Kong Government's deferral of public sector spending on housing projects and the Port and Airport Development Scheme (PADS), as well as delays to project commencements in Thailand. As a consequence, work in hand fell 17% to \$202m at year end, compared to \$244m as at June 1990.

Review of Operations Leighton Asia: Hong Kong remained our primary source of revenue during the year. New public sector projects won included two high density housing contracts, comprising an additional \$41m contract at the Ma On Shan housing development and a \$46m contract to build Shek Lei Estate Phase 3. Good progress was achieved on three other housing projects with a collective value of \$136m. Also during the year, we secured a licence to operate as a local housing contractor, which better positions the company to pursue future market opportunities. Public infrastructure and site formation work in Hong Kong provided an increased contribution to company revenue in 1990/91, accounting for 46% of turnover, compared to 29% in the previous year.

Site formation continued at the \$46m Shau Kei Wan project involving land reclamation for future housing blocks, together with associated road works and drainage systems. Roads and other public infrastructure work in Hong Kong worth \$186m included further progress on the \$69m Kwai Chung Container Road South roadworks and the \$72m joint venture contract for the North-West Kowloon sewage treatment and disposal facility on Stonecutters Island. Recognising our exposure to public sector work in Hong Kong, Leighton Asia has pursued a deliberate strategy of developing closer relationships with private clients to achieve a more balanced project portfolio. Private sector projects included a \$34m site formation contract for Mobil Oil on Tsing Yi Island.

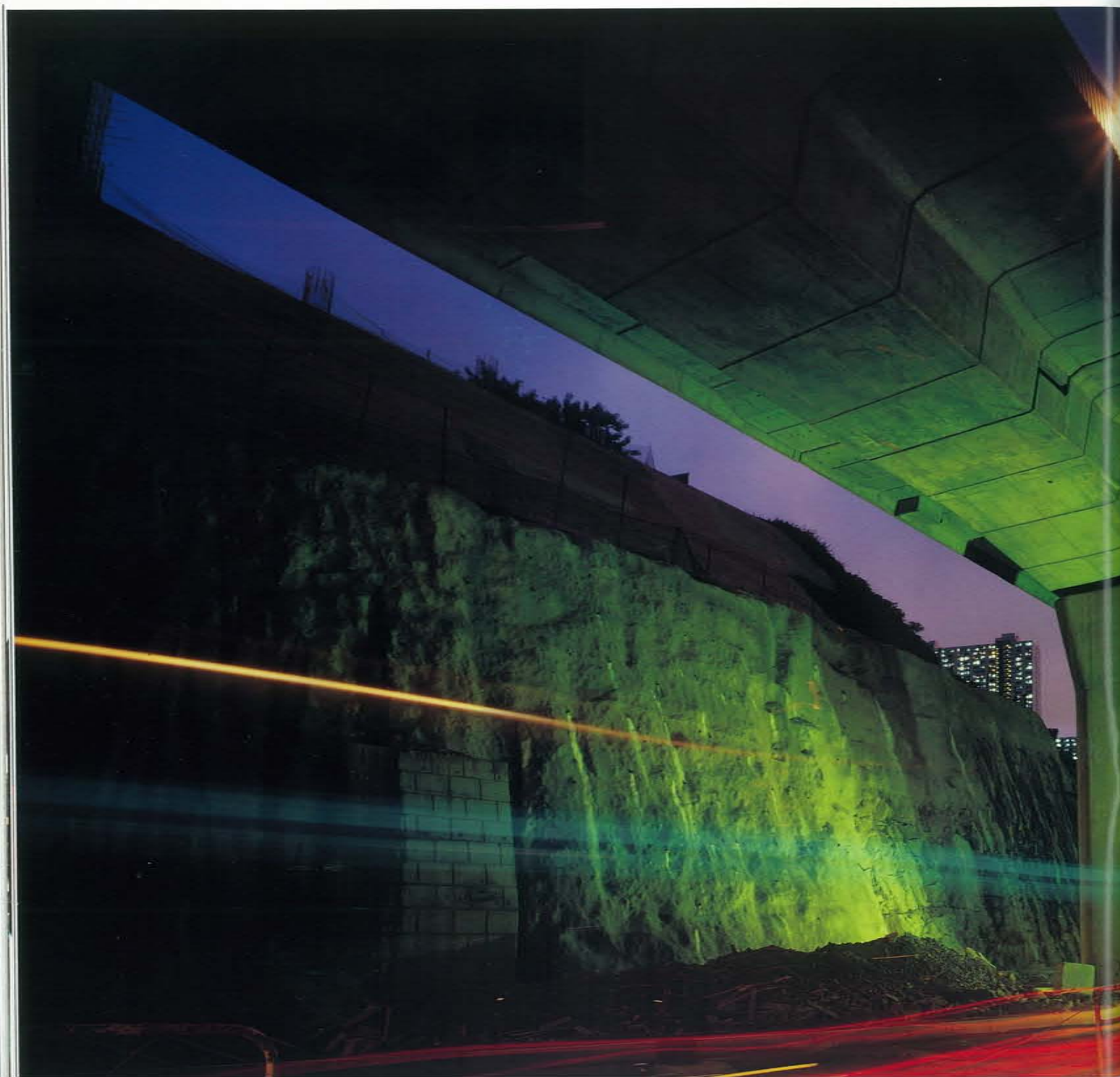
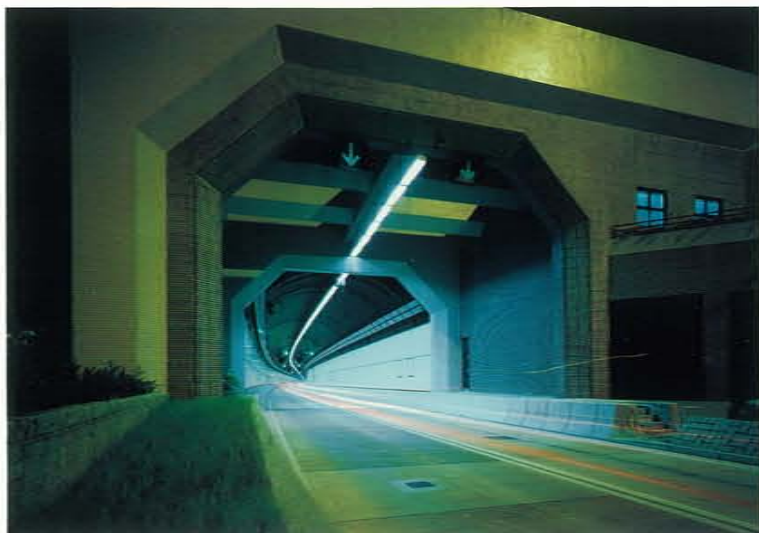
Elsewhere in Asia, our decision to establish an office in Thailand to capitalise on the developing economy has resulted in a better understanding of market opportunities and a major project is currently under active negotiation. During the year, Leighton Asia appointed three local external directors to the Board. The move reflects the company's long established presence in Asia and its

Revenue \$M Building Civil Engineering Foundation Engineering



Work in Hand \$M Building Civil Engineering Foundation Engineering





desire to strengthen business relationships in Hong Kong. We have also successfully focused on developing our quality management and safety standards on projects. The recent establishment of a central technical services department is designed to further improve project standards and delivery for clients.

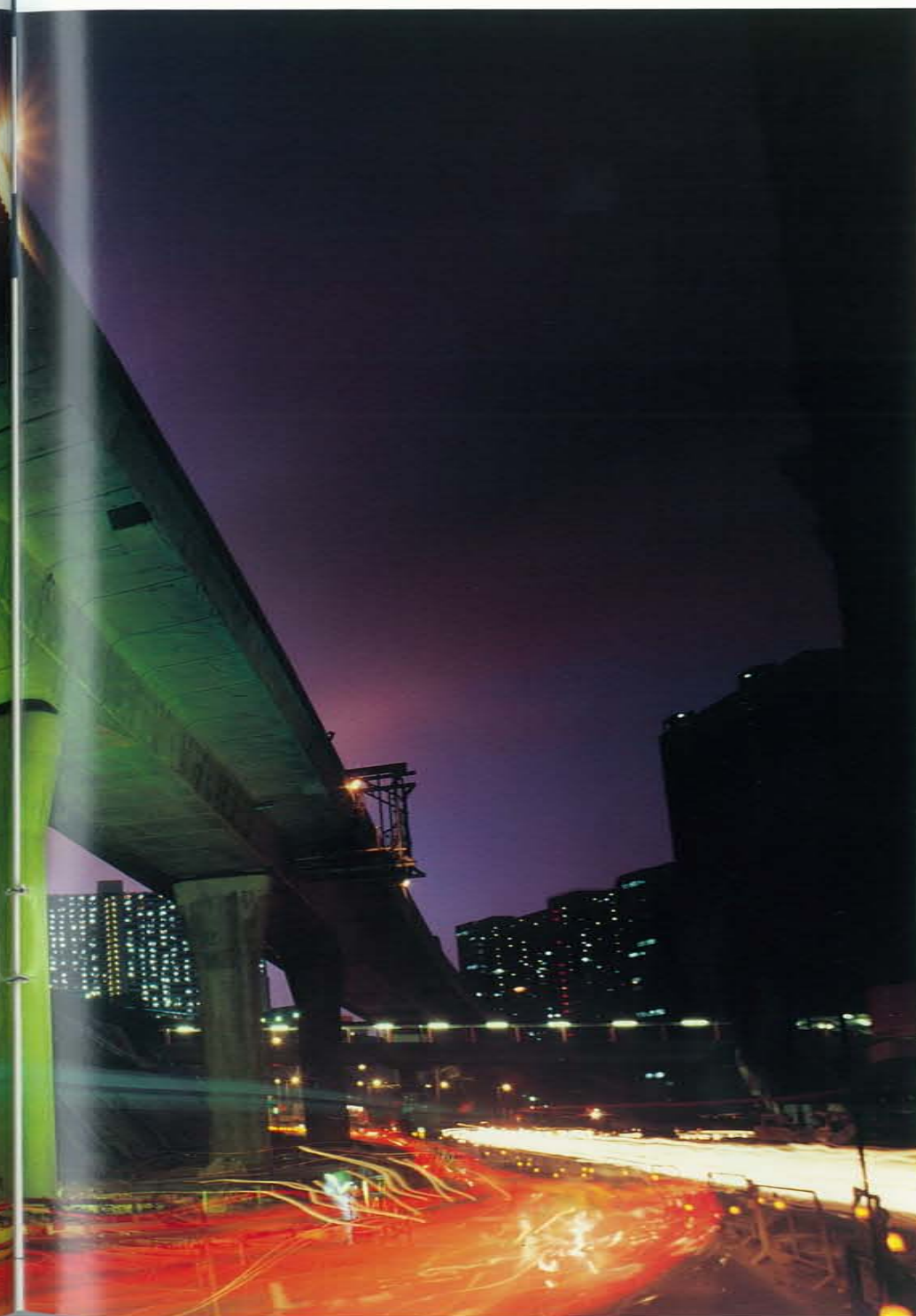
Leighton Brückner: In 1990/91 Leighton Brückner maintained turnover and continued its solid profit contribution to the Group. The company enjoys a high level of private sector work and is less exposed to fluctuations or delays in public sector infrastructure spending. Leighton Brückner also has pursued new business in Thailand and was rewarded with two small piling contracts. Foundation work continued on Phase 2 of the \$20m Kwai Chung Container Terminal and a number of smaller projects in Hong Kong. Despite a climate of tighter margins, the company recently boosted work in hand by securing a \$24m contract to establish foundations for a major commercial development at Sham Shui Po.

Prospects The recent announcement that the PADS scheme will now proceed has removed much of the uncertainty over future construction opportunities in Hong Kong. It is also expected to boost business confidence, leading to additional opportunities for private sector work. However, the positive impact of the recent announcement is not expected to be felt until the 1992/93 year. In the interim, high inflation and a significant fall in contract tendering prices signal a tight market in Hong Kong over the next 12 months.

Our goal is to be well positioned to take advantage of a forecast upturn in construction activity in Hong Kong from 1992. Growth opportunities are expected in public sector infrastructure and environmental quality projects such as water and waste treatment facilities. Prospects in Thailand

Main photo:
Texaco Road/Tsuen Wan Bypass, Hong Kong
Upgrading Hong Kong's highway infrastructure to accommodate continued growth in traffic volumes requires careful planning to minimise disruption to heavy traffic flows during construction. At Tsuen Wan, a recently completed \$24m contract to upgrade Texaco Road and the Tsuen Wan bypass included construction of a four lane vehicular flyover and footbridge complex, junction improvement work, road widening and realignment of existing roads, extensions to subways and associated stormwater drainage facilities. The project was completed on schedule without interrupting vehicle usage on surrounding roadways.

Far left:
Junk Bay Tunnel, Hong Kong
Leighton Asia plays a key role in the development of infrastructure to service the new towns in Hong Kong. Work is now complete on the three year building and civil engineering contract to construct control facilities, toll plazas and approach roads to twin tunnels linking Kowloon with the Junk Bay New Town. A further component of the contract – the second awarded to the company in this region of Hong Kong – involved lining both tunnel tubes with high quality vitreous enamel panels.



Board
 G M Macwhinnie –
 Chairman
 J Faulkner –
 Managing Director
 D C Bray
 N K Chan
 W M King
 R G McIntyre
 P J North
 W J Wild

Secretary
 M Li

Senior Executives
 J Faulkner
 Managing Director
 W J Wild BE(Civ), MEngSc,
 MIEAust
 General Manager,
 Construction
 R G McIntyre
 General Manager,
 Finance & Administration
 E A Mitchell BSc
 General Manager, Estimating
 H S H Wu BSc (Eng), MSc,
 MStructE, MHKIE
 General Manager,
 Engineering & Technical
 Services
 P J McMorrow
 Assoc Highway Eng
 Construction Manager, Civil
 Engineering
 W K Hamilton BE(Civ)
 Construction Manager,
 Building
 T Goodman BSc, MCIOB
 Manager, Special Projects
 Thai Leighton Representative
 Office
 M Chung
 Chief Accountant
 M Li BBA, ACCA, AHKSA
 Company Secretary

Leighton Brückner
 Foundation Engineering
 Group (60% owned)

C J Jesse BEng
 Managing Director

Main photo:
Sham Shui Po, Hong Kong
 Leighton Brückner is applying its specialised skills and technology on challenging foundation engineering projects for private sector clients in Hong Kong. A new \$24m contract for client Eton Properties' 10 storey integrated shopping centre, bus interchange and commercial offices complex at Sham Shui Po involves construction of some 80 large diameter bored piles and a massive 20,000m² peripheral wall to a depth of 60m, the deepest ever constructed in Hong Kong.

Top photo:
Mobil Oil Fuels Terminal Stage 2, Hong Kong
 Leighton Asia has secured additional construction work from private sector clients in Hong Kong to offset the slowdown in government spending on housing and infrastructure projects. Stage II of site preparation for a new oil terminal on Tsing Yi Island was completed ahead of schedule, within budget and to exacting quality and safety standards for the client, Mobil Oil. The project involved excavation of more than 2.5 million m³ of rock, a further 2.2 million m³ of land reclamation and seawall construction, together with associated slope protection, drainage and road construction work.

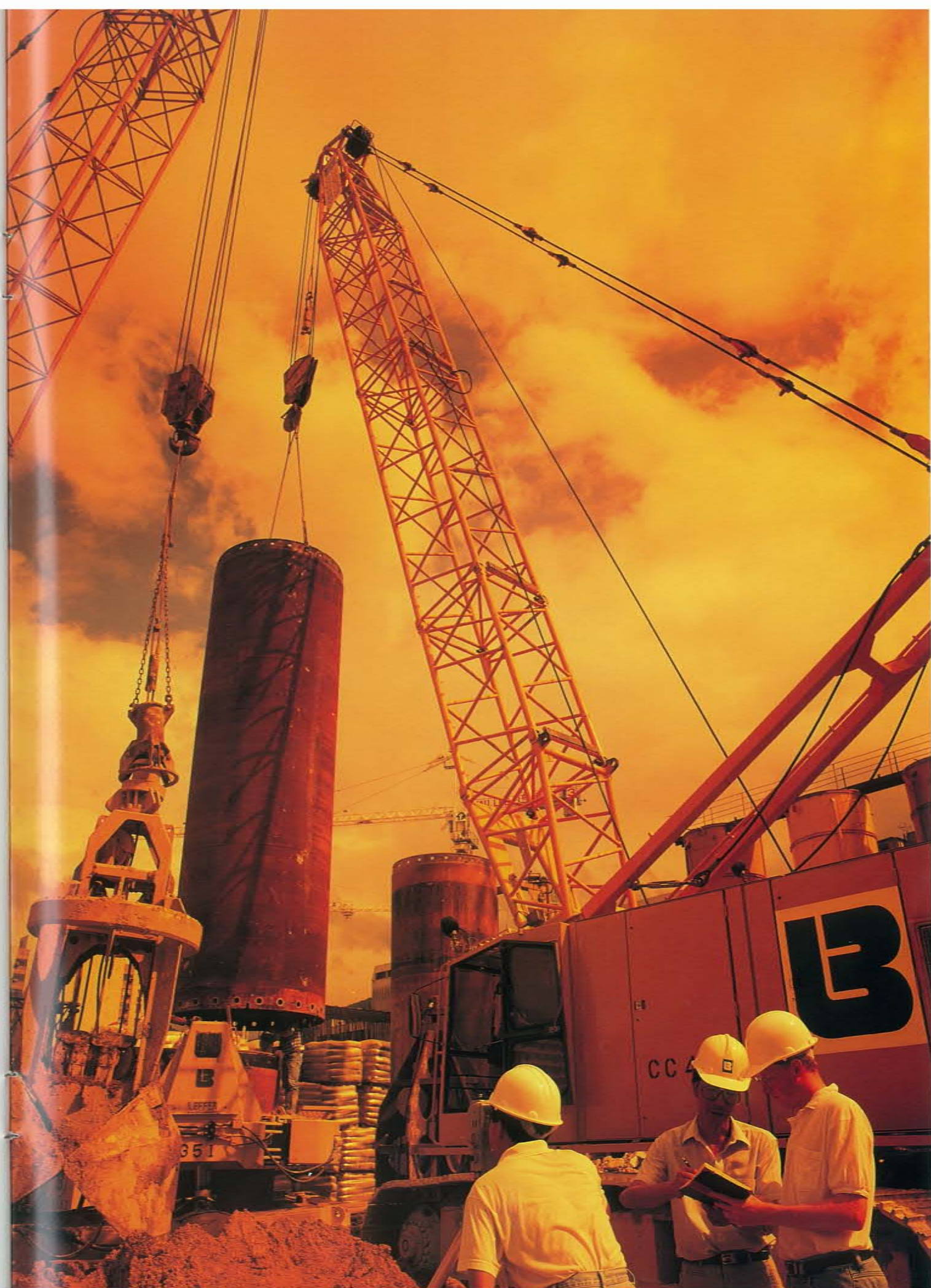
Lower photo:
Chai Wan 'C' Housing Estate, Hong Kong
 Since establishing operations in Hong Kong in 1972, Leighton Asia has played a major role in constructing public sector housing facilities to accommodate the Territory's expanding population. The \$41m Chai Wan 'C' housing estate project is the latest to be completed for the Hong Kong Housing Authority as part of its home ownership scheme and comprises one 35-storey and two 36-storey apartment blocks, a carpark, elevated roadway, foundations, retaining walls, landscaping and associated drainage works.

include public housing, transportation systems and other public sector infrastructure required to keep pace with economic and industrial expansion. Longer term, we are gearing our operations to take advantage of growth prospects elsewhere in Asia, particularly in Malaysia and the Philippines, and to reduce our dependence on public sector work in Hong Kong.

Strengthened by a good level of work in hand and a lesser reliance on public sector work, the prospects for Leighton Brückner appear positive in the short term. The company will continue to aggressively seek new foundation engineering contracts both in Hong Kong and elsewhere in Asia to protect revenue levels and provide a platform for maintaining steady profitable growth.

Overall, 1991/92 will be a year of more limited opportunities and tighter margins. Our operating efficiencies, low level of assets employed and flexible, innovative approach to project delivery position us to successfully manage the short-term downturn in Hong Kong and pursue prospects in profitable markets.







The Ipco Group

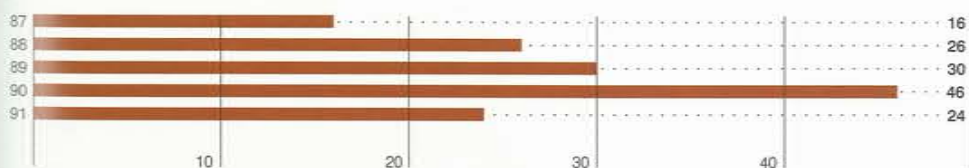
Ipco is well placed technically, commercially and geographically to take advantage of rapid growth, and the subsequent need for infrastructure, in South-East Asia.

Financial Performance Ipco continued its positive profit contribution to the Group, although the level of profit was not in line with objectives. Delays in the start-up of major projects and intense competition from local companies in our key markets contributed to the fall in revenue and a lower than projected profit result. With only two major projects in progress and extensive resources deployed in new business development, our return on assets employed and core business revenues fell during the year. However, Ipco's related business activities continue to show excellent results. The 50% owned oilfield supply company, Midcontinent Group, performed better than forecast. In addition, Labuan Water Supply Sdn Bhd, one of our first Build, Operate and Transfer (BOT) projects, paid its maiden dividend this year.

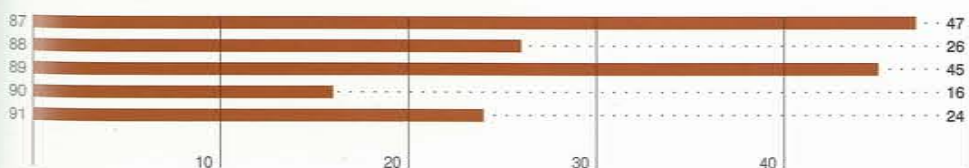
Review of Operations During 1990/91, an Ipco-led joint venture successfully completed a complex \$49m off-shore gas development project in the Indian Ocean. Also, a \$20m contract for design and construction of a jetty and pipeline, was secured by our Nigerian subsidiary in partnership with a local company. However, tighter development budgets and government delays in assessing infrastructure proposals hindered our ability to secure additional new business during the year. We are emphasising projects with shorter development lead times to overcome this problem. During the past year, business development activities focused on promoting our capabilities and establishing a presence in new geographic markets. Further upgrading of our project financing, estimating, engineering and project management skills has strengthened our ability to secure new business and improve profit margins.

Prospects The substantial medium term growth predicted in the Asia-Pacific area and increasing recognition of infrastructure's key role in facilitating that growth, are providing healthy opportunities for Ipco, particularly in BOT and other projects requiring finance. Energy and resource projects are also expected to contribute to Ipco's order book. We are currently targeting a number of infrastructure projects in Thailand, Indonesia, the Philippines and Malaysia, as well as resource-related projects in Kuwait, Nigeria and Indonesia. Where appropriate, these projects are undertaken through locally established subsidiaries or in joint venture with local companies. Based on these prospects, we expect work in hand and profit performance to grow significantly in 1991/92.

Revenue Total Company Operations \$M



Work in Hand Total Company Operations \$M



Opposite:
Gas Production Platform, Indian Ocean
The hook-up and commissioning of an 8 leg, 16 well gas platform in the Indian Ocean typifies the Ipco Group's expertise in undertaking complex marine engineering and energy infrastructure projects under challenging operating conditions in remote areas. The \$49m joint venture contract was successfully completed on schedule, despite weather delays and additions to the scope of work.

Board
C S Hardeman – Managing Director
A S Auroi
B Chang
Dr B Chang
J Faulkner
W M King
W H West

Senior Executives
C S Hardeman BBA, BSc Managing Director
B W Miller MICE, CEng General Manager
A Ling BSc(Econs) Hon, FCCA Financial Controller

Charles Hardeman
Managing Director



Board

W M King – Chairman
J D McClung – President
D S Adamsas
W A Brown
W J Deasy

Secretary P J Moore

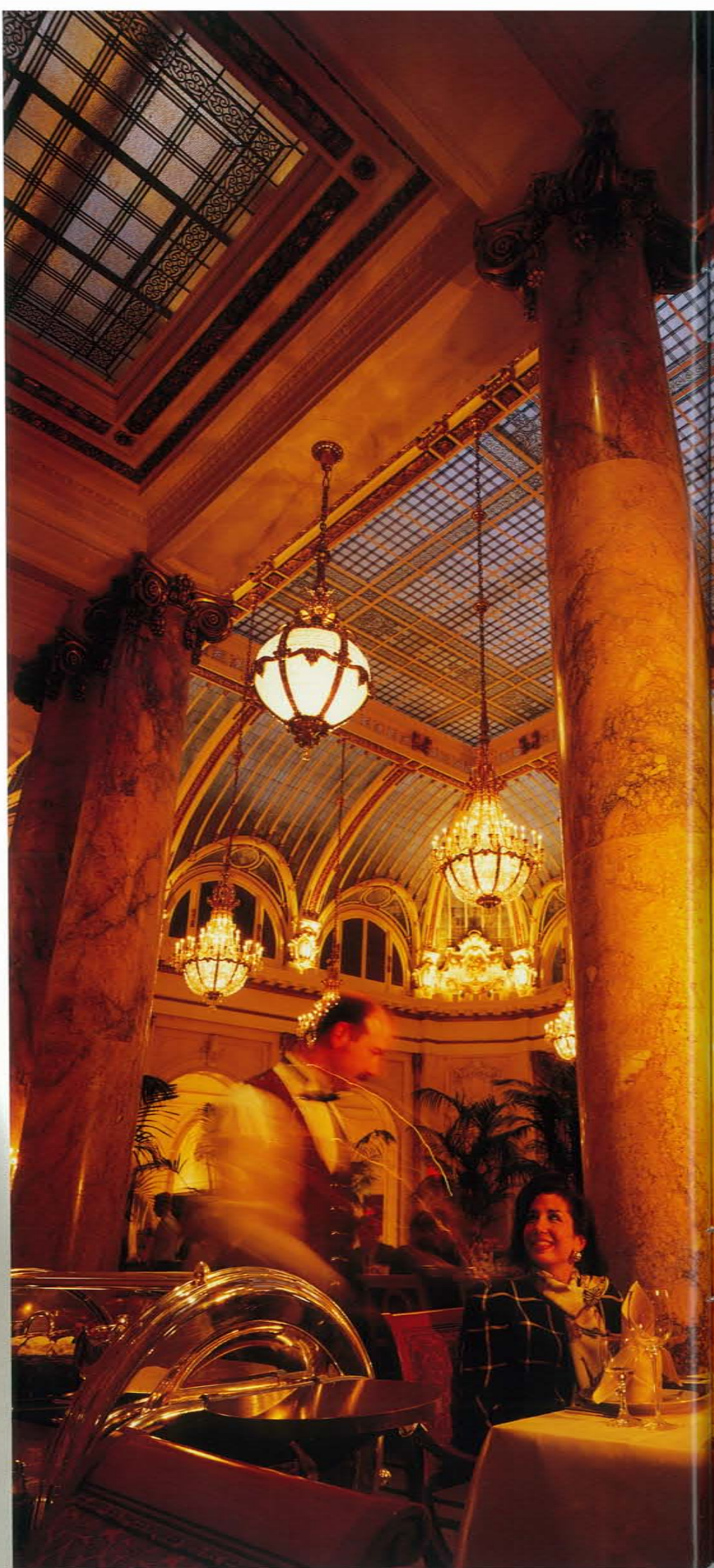
Senior Executives

J D McClung BS, JD
President and CEO
P J Moore BBA, CPA
Vice President, Finance and
Administration
W J Roberts Vice President,
Business Development &
Contract Administration
W G Scott AAS, CT
Senior Vice President, Civil
President, Green Mining, Inc.
W G McPhearson
Vice President Green
Mining, Inc.
D L Finger AS, ME
Senior Vice President, Mining
G L Wilson BSCE, PE
Vice President, Mining
L H Foels
Vice President, Building
R K Skerik BSCE
Vice President, Estimating
W G Jenkins BS
President, Green Alaska, Co.
D L Langerman BBS
Vice President,
Administration
Green Alaska, Co.
L C Sudderth BSCE
President, Stolt Division

Right:

**Sheraton Palace
Hotel Renovation,
San Francisco**
Construction
management of
sensitive restoration
work on San Francisco's
landmark Sheraton
Palace Hotel has
involved supervising
refurbishment of
the hotel's 550 rooms
and construction of new
meeting rooms and
leisure facilities for
guests. This project is
one of 7 non-residential
building contracts in
California secured over
the past year. Green's
presence in this market
has provided an
excellent opportunity to
pursue additional
commercial building
projects in California.

**J David McClung
President**



Green Holdings

During the past year, Green Holdings has met the financial targets set down in the recovery plan, further streamlined its operations and made a small contribution to Group results.

Financial Performance A restructured Green Holdings has moved from a break-even position last year to report a small profit. Although pleased with our recovery progress, the return on assets is yet to reach an acceptable level. Revenue for the year rose to \$200m due principally to a series of new projects worth \$136m acquired as a result of a competitor's withdrawal from the extremely depressed US construction market.

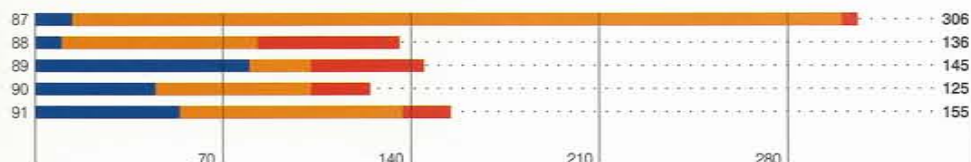
Review of Operations A significant proportion of the new work is commercial building projects in California. Our presence in the Californian market has provided an excellent opportunity for Green to pursue additional commercial building projects. Nine of these projects will be undertaken as construction contracts while the remaining six are being completed on a management fee basis. Civil construction projects undertaken during the year include three rail transportation projects, two road and bridge works and one extension to a water treatment plant. Also, we achieved a reduction in our risk exposure by resolving to our satisfaction the majority of previous contractual problems. Our Alaskan division pursued a strategy of maintaining a market presence through smaller projects whilst targeting larger contracts. In 1990/91 we secured a \$36m joint venture civil contract at Atigun Pass. In Guyana, South America, Green continued to mine bauxite under contract through its subsidiary, Green Mining.

Prospects Green is commencing the year with a higher level of work in hand and is optimistic that the USA will emerge from the current recessionary environment to provide us with opportunities in target markets. The construction market in the lower 48 states is expected to recover only slowly and remain highly competitive, placing pressure on margins. However, good prospects are anticipated in Guyana, Alaska and Atlanta, as well as through our new building division in California. Also, the market for commercial buildings in our home base, Denver Colorado, is improving. During 1991/92 we expect to achieve the targets set down in our recovery plan and to gradually improve our profit contribution to the Group.

Revenue Total Company Operations \$M Building Civil Engineering Mining



Work in Hand Total Company Operations \$M Building Civil Engineering Mining



David McClung

Board
R G Gussey -
Managing Director
R L Hawkins
R D F Hunter
W M King
N A Sallustio

Senior Executives
R G Gussey CP Eng FIE
Aust, MICE, MNZIPEng,
MAIB, AIAIarb
Managing Director
G R Andrews BE(Hons),
MIEAust
Technical Computer Services
Manager
P Bingham-Hall BA(IndDes)
Group Communications
Manager
D Eager BSc
Development Manager
R L Hawkins BArch(Hons),
ARAI, Business
Development Director
J K Hirst, BComm
Overseas Business
Development Manager
R D F Hunter BArch,
MSc(Bldg)
Proposals and Design
Director
J Malout
Group Information Manager
N A Sallustio ACE, MIEAust,
CPEng
Project Services Director
D R Stitt Dip(M&E)Eng
Industrial & Process
Engineering Manager

Right:
Pepsi Seven-Up
Bottling Plant,
Huntingwood, Sydney
Technical Resources is
providing specialised
process engineering,
procurement, project
management and
commissioning services
to Pepsi Seven-Up
Bottlers Australia. The
new soft drink
manufacturing and
bottling facility in
Sydney - the first of a
series to underwrite
Pepsi's planned assault
on the billion dollar
soft-drink market in
Australia - features the
latest manufacturing,
water purification and
waste-water treatment
technology and will
supply up to 15 million
cases of soft drinks
each year.

Bob Gussey
Managing Director





Technical Resources

Identifying, understanding and capturing tomorrow's opportunities for Group companies ahead of their competitors, remains our primary role.

Review of Operations During 1990/91, we sharpened our focus on identifying and researching new market opportunities in the Group's core businesses and worked closely with operating companies to turn these opportunities into profitable projects. In the targeted area of privatised infrastructure we assisted Leighton Contractors to develop a "Build, Own, Operate and Transfer" (BOOT) package with complex funding structures for the F5 Tollroad. Other successful privatised project proposals prepared in co-operation with Group companies included work with Thiess Contractors to secure the new correctional centre at Junee in New South Wales.

Technical Resources also provided specialist technology and skills in process and industrial engineering including design and documentation for the Commonwealth Serum Laboratories in Victoria. We identified paper recycling as an important growth opportunity and are currently negotiating leading international technology agreements and conducting a series of feasibility studies. We also worked with operating companies to enhance project delivery, quality and profitability by developing project control systems and providing training in a range of construction-related disciplines. To support Group companies managing engineering projects, we are providing controls management services such as those implemented on Multicon's continuous caster contract at BHP's Whyalla steelworks.

Our strategic marketing services assisted operating companies focus on prospective market segments and win new business in Australia and Asia. Professional submission preparation was supported by presentation training programmes designed to enhance the communication skills of key personnel. State-of-the-art computer simulations have also been successfully applied at the proposal and implementation stage to communicate the relationship between project design and the environment.

An important achievement during the past year has been the development and implementation of a strategic external communication programme for Leighton Holdings targeted at the financial community, government and key opinion formers such as media. A major priority in the year ahead will be to encourage structured communication programmes and sharpen the presentation and interpersonal skills of managers in the operating companies.

Prospects Privatisation of infrastructure and community amenities in key areas such as roads, airports, hospitals, correctional facilities and water and waste treatment offer the best prospects for Group companies. Our resources are being focused to provide support in these prospective areas. However, we are also developing appropriate delivery systems for private sector infrastructure. As corporations move to reduce gearing levels and improve shareholder returns, we are pursuing opportunities to build and operate non-core assets for which funds are being redirected back into their core businesses. Our challenge will be to work with Group operating companies to identify profitable projects within these growth areas and develop innovative delivery systems that satisfy market expectations.



R. G. Gussey

Directors' Statutory Report

This Report of the Directors of Leighton Holdings Limited is prepared in accordance with the requirements of Division 6 of the Corporations Law. A review of the Group's operations, the results of those operations during the financial year and particulars regarding the Group's state of affairs are contained on pages 2 to 47 and form part of this Report.

We are pleased to state that total revenue levels for the financial year increased by 4.5% to \$1.7bn and that the Group achieved a 2.7% increase in operating profit after tax to \$21m.

A final ordinary dividend of 4 cents per share, 100% franked, has been recommended for payment on 31 October 1991. Together with the interim dividend of 4 cents per share, 100% franked, the total dividend payment for the year will be 8 cents per share and will amount to \$12.7m.

During the financial year, there were no significant changes to the Group's principal activities which were building, civil and mechanical engineering construction, contract mining, property development and project management.

Since the end of the financial year the Group has sold the Nexus 1 development in Brisbane and has acquired a 100% interest in Adelaide Terrace Investments Pty Ltd which owns a development property.

It is our opinion that there has not arisen since the end of the financial year any other matter or circumstance that has significantly affected or may significantly affect the state of affairs of the Group, 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 Group or its expected results.

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	No of options over unissued shares
Morrish Alexander Besley, AM	1,375	-
Wallace MacArthur King	106,075	45,000
Dieter Siegfried Adamsas	127,444	45,000
Keith Leslie Bennett	10,000	45,000
Holm Hehner	1,745 *	-
Peter John North	8,100	-
	12,500 *	
David Paul Robinson	1,250	-
Enno Friedrich Vocke	1,745 *	-
Rodney Malcolm Wylie, OBE	32,367	-

* Non-beneficially held.

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

- (i) Mr Vern Christie, a Non-Executive Director, passed away suddenly on 3 February 1991.
- (ii) Mr David Paul Robinson was appointed a Non-Executive Director on 17 December 1990. Mr Robinson was previously Alternate for E.F. Vocke.

(c) 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(c) of the Corporations Law.

(d) Details of Directors' qualifications, experience and special responsibilities are set out on pages 50 and 51.

(e) Since the end of the previous 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, or
- (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.

Additional Information

Options. The Holding Company has 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 is 31 July 1994.

(a) At the date of this Report there are 740,000 unissued ordinary shares of the Company under option. Particulars of these options, which were granted on 18 December 1989, were set out in last year's Annual Report.

(b) Options over 10,000 unissued shares lapsed on 7 June 1991.

(c) During July 1991 there were 185,000 ordinary shares issued by virtue of the exercise of options at an exercise price of \$0.6575 per 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 thirteenth day of September 1991.

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

M A Besley
Chairman



W M King
Chief Executive Officer



Vern Christie AO
The Board paid tribute to Mr Vern Christie following his sudden death on Sunday, 3 February 1991.

Mr Christie joined the Board as a Non-Executive Director in April 1987 and brought extensive skills and experience in financial and commercial matters to this position.

His influence on the deliberations of the Board and contribution to the Company's growth and prosperity has been extremely significant.

Over the years he was also heavily involved in the administration of the Leighton Group Superannuation Fund and was ultimately appointed Chairman of the Trustees of the Fund in February 1990. He was a member of the Board's Audit Committee.

Mr Christie was a highly respected and trusted colleague and his friendship and wise counsel will be missed by all.

Directors' Resumes

M A (Tim) Besley, AM (64)
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 Banking Corporation, The Commonwealth Industrial Gases Limited, Elgas Limited and Redland Australia Limited. Other directorships include Amcor Limited, Clyde Industries Limited and Fujitsu Australia Limited. Councillor (NSW) and National President of the Metal Trades Industry Association of Australia. Member of the Premier's NSW Management Council and the Board of Management, Australian Graduate School of Management.

W M King, (47)
BE, MEngSc, FIEAust.
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. Participates in construction industry affairs. Member of the Business Council of Australia, the Australian Federation of Construction Contractors and The Australian Institute of Company Directors.

P J North, (57)
BE, MBA, FAIM.
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. Director (former Chairman) Mildara Blass Ltd, Director, Leighton Asia Limited, Deputy Chairman of Heggles Transport Pty Ltd and Director of The Warren Centre for Advanced Engineering (University of Sydney).

The Directors are pictured left to right as follows:
M A (Tim) Besley, AM
W M King
P J North
R M Wylie, OBE
K L Bennett
D S Adamsas
Dr E F Vocke
Dr H Hehner
D P Robinson



R M Wylie, OBE (63)
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 and of Queensland Alumina Limited and a member of the Principal Board and Chairman of the Queensland Board of Advice 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.

K L Bennett, (48)
BE(Civil), FIEAust.
A graduate of the University of Queensland. An Executive Director since 1987. A civil engineer who joined the Company in 1970 and became Managing Director of Leighton Contractors Pty Limited in 1984. Participates in construction industry affairs within Australia and is currently Vice President, Australian Federation of Construction Contractors.

D S Adamsas, (48)
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.

Dr E F Vocke, (66)
Dip-Ing.
A graduate of Technical University, Karlsruhe, Germany. A Non-Executive Director since 1983. A construction engineer who joined HOCHTIEF in 1969. Has been a full member of the Board of Executive Directors of HOCHTIEF since 1972 and was appointed Chairman of the Board in 1981. A Director of HOCHTIEF Limited.

Dr H Hehner, (61)
MBA, Doctor of Economics.
Graduate of Freie Universität, Berlin, Germany. A Non-Executive Director since 1983. Specialist in business administration, international trade and investments. Since 1978 General Manager of HOCHTIEF's International division. A Director of HOCHTIEF Limited.

D P Robinson, (35)
BEc, ACA.
A graduate of the University of Sydney. Appointed a Non-Executive Director on 17 December 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 a variety of international corporations and management services within that firm. Participates in construction industry affairs. A Director of HOCHTIEF Limited.



Directory

Board of Directors
 Morrish Alexander Besley, AM
 Wallace MacArthur King
 Dieter Siegfried Adamsas
 Keith Leslie Bennett
 Holm Hehner
 Peter John North
 David Paul Robinson
 Enno Friedrich Vooke
 Rodney Malcolm Wylie, OBE

Associate Directors
 Martin Carl Albrecht
 John Faulkner
 Vynil Anthony Vella

Secretary
 Ashley John Moir

Principal Registered Office in Australia
 5 Queens Road
 Melbourne Vic 3000
 Tel. (03) 828 5800

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

Financial Advisor
 Lloyds Corporate Advisory Services Pty Limited
 35 Pitt Street
 Sydney NSW 2000

Auditor
 KPMG Peat Marwick
 Chartered Accountants
 Tower Building
 Australia Square
 Sydney NSW 2000

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

Branch Share Register Offices
 C/- Coopers & Lybrand
 150 Queen Street
 Melbourne Vic 3000

1 Eagle Street
 Brisbane Qld 4000

1 William Street
 Perth WA 6000

Leighton Holdings Limited

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

Leighton Contractors Pty Limited

Head Office
 472 Pacific Highway
 St Leonards NSW 2065
 Tel. (02) 925 6666
 Fax. (02) 925 6004
 Telex 23681

Australian Capital Territory
 75 Denison Street
 Deakin ACT 2600
 Tel. (06) 281 0611
 Fax. (06) 282 4360

NSW Building
 Level 9
 12 Help Street
 Chatswood NSW 2067
 Tel. (02) 414 3333
 Fax. (02) 415 2509

NSW Contracting
 Level 10
 12 Help Street
 Chatswood NSW 2067
 Tel. (02) 414 3333
 Fax. (02) 415 2510

Queensland
 19 Lang Parade
 Milton QLD 4064
 Tel. (07) 870 3355
 Fax. (07) 870 1451
 Telex 41024

South Australia
 Level 1
 60 Hindmarsh Square
 Adelaide SA 5000
 Tel. (08) 223 2266
 Fax. (08) 223 5658

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

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
 Level 20
 300 Queen Street
 Brisbane QLD 4000
 Tel. (07) 229 8483
 Fax. (07) 221 8473

Thiess Contractors Pty Limited
Head Office
 146 Kerry Road
 Archerfield QLD 4108
 Tel. (07) 275 8500
 Fax. (07) 275 8517
 Telex 41236

Australian Capital Territory
 Baydon Road
 Queanbeyan ACT 2620
 Tel. (06) 297 3322
 Fax. (06) 297 8048
 Telex 62394

New South Wales
 2-10 Parramatta Road
 Taren Point NSW 2229
 Tel. (02) 526 9444
 Fax. (02) 525 7135
 Telex 20513

North Queensland
 788-794 Ingham Road
 Bohle
 Townsville QLD 4816
 Tel. (077) 74 6344
 Fax. (077) 74 5650
 Telex 47887

Northern Territory
 1627 Coonawarra Road
 Winnellie NT 0820
 Tel. (089) 84 3288
 Fax. (089) 84 4150
 Telex 85485

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

Western Australia
 76 Kings Park Road
 West Perth WA 6005
 Tel. (09) 481 0199
 Fax. (09) 321 1222

Environmental Services
 Lot 2 Pacific Highway
 Hexham NSW 2322
 Tel. (049) 64 8511
 Fax. (049) 64 8639

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

Multicon Holdings Pty Limited
Multicon Engineering Pty Limited
Head Office
 290 Burns Bay Road
 Lane Cove NSW 2066
 Tel. (02) 427 4499
 Fax. (02) 427 1554
 Telex 123309

Altikar Pty Limited
 5/25 Vallance Street
 St Marys NSW 2760
 Tel. (02) 623 0381
 Fax. (02) 623 9550
 Telex 71195

Queensland
 Suite 7, Level 1
 445 Upper Edward Street
 Brisbane QLD 4000
 Tel. (07) 832 6122
 Fax. (07) 832 6068

Leighton Asia Limited
 49th Floor Hopewell Centre
 183 Queen's Road East
 Wanchai Hong Kong
 Tel. (852) 823 1111
 Fax. (852) 529 8784
 Telex 85145 LAL HX

Thai Leighton Limited
 6th Floor, T.D.I. Building
 42 Surawong Road
 Bangkok
 Bangkok 10500 Thailand
 Tel. (662) 234 4390
 Tel. (662) 235 7285
 Fax. (662) 237 7911

Leighton Brückner Foundation Engineering Limited
 49th Floor Hopewell Centre
 183 Queen's Road East
 Wanchai Hong Kong
 Tel. (852) 823 1111
 Fax. (852) 865 1277
 Telex 85145 LAL HX

Leighton Brückner (Thailand) Co. Limited
 6th Floor, T.D.I. Building
 42 Surawong Road
 Bangkok
 Bangkok 10500 Thailand
 Tel. (662) 234 4390
 Tel. (662) 233 7199
 Fax. (662) 237 0818

The Ipco Group
 Ipco Building
 24 Pandan Road
 Singapore 2260
 Tel. (65) 264 2711
 Fax. (65) 264 2091
 Telex 23300 IPCO RS

Green Holdings, Inc.
 Green International, Inc.
 8055 E. Tufts Avenue
 Suite 700
 Denver Colorado 80237 USA
 Tel. (1-303) 779 5360
 Fax. (1-303) 779 5380

Green Alaska, Co.
 125 West Fifth Avenue
 Anchorage Alaska 99501
 USA
 Tel. (1-907) 279 5456
 Fax. (1-907) 258 7984

Stolte Division
 Green International, Inc
 333 Hegenberger Road,
 St 600
 Oakland California 94621
 USA
 Tel. (1-415) 562 4611
 Fax. (1-415) 562 0529

Technical Resources Pty Limited
 Level 2
 472 Pacific Highway
 St Leonards NSW 2065
 Tel. (02) 925 6666
 Fax. (02) 925 6002
 Telex. 75820

Corporate Management Leighton Holdings Limited

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

D S Adamsas, BComm
 Director of Finance and
 Administration

A J Moir, FCPA, 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

Financial Statements

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Balance Sheets

as at 30 June 1991

	Note	Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Current Assets					
Cash	6	77,149	64,340	34,029	31,974
Receivables	7	171,673	184,599	6,054	2,507
Investments	8	18,430	10,184	108	87
Inventories	9	39,338	47,768	—	—
Other	10	7,484	4,275	766	1,240
Total Current Assets		314,074	311,166	40,957	35,808
Non-Current Assets					
Receivables	11	4,230	5,221	4,230	5,221
Investments	12	84,265	63,237	247,893	217,362
Inventories	13	42,009	23,434	—	—
Property, Plant and Equipment	14	266,976	249,833	23,476	24,293
Intangibles	15	3,761	4,321	—	—
Other	16	28,367	17,695	5,068	5,069
Total Non-Current Assets		429,608	363,741	280,667	251,945
Total Assets		743,682	674,907	321,624	287,753
Current Liabilities					
Creditors and Borrowings	17	248,829	254,282	10,000	12,011
Provisions	18	46,787	31,157	11,138	5,505
Other	19	1,977	566	—	—
Total Current Liabilities		297,593	286,005	21,138	17,516
Non-Current Liabilities					
Creditors and Borrowings	20	131,308	145,954	87,622	104,742
Provisions	21	76,328	49,545	8,156	6,412
Total Non-Current Liabilities		207,636	195,499	95,778	111,154
Total Liabilities		505,229	481,504	116,916	128,670
Net Assets		238,453	193,403	204,708	159,083
Shareholders' Equity					
Share Capital	22	92,569	62,826	92,569	62,826
Reserves	23	99,875	68,567	93,766	64,395
Retained Profits		34,605	31,611	12,405	4,707
Shareholders' Equity Attributable to Members of the Holding Company		227,049	163,004	198,740	131,928
Minority Shareholders' Interest in Subsidiaries		5,436	3,244	—	—
Total Shareholders' Equity		232,485	166,248	198,740	131,928
Subordinated Perpetual Loans	24	5,968	27,155	5,968	27,155
Total Shareholders' Equity and Subordinated Perpetual Loans		238,453	193,403	204,708	159,083

The balance sheets are to be read in conjunction with the notes to and forming part of the accounts set out on pages 58 to 75.

Profit and Loss Statements

for the year ended 30 June 1991

	Note	Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Operating Profit	1, 2, 3	35,583	35,602	21,883	13,353
Income Tax Attributable to Operating Profit	4	(12,832)	(14,011)	(2,583)	(2,295)
Operating Profit After Income Tax		22,751	21,591	19,300	11,058
Minority Interests in Operating Profit after Income Tax		(1,722)	(1,111)	—	—
Operating Profit After Income Tax and Minority Interests		21,029	20,480	19,300	11,058
Loss on Extraordinary Items		(6,623)	(980)	—	—
Income Tax Attributable to Loss on Extraordinary Items		2,623	—	—	—
Loss on Extraordinary Items after Income Tax	5	(4,000)	(980)	—	—
Operating Profit and Extraordinary Items after Income Tax		17,029	19,500	19,300	11,058
Attributable to Members of the Holding Company		31,611	23,769	4,707	6,082
Retained Profits at the Beginning of the Financial Year					
Total Available for Appropriation		48,640	43,269	24,007	17,140
Dividends provided for or paid		(12,668)	(10,035)	(12,668)	(10,035)
Aggregate of Amounts Transferred to Reserves	23	(1,367)	(1,623)	1,066	(2,398)
Retained Profits at the End of the Financial Year		34,605	31,611	12,405	4,707

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 58 to 75.

Equity Accounted Balance Sheets

as at 30 June 1991

	Note	Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Current Assets					
Cash	6	77,149	64,340	34,029	31,974
Receivables	7	171,673	184,599	6,054	2,507
Investments	8	18,430	10,184	108	87
Inventories	9	39,338	47,768	—	—
Other	10	7,484	4,275	766	1,240
Total Current Assets		314,074	311,166	40,957	35,808
Non-Current Assets					
Receivables	11	4,230	5,221	4,230	5,221
Investments	25	84,265	63,237	247,893	217,362
Inventories	13	42,009	23,434	—	—
Property, Plant and Equipment	14	266,976	249,833	23,476	24,293
Intangibles	15	3,761	4,321	—	—
Other	16	28,367	17,695	5,068	5,069
Total Non-Current Assets		429,608	363,741	280,667	251,945
Total Assets		743,682	674,907	321,624	287,753
Current Liabilities					
Creditors and Borrowings	17	248,829	254,282	10,000	12,011
Provisions	18	46,787	31,157	11,138	5,505
Other	19	1,977	566	—	—
Total Current Liabilities		297,593	286,005	21,138	17,516
Non-Current Liabilities					
Creditors and Borrowings	20	131,308	145,954	87,622	104,742
Provisions	21	76,328	49,545	8,156	6,412
Total Non-Current Liabilities		207,636	195,499	95,778	111,154
Total Liabilities		505,229	481,504	116,916	128,670
Net Assets		238,453	193,403	204,708	159,083
Shareholders' Equity					
Share Capital	22	92,569	62,826	92,569	62,826
Reserves	23	99,875	68,567	93,766	64,395
Retained Profits		34,605	31,611	12,405	4,707
Shareholders' Equity Attributable to Members of the Holding Company		227,049	163,004	198,740	131,928
Minority Shareholders' Interest in Subsidiaries		5,436	3,244	—	—
Total Shareholders' Equity		232,485	166,248	198,740	131,928
Subordinated Perpetual Loans	24	5,968	27,155	5,968	27,155
Total Shareholders' Equity and Subordinated Perpetual Loans		238,453	193,403	204,708	159,083

The balance sheets are to be read in conjunction with the notes to and forming part of the accounts set out on pages 58 to 75.

Equity Accounted Profit and Loss Statements

for the year ended 30 June 1991

	Note	Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Operating Profit	1, 2, 3	33,162	33,420	21,883	13,353
Income Tax Attributable to Operating Profit	4	(12,832)	(14,011)	(2,583)	(2,295)
Operating Profit After Income Tax		20,330	19,409	19,300	11,058
Minority Interests in Operating Profit after Income Tax		(1,722)	(1,111)	—	—
Share of Associated Companies Profit after Income Tax	25	2,421	2,182	—	—
Operating Profit After Income Tax and Minority Interests		21,029	20,480	19,300	11,058
Loss on Extraordinary Items		(6,623)	(980)	—	—
Income Tax Attributable to Loss on Extraordinary Items		2,623	—	—	—
Loss on Extraordinary Items after Income Tax	5	(4,000)	(980)	—	—
Operating Profit and Extraordinary Items after Income Tax Attributable to Members of the Holding Company		17,029	19,500	19,300	11,058
Retained Profits at the Beginning of the Financial Year		31,611	23,769	4,707	6,082
Total Available for Appropriation		48,640	43,269	24,007	17,140
Dividends provided for or paid		(12,668)	(10,035)	(12,668)	(10,035)
Aggregate of Amounts Transferred to Reserves	23	(1,367)	(1,623)	1,066	(2,398)
Retained Profits at the End of the Financial Year		34,605	31,611	12,405	4,707

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 58 to 75.

Statement of Accounting Principles and Methods

The accounting methods adopted by the Group are in accord with the accounting concepts, standards and disclosure requirements of the Australian accounting bodies, applicable accounting standards and/or by law. The accounts have been prepared primarily 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 accounts of the Company and the Group have been prepared in accordance with the provisions of Schedule 7 to the Companies (Victoria) Regulations. Set out below is a summary of the significant accounting methods adopted where there exists a choice between acceptable methods.

(a) Statement of Accounts

The amounts shown in the financial statements and in this report, where appropriate, have been rounded to the nearest thousand dollars.

(b) Consolidation

The consolidated accounts of the Group include all subsidiaries of Leighton Holdings Limited, as defined by the Corporations Law. These subsidiaries are listed in note 35 to the accounts.

The Group's interests in companies which are not subsidiaries or associated companies are shown in the accounts as investments and where applicable dividends are included in operating profit. The investment in associated companies (excluding preference shares and advances) in the consolidated balance sheet has been revalued by the Directors at balance date to reflect the Group's share of the net assets of the associated companies at that date. This revaluation reflects the Group's share of profits not declared as a dividend by those associated companies on the basis that the revaluation increments are reversing a provision for diminution in value for such investments expensed in prior years, no longer required. The Group has prepared equity accounts reflecting its investment in associated companies, which are corporations in which it has a material holding and/or participated in commercial and policy decision making. Associated companies included in the Group accounts are listed in note 25. Interests in partnerships are shown in the accounts at valuation after bringing to account the Group's proportion of profits and losses.

(c) Trade Debtors

Trade debtors includes all net receivables and is 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.

(d) Profit Recognition

(i) The Group recognises profit 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 Group 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 currently being developed are capitalised. Holding charges on all other development properties are written off as incurred.

(v) The Group recognises profits from property development, housing and land sales on settlement of the contracts.

(e) Fixed Assets

(i) Depreciation is calculated so as to write off the net book value of fixed assets 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 and carpark leases are amortised over the terms of the leases.

(iii) In revaluing land and buildings, the 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 Group will be liable for this tax on the basis there is no intention to sell the applicable properties.

(f) Income Tax

The Group adopts the liability method of tax effect accounting in accordance with the Approved Accounting Standard ASRB1020.

(g) Foreign Exchange

Overseas subsidiaries' accounts, investments, loans and borrowings are translated at exchange rates existing at balance date in accordance with the Approved Accounting Standard ASRB1012 "Foreign Currency Translation". Exchange differences arising on translation are taken on consolidation to the Foreign Currency Translation Reserve.

(h) Inventories

(i) Development Properties

The Group capitalises land and buildings and development expenses at cost for properties which have been or are in the process of being developed for resale.

(ii) Trading Inventories

Finished goods and raw materials are carried at the lower of cost or net realisable value.

(i) Employee Benefits

The Group 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 Group companies are charged against profits.

(j) Property, Contract and Plant Maintenance

Group companies provide for maintenance on construction contracts, and repairs and maintenance on plant and equipment over the estimated economic working life of the equipment and for possible losses or costs on sale of development properties held for resale. The provisions at 30 June 1991 (refer notes 18 and 21) represent anticipated costs or possible losses not yet incurred.

(k) Bills Payable and Promissory Notes

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

(l) Leased Assets

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.

(m) Goodwill

The excess of the purchase consideration of investments in associated companies and for the acquisition of subsidiary operations over the net assets acquired is amortised over the period during which the benefits are expected to arise.

(n) Mining Tenements

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

Notes to the Accounts

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 1 Revenue	Operating Revenue	1,559,832	1,477,735	—	—
	Other Revenue	4,959	6,768	46,075	37,115
	Proceeds from Sales of Non-Current Assets	34,350	48,013	391	5,338
	Group Revenue	1,599,141	1,532,516	46,466	42,453
	Share of Associated Companies' Revenue	110,903	103,944	—	—
	Total Revenue	1,710,044	1,636,460	46,466	42,453
Note 2 Operating Profit	The operating profit before income tax is arrived at after crediting and charging the following specific items:				
	Crediting as Revenue:				
	Profit on Sales of Non-Current Assets	3,967	7,451	3	1,425
	Dividends Received	—	—	17,551	7,800
	— Related Corporations	—	—	—	1,875
	Gain on Foreign Exchange	—	—	—	—
	Net increment in the value of the investment in associated companies after allowing for dividends received of \$.507 million (1990 \$1.582 million) (note 12)	2,421	2,182	—	—
	Charging as Expense:				
	Depreciation and Amortisation	—	—	—	—
	— Company Owned Assets and Leaseholds	58,211	56,711	1,054	1,190
	— Finance Leased Plant and Equipment	1,831	304	—	—
	Operating Lease Rental Expense	29,492	26,941	59	79
	Bad Debts Written Off	1,168	—	—	—
	Costs expensed in development property partnerships and joint venture arrangements	3,073	—	—	—
	Auditors' Remuneration	—	—	—	—
	— Amounts received or due and receivable for audit services by:	—	—	—	—
	Auditors of the Holding Company	509	487	466	452
	Other Auditors	3	15	—	—
	— Amounts received or due and receivable for other services by:	—	—	—	—
	Auditors of the Holding Company	284	264	198	126
	Other Auditors	—	6	—	—
	Loss on Sales of Non-Current Assets	1,827	1,263	161	87
	Loss on Foreign Exchange	—	—	1,748	—
	Goodwill Written Off	1,322	1,360	—	—
	Gross Amount Charged to Provisions	74,016	73,348	1,559	2,465
	Provision for possible losses or costs on sale of development properties held for resale	10,000	—	—	—
	Share issue expenses written off	910	—	—	—
	(Includes \$86 fees to Auditors of the Holding Company)				

		Consolidated		Holding Company	
		1991	1990	1991	1990
		\$'000	\$'000	\$'000	\$'000
Note 3					
Interest Expense and Income	The operating profit before income tax is arrived at after crediting and charging the following specific items:				
	Interest Paid or Payable				
	Related Parties	3,806	4,820	3,806	4,820
	Other Corporations	17,034	18,310	12,419	12,714
		20,840	23,130	16,225	17,534
	Interest Received				
	Related Corporations	—	—	26,562	27,029
	Other Related Parties	2,109	1,904	145	175
	Other Corporations	2,850	4,864	1,817	2,109
		4,959	6,768	28,524	29,313
	Interest previously Capitalised	1,120	909	—	—
	Finance Charges				
	Finance Leased Assets	685	324	—	—
Note 4					
Income Tax Expense	Operating profit before income tax	35,583	35,602	21,883	13,353
	Net (increment) to the value of the investment in associated companies (note 25)	(2,421)	(2,182)	—	—
	Operating profit before income tax — excluding associated companies	33,162	33,420	21,883	13,353
	Prima facie income tax expense at 39%	12,933	13,034	8,534	5,207
	The following items have affected income tax expense for the period:				
	— Rebateable dividends	—	—	(6,845)	(3,042)
	— Fringe benefits tax and other non-allowable items	3,658	3,531	634	495
	— Depreciation and amortisation not allowable for tax	452	296	114	131
	— Capital (profits)/losses non-taxable	(148)	(564)	63	(518)
	— Future Income Tax Benefit not recognised in the accounts	—	549	—	—
	— Recoupment of tax losses not previously recognised in the accounts	(2,640)	(1,589)	—	—
	— Overseas income tax rate differential	(934)	(1,438)	—	—
	Current period income tax expense	13,321	13,819	2,500	2,273
	— Under/(over) provision for prior year	(489)	192	83	22
	Total Income Tax Expense	12,832	14,011	2,583	2,295
	Provision for Income Tax				
	Income Tax expense	12,832	14,011	2,583	2,295
	Tax losses transferred within Group	—	—	—	(2,230)
	Taxable foreign currency gains/(losses)	(552)	996	—	—
	Net Timing differences	427	(6,212)	597	(65)
	Income Tax Payable (note 18)	12,707	8,795	3,180	—

Future Income Tax Benefits

Included in future income tax benefit (note 16) is \$1,432 (1990 – \$1,652) attributable to operating and capital gains tax losses, \$17,068 (1990 – \$6,202) in provisions not currently allowable as an income tax deduction and \$5,741 (1990 – \$5,758) in increased contract profit recognition for taxation purposes. The unrecorded future tax benefit available to some Group companies at 30 June 1991 at the applicable rates of tax was \$3,867 (1990 – \$5,889). The benefit of these income tax losses will be utilised only if the companies 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 holding company is taxed as a public company.

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 5 Extraordinary Items (Net of Tax)	Write-off of investment in Multicon's Italian operations (Income tax benefit – Nil)	–	(980)	–	–
	Provision for loss on closure of development property business in USA (Income tax benefit – \$2,623)	(4,000)	–	–	–
Note 6 Current Assets – Cash	Deposits	62,600	47,525	24,910	22,256
	Cash at Bank and in Hand	14,549	16,815	9,119	9,718
		77,149	64,340	34,029	31,974
Note 7 Current Assets – Receivables	Trade Debtors Receivable	149,195	157,590	–	–
	Other Amounts Receivable	22,478	27,009	6,054	2,507
		171,673	184,599	6,054	2,507
	Contract Valuations				
	Progressive value of work completed at 30 June	3,212,243	3,009,913	–	–
	Progressive Billings				
	Contract Receivables	133,690	146,080	–	–
	Retentions held by Clients	15,505	14,363	–	–
	Payments in Advance by Clients	–	(2,853)	–	–
	Trade Debtors Receivable from Clients	149,195	157,590	–	–
	Cash received to date	3,063,048	2,852,323	–	–
	Total Progress Billings and Receivables	3,212,243	3,009,913	–	–
Note 8 Current Assets – Investments	Interest in construction and property partnerships	12,598	10,184	–	87
	Associated Companies – Advances (note 25)	5,832	–	108	–
		18,430	10,184	108	87
Note 9 Current Assets – Inventories	Development Properties				
	Cost	14,832	22,777	–	–
	Development expenses capitalised	15,944	26,751	–	–
	Rates, taxes, interest, etc capitalised	3,643	5,955	–	–
	Total Project Costs	34,419	55,483	–	–
	Less: External USA borrowings secured under non-recourse loan facilities		7,715	–	–
		34,419	47,768	–	–
	Trading Inventories				
	Finished Goods – at cost	2,855	–	–	–
	Raw Materials – at cost	2,064	–	–	–
		4,919	–	–	–
		39,338	47,768	–	–

Development properties are held at cost. The net realisable value of the properties is expected to be not less than cost.

The property developments in Leighton Properties at balance date have a total cost of \$250,970 of which \$74,522 is included in the Group accounts, as set out in current assets notes 8 and 9, and non-current assets notes 12 and 13, while the balance of \$176,448 represents off balance sheet corporate partnership and joint venture arrangements. The investment in property development in the USA is \$26,678. The holding company has a contingent liability in respect to the off balance sheet funding as indicated in note 28.

Trading inventory represents finished reinforcing steel and raw steel stocks.

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 10					
Other Current Assets	Prepayments	7,484	4,275	766	1,240
Note 11					
Non-Current Assets	Loans	4,230	5,221	4,230	5,221
- Investments					
Note 12	Shares and Securities				
Non-Current Assets	Government and semi-government securities				
- Investments	- cost	121	121	-	-
	Subsidiary Companies				
	Shares not quoted on a prescribed Stock Exchange				
	- cost (note 35)	-	-	290,313	241,769
	Amounts receivable from subsidiaries	-	-	83,682	87,095
	Provision for diminution in value	-	-	(5,065)	(5,065)
		-	-	78,617	82,030
	Amounts payable to subsidiaries	-	-	(150,975)	(129,395)
		-	-	(72,358)	(47,365)
	Total Investment in Subsidiaries	-	-	217,955	194,404
	Other Corporations				
	Interest in Trusts - Welded Mesh***	-	2,285	-	-
	- Other	157	449	-	-
	Interest in Partnerships*	10,590	4,443	4,531	4,443
	Shares not quoted on a prescribed				
	Stock Exchange - cost	4,238	4,257	4,182	4,182
		14,985	11,434	8,713	8,625
	Associated Companies (note 25)				
	Shares not quoted on a prescribed Stock Exchange				
	- officers' valuation - June 1990	-	32,403	-	14,333
	- officers' valuation - June 1991**	34,994	-	14,333	-
	Advances	34,165	19,279	6,892	-
		69,159	51,682	21,225	14,333
	Total Investments	84,265	63,237	247,893	217,362

*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 retained earnings or accumulated retained losses and other reserves of the associated companies are included in the carrying amount of the investment. This method of assessment of the carrying value of the investment in associated companies results in the Group accounts effectively recognising the Group's equity share of profits from the associated companies. This policy has been adopted pursuant to the provisions of applicable accounting standards ASRB1010 and ASRB1018 since the recognition of such equity share of profits reflects a partial reversal of a diminution in value of the investment in associated companies expensed against Group profits in prior years. This policy will cease when the diminution in value of associated companies is fully recouped at which time the provisions of applicable accounting standard ASRB1016 will apply.

***Welded Mesh consolidated in Group Accounts.

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 13	Development Properties				
Non-Current Assets	Cost	20,470	13,290	—	—
– Inventories	Development expenses capitalised	24,833	4,878	—	—
	Rates, taxes, interest, etc, capitalised	5,797	5,266	—	—
		51,100	23,434	—	—
	Less: External USA borrowings secured under non-recourse loan facilities	9,091	—	—	—
		42,009	23,434	—	—
Development properties are held at cost. The net realisable value of the properties is expected to be not less than cost. Given the current low level of demand for investment properties and high vacancy factors, it can be assumed that the development properties would be sold at a loss if they were to be sold in the present depressed property market. The Group plans to retain the development properties, apart from certain properties which have been identified for early sale, until the market improves and they can be sold at acceptable prices.					
Note 14	Land				
Non-Current Assets	Cost	3,382	3,518	107	107
– Property, Plant and Equipment	Independent valuation – December 1988	15,596	17,458	9,592	9,674
		18,978	20,976	9,699	9,781
	Buildings				
	Cost	4,575	2,273	327	327
	Independent valuation – December 1988	20,367	23,195	11,640	11,999
		24,942	25,468	11,967	12,326
	Provision for depreciation	(1,487)	(935)	(725)	(433)
		23,455	24,533	11,242	11,893
	Leasehold Land and Building				
	Cost	7,331	4,801	—	—
	Independent valuation – December 1988	1,700	1,700	—	—
		9,031	6,501	—	—
	Provision for Amortisation	(1,400)	(476)	—	—
		7,631	6,025	—	—
	Plant and Equipment				
	Cost	370,133	327,161	6,638	5,966
	Provision for depreciation	(164,765)	(132,057)	(4,103)	(3,347)
		205,368	195,104	2,535	2,619
	Leased Plant and Equipment				
	Cost	13,684	3,686	—	—
	Provision for depreciation	(2,140)	(491)	—	—
		11,544	3,195	—	—
		216,912	198,299	2,535	2,619
	Total Property Plant and Equipment	266,976	249,833	23,476	24,293
Plant and Equipment includes motor vehicles, office furniture and equipment and construction equipment. All properties held at valuation were revalued on an open market basis.					

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 15	Goodwill arising from the purchase of an investment in an associated company of \$8,522 and from the acquisition of subsidiary operations of \$6,522 is being written off over a period of 10 years.				
Non-Current Assets	Unamortised balance in a subsidiary company	4,321	4,812	—	—
– Intangibles	Goodwill acquired during the year	60	69	—	—
	Less: goodwill written off during the year	620	560	—	—
	Cost less amount written off	3,761	4,321	—	—
	Unamortised balance in an associated company	4,099	4,899	—	—
	Less: goodwill written off during the year	702	800	—	—
	Cost less amounts written off*	3,397	4,099	—	—
*Included in Investment in Associated Companies at valuation (note 25)					
Note 16	Future Income Tax Benefit (note 4)	24,241	13,612	5,068	5,069
Other Assets	Mining Tenements – Cost	4,126	4,083	—	—
		28,367	17,695	5,068	5,069
Note 17	Trade Creditors	229,803	220,227	9,672	10,153
Current	Other Creditors	14,424	16,699	328	1,858
Liabilities	Bank Overdraft	141	43	—	—
– Creditors & Borrowings	Leasing Liabilities (note 34)	3,893	890	—	—
	Unsecured Loans	568	16,423	—	—
		248,829	254,282	10,000	12,011
Note 18	Income Tax Payable (note 4)	12,707	8,795	3,180	—
Current	Employee Benefits	10,799	11,579	495	479
Liabilities	Dividend	7,463	5,026	7,463	5,026
– Provisions	Contract and Plant Maintenance Provisions	5,818	5,757	—	—
	Property Provision*	10,000	—	—	—
		46,787	31,157	11,138	5,505
*Provision for possible losses or costs on sale of development properties held for resale.					
Note 19	Amounts Payable to Partnerships	1,977	566	—	—
Other Current Liabilities					
Note 20	Trade Creditors	2,515	4,268	—	—
Non-Current	Unsecured Loans	101,619	119,631	67,622	84,742
Liabilities	Bills Payable	20,000	20,000	20,000	20,000
– Creditors & Borrowings	Leasing Liability (note 34)	7,174	2,055	—	—
		131,308	145,954	87,622	104,742
Note 21	Deferred Income Tax	30,516	18,719	2,156	1,955
Non-Current	Employee Benefits	18,564	14,668	5,312	4,021
Liabilities	Contract and Plant Maintenance Provisions	20,625	16,158	688	436
– Provisions	Property Provision*	6,623	—	—	—
		76,328	49,545	8,156	6,412
*Provision for loss on closure of development property business in USA.					

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 22 Share Capital	Authorised				
	199,400,000 Ordinary shares of 50c each	99,700	99,700	99,700	99,700
	3,000,000 first ranking cumulative redeemable non participating preference shares of 10c each	300	300	300	300
		100,000	100,000	100,000	100,000
	Issued				
	185,138,464 Ordinary shares of 50c each fully paid (1990 – 125,652,591)	92,569	62,826	92,569	62,826
	Increase in Issued Capital During the Year				
	3,801,830 Ordinary shares of 50c each issued under the Dividend Reinvestment Plan at a premium of 22c per share	–	1,901	–	1,901
	438,912 Ordinary shares of 50c each issued under the Dividend Reinvestment Plan at a premium of 23c per share	–	219	–	219
	4,488,460 Ordinary shares of 50c each issued under the Dividend Reinvestment Plan at a premium of 17c per share	2,244	–	2,244	–
	607,298 Ordinary shares of 50c each issued under the Dividend Reinvestment Plan at a premium of 57c per share	304	–	304	–
	13,050,000 Ordinary shares of 50c each issued by share placement at a premium of 68c per share	6,525	–	6,525	–
	4,312,950 Ordinary shares of 50c each converted from Subordinated Perpetual Convertible Loan at a premium of 45c per share	2,156	–	2,156	–
	37,027,165 Ordinary shares of 50c each issued by 1 for 4 rights issue at a premium of 50c per share	18,514	–	18,514	–

Options: As at 30 June 1991, on issue were 925,000 options convertible to 925,000 shares exercisable before 31 July 1994 pursuant to the Leighton Staff Equity Participation Plan. Since 30 June 1991, 185,000 options have been exercised.

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 23 Reserves	General	25	25	25	25
	Redemption	60	60	60	60
	Capital Profits	9,960	9,184	3,393	3,393
	Foreign Currency Translation	(3,365)	(2,869)	411	1,477
	Asset Revaluation	10,247	9,656	6,929	6,929
	Share Premium	82,948	52,511	82,948	52,511
		99,875	68,567	93,766	64,395
Movements					
Capital Profits					
Opening Balance		9,184	6,204	3,393	744
Profit on sale of non-current assets transferred from:					
– Asset revaluation		98	1,357	–	1,344
– Profit and Loss Account		678	1,623	–	1,305
Closing Balance		9,960	9,184	3,393	3,393
Foreign Currency Translation					
Opening Balance		(2,869)	(3,814)	1,477	(544)
Translation of overseas subsidiaries accounts & borrowings applicable to overseas investments		(496)	945	–	928
Transfer from Profit and Loss Account		–	–	(1,066)	1,093
Closing Balance		(3,365)	(2,869)	411	1,477
Asset Revaluation					
Opening Balance		9,656	11,013	6,929	8,273
Transfer to capital profits reserve		(98)	(1,357)	–	(1,344)
Transfer from Profit and Loss Account		689	–	–	–
Closing Balance		10,247	9,656	6,929	6,929
Share Premium					
Opening Balance		52,511	51,573	52,511	51,573
Ordinary shares issued at a premium					
– 59,485,873 shares in 1990/91		30,437	–	30,437	–
– 4,240,742 shares in 1989/90		–	938	–	938
Closing Balance		82,948	52,511	82,948	52,511
Note 24 Subordinated Perpetual Loans	Subordinated Perpetual Convertible Loan	3,058	7,155	3,058	7,155
	Subordinated Perpetual Loan	2,910	20,000	2,910	20,000
		5,968	27,155	5,968	27,155

The Directors consider the unsecured subordinated perpetual loans which are subordinated to all creditors of the Company to be in the nature of capital.

On 29 June 1990 the Subordinated Loan was amended to a Subordinated Perpetual Loan.

On 29 June 1990 the Subordinated Convertible Loan was amended to a Subordinated Perpetual Convertible Loan. Under the terms and conditions of the Agreement if the whole of the loan is not converted into Ordinary shares before 1 July 1998 the balance of the loan converts to a Subordinated Perpetual Loan.

Note 25
Investments
– Equity Accounted

Associated Company	Balance Date	Activity	Location	Consolidated Beneficial Interest at Year end	
				1991 %	1990 %
Green Holdings, Inc.	31 Dec 1990	Civil Engineering, Building & Mining	USA	50	50
Ippo Marine Group	30 June 1991	Marine & Civil Engineering	Asia	45	45
Adelaide Terrace Investments Pty Ltd	30 June 1991	Property Development	Aust	24	24
Yifta Pty Limited	30 June 1991	Property Development	Aust	50	50
Kaparidge Pty Limited	30 June 1991	Property Development	Aust	50	50
Dovida Pty Limited	30 June 1991	Property Development	Aust	50	50
Comserv (No 1776) Pty Limited	30 June 1991	Property Development	Aust	50	100
Thai Leighton Limited	30 June 1991	Civil Engineering, Building	Thai	49	–
Leighton-Brückner (Thailand) Co Ltd	30 June 1991	Foundation Engineering	Thai	30	–
Mamasan Pty Limited	30 June 1991	Property Development	Aust	50	50
Interlink Roads Pty Limited	30 June 1991	Tollroad Operations	Aust	50	–
Pluteus ACT (No. 7) Pty Limited	30 June 1991	Property Development	Aust	24	24

	Consolidated	
	1991 \$'000	1990 \$'000
Shares and Securities (note 12)	121	121
Other Corporations (note 12)	14,985	11,434
	15,106	11,555
Associated Companies		
– Investments at Cost	120,320	104,055
– Cumulative Profit/Loss since Acquisition	(20,834)	(23,255)
– Dividends Received since Acquisition	(25,202)	(24,695)
– Goodwill Written Off	(5,125)	(4,423)
Net Investment in Associates (note 12)	69,159	51,682
Non-Current Investments	84,265	63,237
Associated Companies		
– Advances (note 8)	5,832	–
– Net Investment (note 12)	69,159	51,682
– Total Associates Equity Accounted	74,991	51,682
Equity Profit		
Equity Profit before Income Tax	2,924	2,734
Income Tax Expense	(503)	(552)
Equity Profit of associated companies (note 12)	2,421	2,182
Dividends paid – Ordinary	507	1,582

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. Equity share of profits and losses is brought to account in the equity accounted profit and loss statements and balance sheets, as shown on pages 56 and 57.

The Group has interests in other associated companies which, at 30 June 1991, were not of a material size or contribution to Group activities to warrant separate disclosure.

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 26	Plant and Equipment	6,725	25,007	—	—
Capital Commitments	All capital commitments contracted are payable within one year.				
Note 27	Contingent liability under indemnities given on behalf of subsidiaries in respect of:				
Bank Guarantees,	i) Bank Guarantees	109,315	126,018	109,315	126,018
Insurance Bonds	ii) Insurance Performance & Payment Bonds	45,664	46,256	45,664	46,256
and Letters of Credit	iii) Letters of Credit	3,752	7,338	3,752	7,338
	Contingent liability under indemnities given on behalf of an associated company in respect of:				
	i) Letters of Credit	7,532	7,695	7,532	7,695
	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 \$US204 million of which \$US50 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.				
Note 28	(i) Guarantees and undertakings given in respect of borrowings by:				
Other Contingent	• Subsidiaries	42,778	46,805	42,778	46,805
Liabilities	• Associated Companies	\$US12,800	—	\$US12,800	—
	(ii) The Company is called upon to give in the ordinary course of business guarantees and indemnities in respect of the performance by subsidiary companies, associated companies and related parties of their contractual obligations. These guarantees and indemnities are indeterminable in amount.				
	(iii) The Company and Leighton Properties Pty Limited have certain contingent liabilities in respect of off-balance sheet property development finance facilities arising in the following form:				
	a) Certain indemnities and undertakings have been given by the Company to Hochtief Limited regarding guarantees given by Hochtief Limited in respect of off-balance sheet project development finance provided to certain associated companies. These indemnities are limited to the shortfall, if any, arising from sale of the relevant development. No shortfall is anticipated.				
	b) The Company has indemnified a lender of an off-balance sheet project finance facility up to a maximum of \$4.5 million in the event of a shortfall after the realisation of its security. No shortfall is anticipated.				
	c) The Company and Leighton Properties Pty Limited have guaranteed the interest payable under certain project development finance facilities provided to associated companies. These guarantees are indeterminable in amount.				
	d) Some companies in the Group have entered into put and call options over shares in various associated companies in connection with their project finance facilities. The options are not material except that in the case of one such put option the exercise of that option would result in an increase in the Group's assets and liabilities of \$23 million. Subsequent to 30 June 1991 this put option was cancelled following the repayment of the \$23 million facility.				
	(iv) 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.				
	(v) There exists in some Group companies 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.				
	(vi) Certain Group companies have the normal contractor's liability for the completion of construction contracts which liability may include litigation by or against the companies.				
	(vii) Subsidiary companies have entered into various partnership and trust arrangements under which the subsidiary may be jointly and severally liable for the liabilities of the partnership or trust.				
	(viii) Under the terms of the Class Order issued pursuant to Section 273(5) of the Companies (Victoria) Code the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.				
	(ix) The maximum contingent liability of the Company and its subsidiaries for termination benefits under service agreements with Executive Directors and persons who take part in the management of the Company in excess of the amounts provided for in the accounts as at 30 June 1991 was \$2.042 million (1990 \$2.579 million).				
	No claims are anticipated in respect of contingent liabilities.				

Note 29

Result by Segments

	Contracting & Project Management \$'000	Property Development \$'000	Unallocated \$'000	Total \$'000
Industry				
1991				
Total Revenue	1,565,042	29,140	4,959	1,599,141
Operating Profit/(Loss)				
Before Tax	71,903	(24,323)	(11,997)	35,583
Total Assets	564,612	108,924	70,146	743,682
1990				
Total Revenue	1,493,526	32,222	6,768	1,532,516
Operating Profit/(Loss)				
Before Tax	51,305	(2,771)	(12,932)	35,602
Total Assets	550,111	82,222	42,574	674,907
Geographic	Australia \$'000	S. E. Asia \$'000	U.S.A. \$'000	Total \$'000
1991				
Total Revenue	1,257,742	331,931	9,468	1,599,141
Operating Profit/(Loss)				
Before Tax	23,136	14,196	(1,749)	35,583
Total Assets	516,424	172,140	55,118	743,682
1990				
Total Revenue	1,221,787	291,954	18,775	1,532,516
Operating Profit/(Loss)				
Before Tax	30,745	7,628	(2,771)	35,602
Total Assets	480,402	138,428	56,077	674,907

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 Group or the holding company except for the provision of subordinated loans from Hochtief Limited as shown in note 24 on which interest was paid in accordance with the loan agreements.

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.

		Consolidated		Holding Company	
		1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000
Note 30 Directors' Emoluments	Amounts received, or due and receivable, by Directors (excludes Superannuation payment included in note 32)	2,730	2,219	2,468	2,025
	Number of Directors of Leighton Holdings Limited whose remuneration, which includes salary and allowances, performance bonus, provision of motor vehicles, fringe benefits and accommodation costs, were within the following bands:				
	\$ 10,000–\$ 19,999			2	–
	\$ 20,000–\$ 29,999			–	2
	\$ 30,000–\$ 39,999			3	4
	\$ 40,000–\$ 49,999			1	–
	\$ 70,000–\$ 79,999			1	–
	\$350,000–\$359,999			–	1
	\$440,000–\$449,999			1	–
	\$640,000–\$649,999			–	1
	\$830,000–\$839,999			–	1
	\$880,000–\$889,999			2	–
Note 31 Remuneration of Executives	Amounts received or due and receivable by executive officers, whose remuneration equals or exceeds \$85,000.	8,762	6,295	2,775	2,315
	Number of executive officers whose remuneration, which includes salary and allowances, performance bonus, provision of motor vehicles, fringe benefits and accommodation costs, equals or exceeds \$85,000 were within the following bands:				
	\$ 85,000–\$ 94,999	1	–	–	–
	\$155,000–\$164,999	–	1	–	–
	\$165,000–\$174,999	1	–	–	–
	\$175,000–\$184,999	2	1	–	–
	\$185,000–\$194,999	–	1	–	–
	\$195,000–\$204,999	–	2	–	–
	\$205,000–\$214,999	–	1	–	–
	\$215,000–\$224,999	–	2	–	–
	\$225,000–\$234,999	2	–	–	–
	\$235,000–\$244,999	4	3	–	1
	\$245,000–\$254,999	2	1	–	1
	\$255,000–\$264,999	4	–	–	–
	\$275,000–\$284,999	1	1	1	–
	\$285,000–\$294,999	1	–	1	–
	\$295,000–\$304,999	3	1	–	–
	\$345,000–\$354,999	–	1	–	1
	\$365,000–\$374,999	1	–	–	–
	\$405,000–\$414,999	–	1	–	–
	\$425,000–\$434,999	–	1	–	–
	\$435,000–\$444,999	1	–	1	–
	\$475,000–\$484,999	–	1	–	–
	\$495,000–\$504,999	1	–	–	–
	\$505,000–\$514,999	1	–	–	–
	\$645,000–\$654,999	–	1	–	1
	\$825,000–\$834,999	–	1	–	1
	\$875,000–\$884,999	2	–	2	–

		Consolidated		Holding Company	
		1991	1990	1991	1990
		\$'000	\$'000	\$'000	\$'000
Note 32	Superannuation Benefits:				
Superannuation	Amounts paid to a superannuation fund for Executive				
Benefits and	Directors are disclosed in aggregate as the Directors				
Commitments	believe the provision of full particulars would be				
	unreasonable	50	69	50	69
	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 Group companies also contribute to the plans at various percentages of the employee's salary or wages. Future contributions to Company sponsored superannuation funds are not legally enforceable provided that vested benefits are fully funded.				
	The Company also contributes to various industry award funds in accordance with the relevant awards. Company contributions are enforceable in accordance with the relevant award.				
	Actuarial assessments of the applicable plans were last made on 30 June 1991 by Mercer Campbell Cook & Knight Pty Ltd and the Wyatt Company, and at 1 January 1990 by Buck Consultants Pty Limited. Based on these assessments, the Directors are of the view that the assets of each of the funds are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans, and voluntary or compulsory termination of employment of each employee.				
Note 33	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 \$1,595,859 and ranging from \$2,212 to \$150,000, have been made to 29 Executive Directors of Leighton Holdings Limited and related corporations. These amounts have not been rounded off to the nearest thousand dollars.				
Note 34	Finance Leases				
Lease & Rental	Lease Commitments capitalised				
Commitments	– Not later than one year	4,791	982	–	–
	– Later than one year but not later than two years	4,592	912	–	–
	– Later than two years but not later than five years	3,266	1,176	–	–
	– Later than five years	–	–	–	–
		12,649	3,070	–	–
	Less future finance charges	1,582	125	–	–
	Present value of leasing liability	11,067	2,945	–	–
	Current Liability (note 17)	3,893	890	–	–
	Non current liability (note 20)	7,174	2,055	–	–
	Operating Leases				
	Plant & Equipment Leases	54,591	63,587	167	171
	Carpark Leases	56,781	59,251	–	–
	Property Leases	15,333	16,877	–	–
		126,705	139,715	167	171
	Lease Commitments not capitalised				
	– Not later than one year	41,072	37,131	52	56
	– Later than one year but not later than two years	32,159	36,416	50	52
	– Later than two years but not later than five years	27,293	40,970	65	63
	– Later than five years	26,181	25,198	–	–
		126,705	139,715	167	171
	Plant and Equipment used in contract mining and civil engineering is leased over its economic life. The operating leases are normally structured to match income from contracts. Pacific Parking Pty Ltd has entered into long-term leases up to 10 years for car parking facilities.				

Note 35
Leighton Holdings
Limited and
Subsidiaries

All subsidiaries carry on business in the country of incorporation except where noted	Class of Shares	Holding Company's Investment \$'000	Holding Company's Beneficial Interest	Place of Incorporation	Contribution to Group Operating Profit/(Loss) After Income Tax	
					1991 \$'000	1990 \$'000
+Leighton Holdings Limited				Vic.	4,488	1,681
+Actrip Pty Ltd	Ord.	Nil	100%	A.C.T.	(645)	—
+Alger Properties Pty Ltd	Ord.	Nil	100%	Qld.	—	—
+Altikar Pty Limited	Ord.	Nil	100%	N.S.W.	(22)	(223)
+Asia Chemical Waste Services Ltd	Ord.	Nil	100%	Hong Kong	—	—
+Atchison Investments Pty Ltd	Ord.	13,500	100%	N.S.W.	(228)	1,013
*Aus. Construction and Dredging B.V.	Ord.	60	100%	Netherlands	(117)	862
*Ausindo Holdings Pte Ltd	Ord.	Nil	90%	Singapore	(27)	(118)
+Black Hill Mining Pty Ltd	Ord.	Nil	100%	N.S.W.	—	—
+Bonedale Pty Ltd	Ord.	Nil	100%	A.C.T.	—	—
+Burton Properties Pty Ltd	Ord.	Nil	100%	N.S.W.	—	—
+Bymer Pty Ltd	Ord.	200\$	100%	N.S.W.	—	—
+C.L. Mine Management (N.Q.) Pty Ltd	Ord.	Nil	100%	N.S.W.	—	—
Cullen Bay Estate Pty Ltd	Ord.	Nil	100%	N.T.	—	—
Gabeze Pty Ltd	Ord.	Nil	100%	N.S.W.	—	—
+Gapwell Pty Ltd	Ord.	Nil	100%	Qld.	—	—
Giddens Investment Ltd	Ord.	Nil	100%	Hong Kong	51	19
Integrated Concrete Repairs Pty Ltd	Ord.	Nil	50%	A.C.T.	33	(35)
Leighton Interlink Pty Ltd	Ord.	Nil	100%	N.S.W.	1,829	—
*Lai Lap Foundation Engineering Ltd	Ord.	Nil	100%	Hong Kong	(6)	(16)
+Landetting Nominees Pty Ltd	Ord.	Nil	100%	Vic.	335	137
+LB Developments Pty Ltd	Ord.	Nil	100%	Qld.	(531)	(54)
+Leighton Asia Fund Management Limited	Ord.	Nil	100%	Hong Kong	—	—
*Leighton Asia Limited	Ord. } Red. Pref. }	500 } 60,711 }	100%	Hong Kong	486	(531)
*Leighton Asia Waste Services Ltd	Ord.	Nil	100%	Hong Kong	—	—
*Leighton Brückner Foundation Engineering Ltd	Ord.	Nil	60%	Hong Kong	2,447	3,413
+Leighton Chemical Waste Ltd	Ord.	Nil	100%	Hong Kong	—	—
*Leighton Contractors (Singapore) Pte Ltd	Ord. } Red. Pref. }	Nil	100%	Singapore	(6)	9
*Leighton Contractors (Asia) Ltd	Ord. } Red. Pref. }	Nil	100%	Hong Kong	2,341	(122)
*Leighton Contractors Inc.	Ord.	Nil	100%	U.S.A.	(3)	1,752
*Leighton Contractors (Malaysia) Sdn. Bhd.	Ord.	Nil	100%	Malaysia	238	95
*Leighton Contractors (Middle East) Ltd (2)	Ord.	Nil	100%	Hong Kong	(2,067)	102
*Leighton Contractors (PNG) Pty Ltd	Ord.	Nil	100%	P.N.G.	—	—
+Leighton Contractors Pty Ltd (1)	Ord.	99,060	100%	N.S.W.	23,150	10,096
+Leighton Contractors (S.A.) Pty Ltd	Ord.	Nil	100%	S.A.	—	—
Leighton Finance Limited	Ord.	5\$	100%	N.S.W.	1,397	(2,098)
*Leighton-Ipco Limited	Ord.	Nil	100%	Hong Kong	(758)	(60)
Leighton Lifestyle Pty Ltd	Ord.	Nil	100%	N.S.W.	—	—
+Leighton Major Projects Pty Limited	Ord.	30,000	100%	N.S.W.	117	804
+Leighton Nominees Pty Ltd	Ord.	9	100%	Vic.	—	1
*Leighton Pacific Developments Inc.	Ord.	Nil	100%	U.S.A.	(573)	(1,907)
+Leighton Properties Pty Ltd	Ord.	1\$	100%	N.S.W.	(14,822)	(4,569)
+Leighton Properties (Qld) Pty Ltd	Ord.	Nil	100%	Qld.	(551)	(43)
+Leighton Properties (Vic) Pty Ltd	Ord.	Nil	100%	Vic.	(119)	—

Note 35

Leighton Holdings
Limited and
Subsidiaries
(continued)

All subsidiaries carry on business in the country of incorporation except where noted	Class of Shares	Holding Company's Investment \$'000	Holding Company's Beneficial Interest	Place of Incorporation	Contribution to Group Operating Profit/(Loss) After Income Tax	
					1991 \$'000	1990 \$'000
+ Leighton Resources Pty Ltd	Ord.	Nil	100%	N.S.W.	—	—
+ Leighton Staff Shares Pty Ltd	Ord.	2\$	100%	Vic.	—	—
+ Leighton Superannuation Pty Ltd	Ord.	2\$	100%	N.S.W.	—	—
*Leighton USA Holdings Inc	Ord.	25,837	100%	U.S.A.	1,453	(992)
+ Lomo Pty Ltd	Ord.	15,091	100%	Qld.	—	4,047
+ Mount Sugarloaf Collieries Pty Ltd	Ord.	Nil	100%	N.S.W.	(262)	45
+ Moussewood Pty Ltd	Ord.	Nil	100%	Qld.	(817)	—
+ Multicon Engineering (WA) Pty Limited	Ord.	Nil	100%	N.S.W.	(25)	135
+ Multicon Engineering Pty Limited	Ord.	Nil	100%	N.S.W.	(4,984)	(5,422)
+ Multicon Holdings Pty Limited	Ord.	17,517	100%	N.S.W.	(964)	(429)
+ Pacific Parking Pty Ltd	Ord.	Nil	100%	N.S.W.	(801)	(214)
Pittwater Palms Pty Limited	Ord.	Nil	100%	N.S.W.	—	—
*PT Thiess Contractors Indonesia	Ord.	Nil	90%	Indonesia	2,634	815
Rail Waste Technology Pty Ltd	Ord.	Nil	100%	Qld.	—	—
+ Ridgewood Development Pty Ltd	Ord.	Nil	100%	Qld.	(80)	365
+ Rosejoss Properties Pty Ltd	Ord.	Nil	100%	A.C.T.	—	694
*Solomon Insurance Pte Ltd	Ord.	662	100%	Singapore	126	1,172
+ Technical Resources Pty Ltd	Ord.	2\$	100%	N.S.W.	153	238
+ Thiess Construction Ltd	Ord.	Nil	100%	Qld.	—	—
+ Thiess Contractors Pty Ltd	Ord.	27,365	100%	Qld.	7,465	8,757
+ Thiess Contractors (Qld) Pty Ltd	Ord.	Nil	100%	Qld.	—	—
+ Thiess Superannuation Nominees Pty Ltd	Ord.	Nil	100%	Qld.	—	—
*Thiess Contractors (PNG) Pty Ltd	Ord.	Nil	100%	P.N.G.	—	—
#Welded Mesh Pty Limited	Ord.	Nil	82.5%	N.S.W.	—	—
Companies in Liquidation or Liquidated						
*Crighton Management Sdn. Bhd.	Ord.	Nil	100%	Brunei	—	(3)
*Price Property Developers & Managers Sdn. Bhd.	Ord.	Nil	100%	Brunei	(5)	(7)
Contribution to Equity Consolidated Operating Profit					20,330	19,409
Reversal of diminution of investment in Associated Companies (note 12)					2,421	2,182
Contribution to Consolidated Operating Profit					22,751	21,591

(1) Carries on business in Hong Kong

(2) Carries on business in the Middle East

*Audited by overseas KPMG Peat Marwick

Member Firms

#Audited by firms other than KPMG

Peat Marwick

+ Companies participating in the

Class Order

\$These amounts have not been rounded off to the nearest thousand dollars.

	Consolidated		Holding Company	
	1991 \$'000	1990 \$'000	1991 \$'000	1990 \$'000

Note 36	Directors
Related Party Information	The Directors who held office as Directors of the holding company during the year ended 30 June 1991 were:
	Morrish Alexander Besley, AM
	Wallace MacArthur King
	Dieter Siegfried Adamsas
	Keith Leslie Bennett
	Holm Hehner
	Peter John North
	Enno Friedrich Vocke
	Rodney Malcolm Wylie, OBE
	David Paul Robinson (Appt 17.12.90)
	Verner Thomas Christie, AO (Deceased 3.2.91)

Transactions with Related Parties

The Group has interests in a number of construction partnerships and trading trusts which are included in other related parties. Transactions with related parties are made on normal commercial terms and conditions and the aggregate of the related party transactions was not material in the overall operations of the Group or the holding company except for the provision of subordinated and convertible loans from Hochtief Limited as shown in note 24 on which interest was paid in accordance with the loan agreements and advances to property development partnerships and associates as shown in notes 8 and 12. Dividends were received during the year from Ipco Marine Limited, an associated company. Interests held in associated and subsidiary companies are set out in notes 25 and 35 to the accounts.

Amounts Receivable from and Payable to Related Parties

Aggregate amounts receivable at balance date from

– Directors:				
– Non-Current	257	385	257	385
Other related parties:				
– Associated Companies				
– Current	6,571	–	738	–
– Non-Current	34,165	19,279	4,046	–
– Other				
– Current	12,598	9,959	–	87
– Non-Current	6,060	–	–	–

Aggregate amounts payable at balance date to

Other related parties				
– Hochtief				
– Current	1,178	4,098	1,178	4,098
– Non-Current	4,790	23,057	4,790	23,057
– Other				
– Current	1,977	651	–	–

		Consolidated	
		1991	1990
		\$'000	\$'000
Note 37	Sources of Funds		
Statement of Sources and Applications of Funds	Funds from Operations		
	Operating Revenue	1,559,832	1,477,735
	Proceeds from Sale of Non-Current Assets	34,350	48,013
	Other Revenue	4,959	6,768
	Inflow of Funds from Operations	1,599,141	1,532,516
	Less Outflow of Funds from Operations	1,385,968	1,323,366
		213,173	209,150
	Exchange movement for period	(496)	945
	Reduction in Assets		
	Trade Debtors	8,395	(18,015)
	Other Assets	2,313	11,824
	Increase in Liabilities		
	Trade Creditors	7,823	17,578
	Leasing Liabilities	8,122	481
	Share Capital		
	Minority Interest in Subsidiary	470	(41)
	Proceeds of Share Issues	60,180	3,058
		299,980	224,980
	Applications of Funds		
	Increase in Assets		
	Purchase of Mining Tenement	43	360
	Purchase of Fixed Assets	109,343	135,840
	Development Properties	5,226	9,608
	Inventories	4,919	—
	Investments	30,028	9,032
	Cash and Deposits	12,809	(3,283)
	Goodwill on Acquisition of Business	60	69
	Reduction in Liabilities		
	Other Current Liabilities	864	8,774
	Loans	50,859	(24,384)
	Payment from Provisions	66,372	67,415
	Taxation Paid	5,129	11,684
	Subordinated Loan Converted to Capital	4,097	—
	Dividends Paid	10,231	9,865
		299,980	224,980
	Funds from Operations		
	Reconciliation of Funds from Operations with		
	Operating Profit before Tax:		
	Funds from Operations	213,173	209,150
	Add/(subtract) Non-fund items:		
	Depreciation and Amortisation	(60,042)	(57,015)
	Cost of sale of Non-Current Assets	(32,210)	(41,825)
	Provisions	(84,016)	(73,348)
	Amortisation of Goodwill	(1,322)	(1,360)
	Operating Profit before Income Tax	35,583	35,602
	Acquisition of Business		
	Consideration – Cash	60	—
	Net Assets of Business Acquired		
	Plant and Equipment	—	—
	Other Assets	—	—
	Provision	—	(69)
		—	(69)
	Goodwill on Acquisition	60	69
		—	—

Statement by Directors

1. In accordance with a resolution of the Directors of Leighton Holdings Limited, we state that:

(a) the accompanying financial statements of the Company and the Group as set out on pages 54 to 75 are drawn up so as to give a true and fair view of the results for the year ended 30 June 1991, and the state of affairs as at 30 June 1991, of the Company and the Group so far as they concern members of the Company; and
(b) as 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.

2. The financial statements of the Company and the consolidated financial statements of the Group have been made out in accordance with Statements of Accounting Concepts and Applicable Accounting Standards.

3. There are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which it is or may become subject by virtue of the Deed of Indemnity between the Company and certain subsidiaries pursuant to a Class Order. Refer to note 28 for further details.

Dated at Sydney this thirteenth day of September 1991



MA Besley
Chairman



WM King
Chief Executive Officer

Auditors' Report to the Members of Leighton Holdings Limited Scope

We have audited the financial statements of Leighton Holdings Limited and of the Group for the year ended 30 June 1991, consisting of the balance sheets, profit and loss statements and accompanying notes as set out on pages 54 to 75. The Company's Directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have performed an audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been planned and performed in accordance with Australian Auditing Standards to provide a reasonable level of 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 whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and statutory requirements so as to present a view of the Company and of the Group which is consistent with our understanding of their operations.

The names of the subsidiaries audited by overseas KPMG member firms and other auditors are set out in note 35.

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 and consolidated financial statements 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 Group as at 30 June 1991 and of the results of the Company and the Group for the year ended on that date so far as they concern members of the Company; and
ii) the other matters required by Division 4 of Part 3.6 of the Corporations Law to be dealt with in the financial statements and in the consolidated financial statements;
(b) in accordance with the provisions of the Corporations Law; and
(c) in accordance with Statements of Accounting Concepts and applicable Accounting Standards.

Dated at Sydney this thirteenth day of September 1991



KPMG Peat Marwick
Chartered Accountants



John H Richardson
Partner

Shareholdings

Information as to shareholdings on 13 September 1991 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	86,686,923

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.)

Oppenheimer Global Fund (Registered in the name of ANZ Nominees Limited.)	10,240,725
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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* – 4,965.

*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	1,257
1,001 – 5,000	2,218
5,001 – 10,000	736
10,001 and over	754
	4,965

There were 191 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 80.69% and their names and numbers of shares are as follows:

Name	Number	Percentage of Total Shareholdings
HOCHTIEF Limited	86,683,433	46.46
ANZ Nominees Limited	27,129,328	14.54
National Nominees Limited	9,900,382	5.31
Chase AMP Nominees Limited	7,239,475	3.88
Winchcombe Carson Trustee Company Limited	2,745,000	1.47
Citicorp Nominees Pty Limited	2,345,708	1.26
Bank of New South Wales Nominees Pty Limited	2,238,572	1.20
Tyndall Life Insurance Company Limited	1,963,515	1.05
Gas & Fuel Corporation	1,375,000	0.74
Barclays Australia Custodian Services Limited	1,216,840	0.65
MLC Life Limited	1,161,955	0.62
Permanent Depository Limited	1,066,250	0.57
Elcos Pty Ltd	1,041,125	0.56
Perpetual Trustee Company Limited	816,381	0.44
Labrador Pty Limited	683,500	0.37
Invia Custodian Pty Limited	680,000	0.36
Wardley Australia Nominees Pty Limited	648,955	0.35
National Mutual Life Association of Australasia Limited	597,980	0.32
Suncorp Insurance & Finance	564,875	0.30
ANZ Executors & Trustee Company Limited	442,390	0.24
	150,540,664	80.69

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 4.0 cents per share, if approved at the Annual General Meeting, will be paid on 31 October 1991. For Australian tax purposes the dividend will be fully franked. 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, PO Box H245, Australia Square, 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 65. Information regarding substantial shareholdings, the 20 largest holders and shareholding distribution is on page 77.

Available Publications

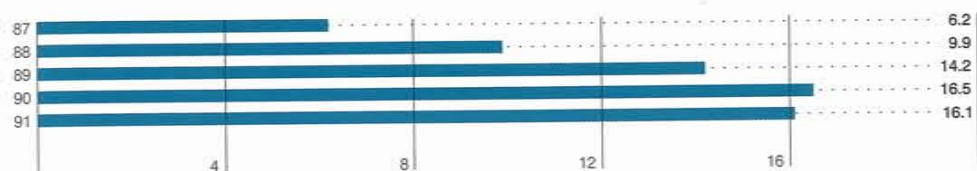
In addition to the Annual Report the Company distributes the Chairman's Address, the Half Yearly Report and the Preliminary Final Statement to all shareholders.

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.

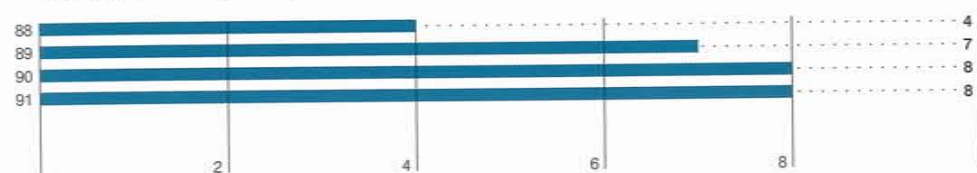
Removal from Annual Report Mailing List

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

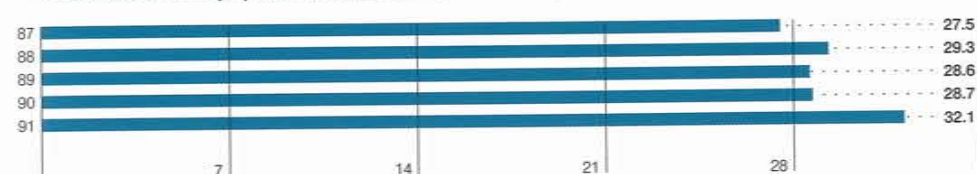
Earnings per Ordinary Share ¢



Dividends per Ordinary Share ¢



Total Shareholders Equity and Subordinated Perpetual Loans to Total Assets %



Statistical Summary

for the ten years 1982-1991

	1991 \$'000	1990 \$'000	1989 \$'000	1988 \$'000	1987 \$'000	1986 \$'000	1985 \$'000	1984 \$'000	1983 \$'000	1982 \$'000
Summary of Equity Accounted Balance Sheets										
Issued and Paid-up Capital	92,569	62,826	60,706	56,502	56,007	51,793	49,961	39,696	27,015	14,817
Total Capital and Reserves	238,453	193,403	178,866	165,612	151,041	148,643	137,365	104,267	67,124	52,798
Non-Current Liabilities	207,636	195,499	173,556	141,715	157,468	157,953	133,771	60,205	17,272	10,290
Current Liabilities	297,593	286,005	272,568	258,693	241,383	211,542	192,098	169,724	78,435	75,839
Non-Current Assets	429,608	363,741	320,224	265,938	287,054	284,923	250,502	154,959	70,707	55,813
Current Assets	314,074	311,166	304,766	300,082	262,838	233,215	212,732	179,281	92,184	83,174
Total Assets	743,682	674,907	624,990	566,020	549,892	518,138	463,234	334,240	162,891	138,987
Summary of Equity Accounted Profit and Loss Statements										
Revenue	1,710,044	1,636,460	1,431,260	1,489,100	1,355,345	1,138,338	850,179	653,066	335,288	348,799
Operating Profit before Tax	34,364	35,043	27,110	18,856	16,731	(14,487)	14,808	25,446	21,581	11,402
Income Tax Expense	13,335	14,563	10,575	7,731	10,016	(1,777)	1,805	5,457	6,902	1,111
Operating Profit after Tax	21,029	20,480	16,535	11,125	6,715	(12,710)	13,003	19,989	14,679	10,291
Financial Statistics										
Earnings per Ordinary Share	16.1¢	16.5¢	14.2¢	9.9¢	6.2¢	—	13.7¢	24.7¢	26.3¢	21.7¢
Dividends per Ordinary Share	8.0¢	8.0¢	7.0¢	4.0¢	—	—	12.0¢	12.0¢	12.0¢	11.0¢
Dividend Times Covered	1.7	2.0	2.0	2.5	—	—	0.9	2.2	1.9	2.9
Net Tangible Assets per Ordinary Share	123¢	128¢	121¢	115¢	113¢	111¢	127¢	121¢	109¢	151¢
Current Ratio	1.06	1.09	1.12	1.15	1.09	1.10	1.11	1.06	1.18	1.10



