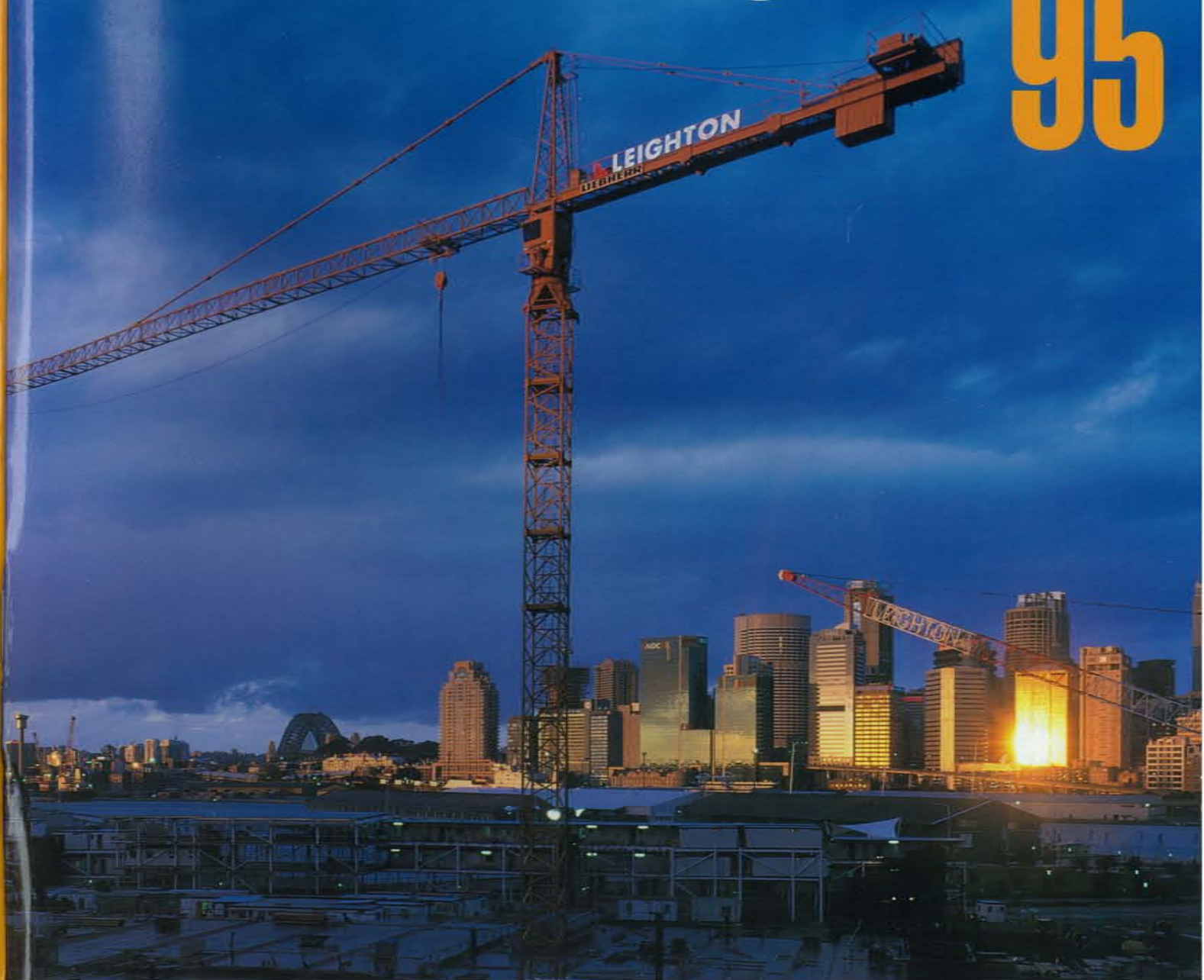


# Leighton

Group Annual Report

95



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### Leighton Holdings Limited

ACN 004 482 982

### Notice of Annual General Meeting 1995

To: The Shareholders

Notice is hereby given that the Annual General Meeting of the members of Leighton Holdings Limited will be held in the Sydney Hilton Hotel, 259 Pitt Street Sydney, on Thursday, 2 November 1995, at 10.00 am.

A separate Notice of Meeting and Proxy Form is enclosed.

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

### Financial Calendar

#### 1995

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

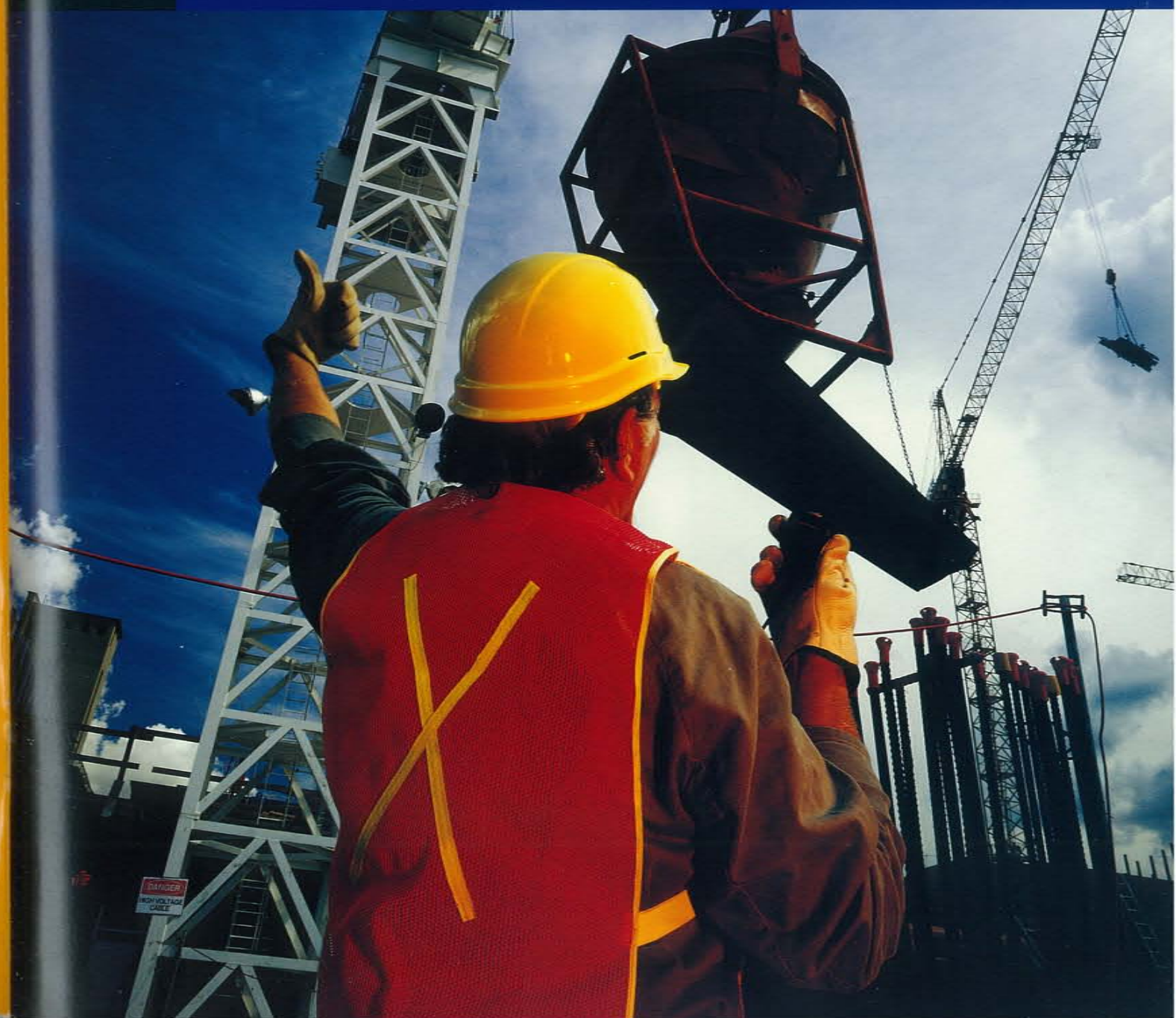
#### 1996

12 February  
Half Yearly Results announced  
8 March  
Shares begin trading ex Dividend  
15 March  
Books close for Interim Dividend  
29 March  
Interim Dividend paid  
30 June  
Year end  
14 August  
Preliminary Final Results announced  
1 November  
Annual General Meeting



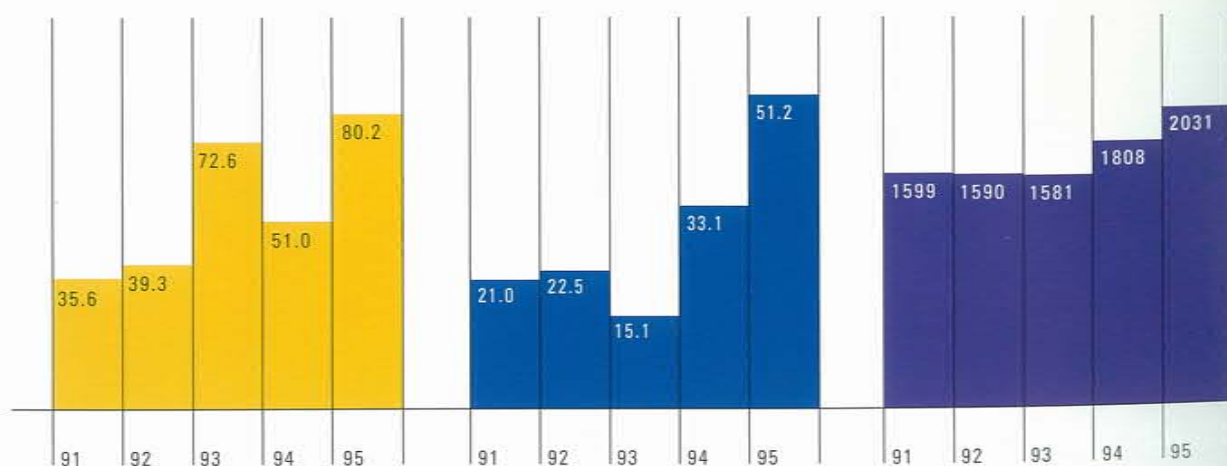


**The Leighton Group** is entering a new phase of growth. Core construction and mining operations in Australia and Asia are performing well and the impact of under-performing areas has reduced significantly. Record forward work levels have a longer-term profile which will underpin revenue and profitability over the next few years. And, markets where we have a proven ability to compete offer numerous opportunities leading up to the year 2000.



# The Year in Review

	1995	1994	%
	\$'000	\$'000	CHANGE
TOTAL REVENUE	2,031,377	1,807,728	+12
VALUE OF UNCOMPLETED WORK IN HAND	2,949,929	1,485,557	+99
VALUE OF CONTRACTS AWARDED	3,147,424	1,245,059	+153
OPERATING PROFIT BEFORE TAX AND ABNORMALS	80,215	50,965	+57
ABNORMAL ITEMS BEFORE TAX	(666)	(10,370)	N/A
INCOME TAX	(23,365)	(4,738)	+393
OPERATING PROFIT AFTER TAX AND ABNORMALS	51,234	33,082	+55
DIVIDENDS	27,648	20,028	+38
TOTAL CAPITAL AND RESERVES	358,049	316,195	+13
TOTAL ASSETS	1,189,296	1,048,844	+13
NET TANGIBLE ASSETS PER ORDINARY SHARE	154¢	140¢	+10
EARNINGS PER ORDINARY SHARE	22.4¢	14.9¢	+50
DIVIDENDS PER ORDINARY SHARE	12¢	9¢	+33



## OPERATING PROFIT BEFORE TAX AND ABNORMALS \$MILLION

Significant increase based on higher turnover and focus on profitability.

## OPERATING PROFIT AFTER TAX AND ABNORMALS \$MILLION

Good result from increased quality earnings and reduction in property losses.

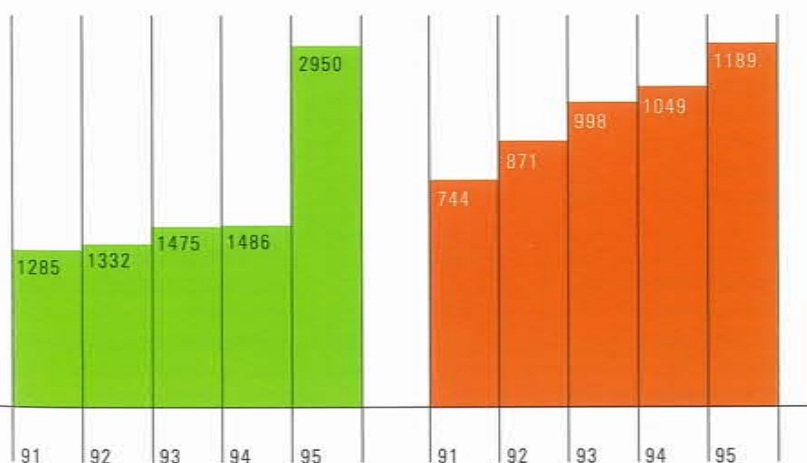
## TOTAL REVENUE \$MILLION

A solid gain due to excellent performances from core construction activities in Australia and Asia.



## Highlights

- Record profit and turnover were the result of a clear focus on core construction activities and reducing the impact of under-performing areas.
- Particularly good performances from Leighton Contractors and Leighton Asia.
- Work in hand at new high level of \$2.95 billion with a further \$357 million in uncompleted management contracts and \$282 million in long-term mining and waste contracts.
- Longer-term nature of forward workload will underpin the Group's revenue base for next few years.
- Good opportunities in Australia up to year 2000 in infrastructure, mining, the Olympics and tourism.
- Business development in Asia to concentrate on long-term positioning in Malaysia, Vietnam and China.



### WORK IN HAND \$MILLION

Record level of ongoing work has sizeable component of longer-term contracts providing a solid base for good results over the next few years.

### TOTAL ASSETS \$MILLION

Steady upward trend mainly from additional plant and equipment required for longer-term contract mining activities.

# Operations Overview

## LEIGHTON HOLDINGS LIMITED



Leighton Holdings Limited is the parent public company of the Leighton Group and provides strategic direction and planning, financial management, market positioning and communication.

Founded in 1949 in Victoria as a small, privately owned civil engineering company, Leighton was listed on the Australian Stock Exchange in 1962. Leighton became one of the first Australian construction companies to set up operations in Asia in the early 1970s with regional headquarters established in Hong Kong in 1975. This was followed in 1983 by

## LEIGHTON CONTRACTORS



**Revenue** \$725m  
**Work in Hand** \$1,393m  
**Percentage Ownership** 100%  
**No. of Employees** 1,996  
**Head Office** Sydney  
**Established** 1949  
**Managing Director** Keith Bennett

### Location

Australia

### Key Activities

- Civil engineering
- Building
- Contract mining

## LEIGHTON ASIA



**Revenue\*** \$429m  
**Work in Hand\*** \$336m  
**Percentage Ownership** 80%  
**No. of Employees** 2,252  
**Head Office** Hong Kong  
**Established** 1975  
**Managing Director** John Faulkner

Hong Kong,  
 Thailand, Malaysia,  
 Vietnam, China,  
 other selected  
 countries in Asia

- Civil engineering
- Building
- Marine and reclamation
- Foundation engineering

## THIESS CONTRACTORS



**Revenue\*** \$637m  
**Work in Hand\*** \$1,407m\*  
**Percentage Ownership** 100%  
**No. of Employees** 2,969  
**Head Office** Brisbane  
**Established** 1935  
**Managing Director** Martin Albrecht

Australia, Indonesia,  
 Malaysia, near  
 Pacific region

- Civil engineering
- Building
- Mining
- Environmental services

## LEIGHTON PROPERTIES



**Revenue** \$51m  
**Work in Hand** \$96m  
**Percentage Ownership** 100%  
**No. of Employees** 19  
**Head Office** Sydney  
**Established** 1972  
**Managing Director** Vyril Vella

Australia

- Property development
- Development risk management

## WELDED MESH



**Revenue\*** \$106m  
**Percentage Ownership** 90%  
**No. of Employees** 320  
**Head Office** Sydney  
**Established** 1984  
**Managing Director** John Hicks

Australia

- Manufacturer of:
- Processed bar and rod
  - Welded fabric
  - Hard drawn wire

## TECHNICAL RESOURCES



**Percentage Ownership** 100%  
**No. of Employees** 41  
**Head Office** Sydney  
**Established** 1980  
**Managing Director** Bob Gussey

Australia, Asia Pacific  
 region

- Business development
- Technology transfer
- Strategic guidance
- Communications



a series of acquisitions including Thiess Contractors, which introduced HOCHTIEF as the Group's major shareholder.

The Group's business is now clearly concentrated in Australia and Asia with civil engineering, building and contract mining being the principal sources of revenue. Business activities include design and construction; project management; infrastructure development, operation and maintenance; property development; environmental services and construction material supply. In addition, investments are held in a number of related projects and companies.

## Performance

## Future

## % Operating Revenue<sup>†</sup>

- Good profit contribution
- Significant revenue increase
- Performed well in all market segments
- Strategic alliances formed
- Sydney Casino project well underway
- Secured large mining contracts
- Good results from transport and telecommunications projects

- Work in hand at record level
- Outsourcing continues in resource sector
- Infrastructure resurgence expected up to year 2000
- Expect another strong performance



- Record profit result on higher revenue
- Good returns from Hong Kong
- Foundation operations now fully integrated
- Winners of Hong Kong safety awards
- Thailand competitive, lower activity levels
- Regional branch established in Malaysia
- Growing presence in Vietnam

- Year of consolidation ahead
- Higher private sector work in hand
- Hong Kong to remain strong
- Thailand expected to improve
- Good prospects in Malaysia, Vietnam and China
- Satisfactory revenue and profit to continue



<sup>†</sup>Including minority interests.

- Revenue similar to previous years
- Civil engineering remained major market
- Mt Owen coal mine alliance with BHP
- New work in defence, health care and corrective services sectors
- Environmental operations consolidated
- Indonesia achieved good result

- Work in hand at record level
- Renewed focus on larger, multi-disciplined projects
- Major mining projects being negotiated
- Good opportunities in Indonesia and Malaysia



<sup>†</sup>Including minority interests.  
<sup>\*</sup>Includes long-term waste \$73 million and long-term mining \$209 million.

- Operating losses down
- Sydney Casino development progressed smoothly
- Waitara residential development completed
- Edgeworth David Corporate Park now 95% leased
- Further properties sold

- Losses expected to further reduce
- Property market continues to improve
- Carefully reviewing new opportunities



- Revenue exceeded \$100m
- Volume topped 100,000 tonnes
- National expansion programme completed with new plant in Queensland and Victoria
- NSW business performed well
- WA operation doubled performance

- Queensland operation set to expand
- Actively developing long-term customer relationships
- Results expected to improve further in 1995/96



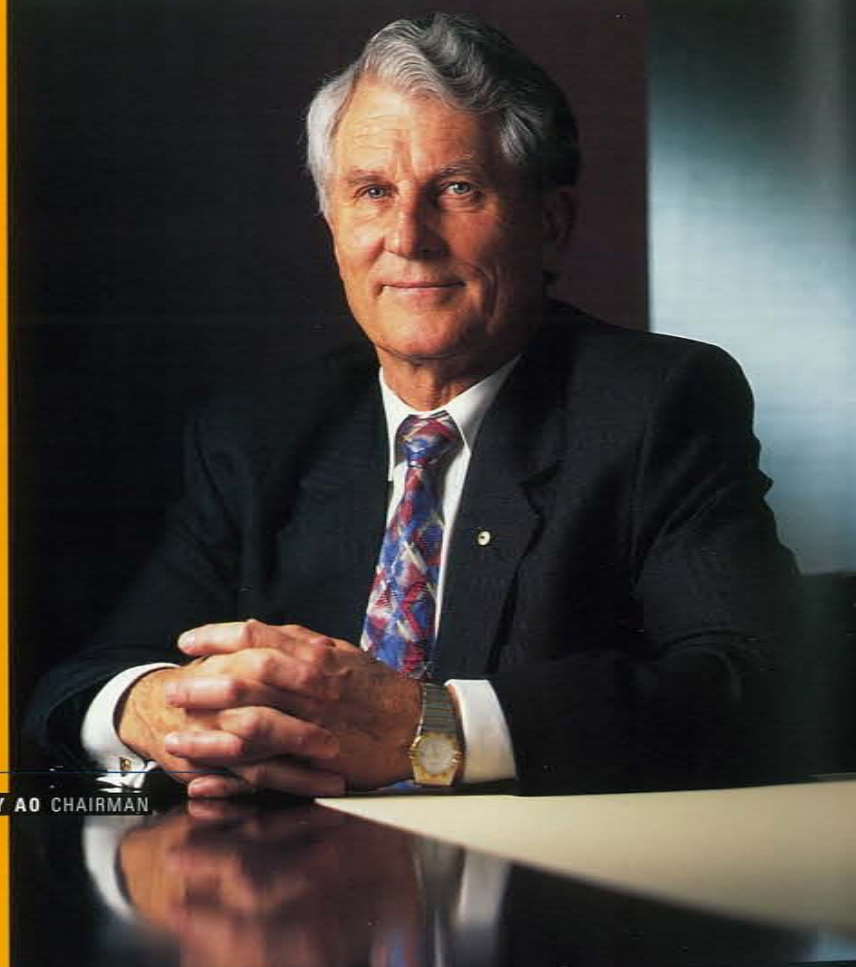
<sup>\*</sup>100% Welded Mesh values.

- Maximised process engineering opportunities with Leighton Contractors
- Controls management role on Sydney Casino
- Design management expertise strengthened
- Established links with Asian operations
- Further developed multi-media capabilities
- Expanded capabilities in project financing

- Growing technology R&D function
- Maintain technical competence
- Enhance competitive edge of Group
- Emphasis on community and government communications

<sup>†</sup>Note: Operating revenue excludes other revenue of \$83 million.

# From the Chairman



*MA Besley*

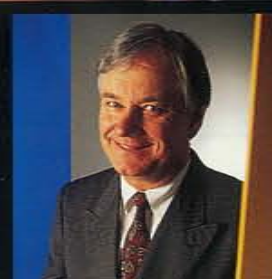
MA (TIM) BESLEY AO CHAIRMAN



RM Wylie OBE Deputy Chairman



WM King Chief Executive Officer



DS Adamsas



KL Bennett



**Over the past year, Leighton has produced record income and excellent capital growth for shareholders. The Board is confident that a further increase in revenue and profit will be achieved next year.**

**I am pleased to report a very successful year for Leighton Holdings.**

Revenue and profit again reached new highs, a 55% improvement in bottom line performance. The Group continued to outperform its industry peers in many areas with revenue and profit growth above industry averages. This has enabled your company to produce significant income and capital growth for shareholders.

The increased earnings per share, coupled with a 36% rise in the return on shareholders' funds to 14.3% after tax, has enabled the Board to recommend a further increase in the fully franked dividend from 9 cents per share last year to 12 cents for the year ended 30 June 1995. This represents a payout ratio of 54%, consistent with the Group's dividend policy and long-term objectives.

For a number of years, the Group has implemented a clear strategy of focusing on the performance of core construction activities whilst reducing the impact of under-performing areas. The success of this strategy is reflected in this year's outstanding profit result which has delivered quality earnings for shareholders.

**Australia's economic performance remains patchy in some areas.**

This will place pressure on the current account deficit and overall

balance of payments. The pace of microeconomic reform must be accelerated and industry must be unshackled from excessive regulation if Australian companies are to achieve global best practice.

Leighton's response in this difficult environment is to retain quality people, deliver technological innovation, strive for continuous improvement in productivity and cost efficiency, and develop better working relationships with clients. These activities are fundamental to the Group's competitive advantage.

**Business ethics and responsible corporate conduct remain a priority.** In recent years, the Group has been active in endeavouring to improve business and commercial practices within the construction industry. A code of ethics adopted by Leighton Contractors in 1993 was an industry first.

Similarly the Board believes that its corporate governance practices, as detailed later in this report, indicate that it already has in place responsible structures and arrangements to effect acceptable corporate governance in the interests of shareholders. These practices achieve a consistently high level of disclosure within commercially responsible parameters.

During the year, Mr Peter Cottrell AO OBE resigned from the Board due to

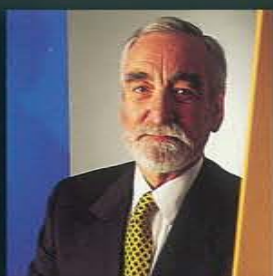
the increasing demands of other commitments. The Board extends its thanks to Mr Cottrell for his contribution. In May 1995, Mr Mark Rayner, Chairman of Pasminco Limited, Deputy Chairman of Comalco Limited, a director of National Australia Bank Limited and Mayne Nickless Limited, joined the Board as a non-executive Director. His extensive experience, including 10 years as Comalco's Chief Executive, will enhance the Board's mix of skills and capabilities. Mr Keith Bennett, Managing Director of Leighton Contractors Pty Limited, was appointed to the Board in August 1995.

**The Leighton Group is now stronger than ever before and is approaching the future with confidence.** The Group's financial, operating and management infrastructure is geared to meet the challenges and capitalise on the opportunities ahead. The Board is confident that strong growth will continue in the current year.

I would like to thank our shareholders for their continued support, and the Group's management and staff for their efforts and commitment. To my Board colleagues, I again express my appreciation for their support and counsel during the year. □



Dr H-P Keitel



PJ North



Dr B Peus



MR Rayner



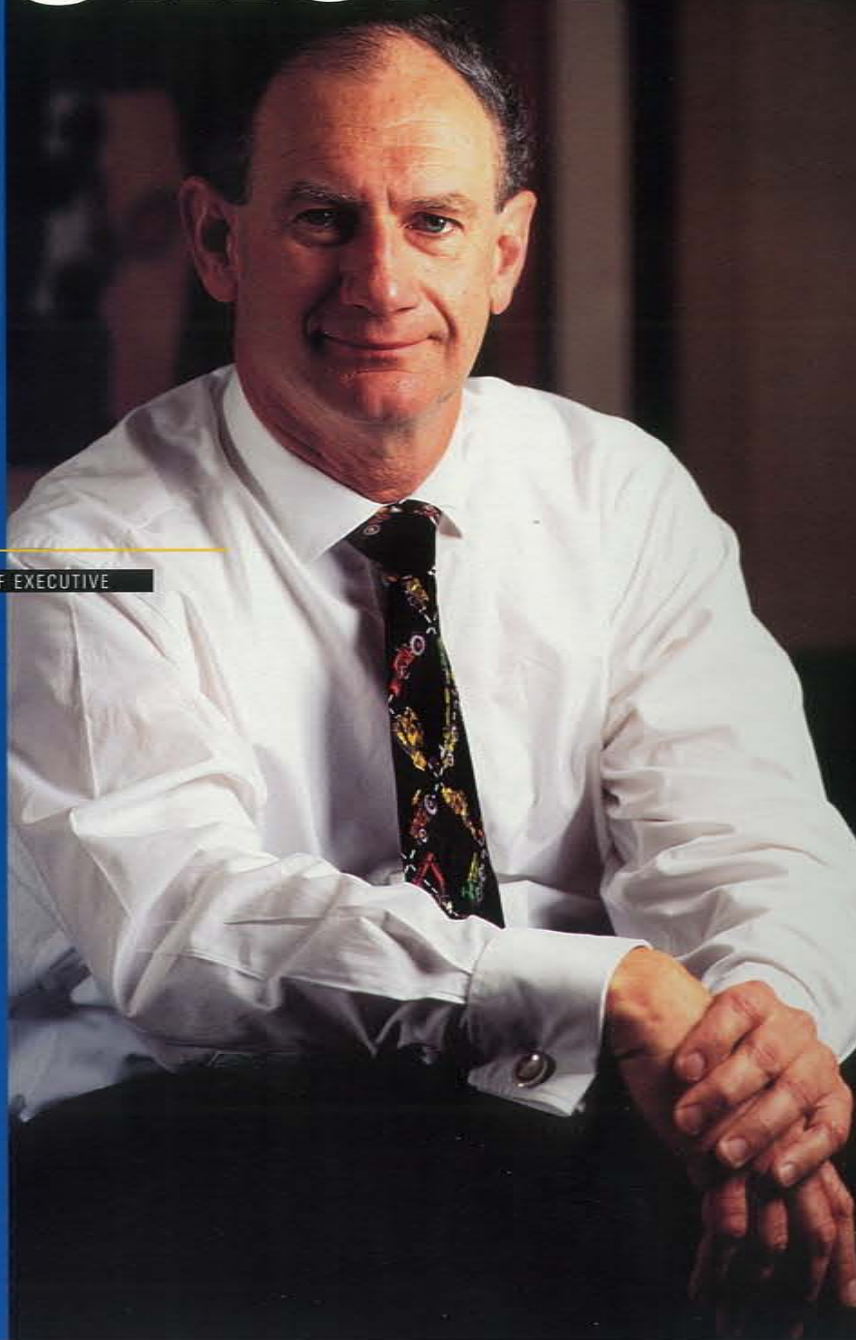
DP Robinson

# Chief

Executive's Report

*Wal King*

WAL KING CHIEF EXECUTIVE





**The Group has achieved its strategic goals and delivered a 55% increase in profit after tax. The outlook is one of growth, particularly in Australia, with the longer-term nature of much of our record forward workload underpinning the revenue base for the next few years.**

**1995 was a watershed year for Leighton.** Operating profit after tax and abnormals surged 55% to a record \$51.2 million, significantly bettering forecasts. Operating profit before tax was up 57% to \$80.2 million.

This was achieved on total revenue of \$2.03 billion, a healthy 12% increase on the \$1.81 billion reported last year. Revenue from civil engineering rose 9% to \$773 million, building was up 18% to \$431 million and contract mining gained 7% to reach \$375 million.

The excellent results were the product of disciplined management and a long-term strategy to concentrate on core business activities and reduce the impact of non-performing areas. Leighton Contractors and Leighton Asia performed exceptionally well and losses from Leighton Properties were reduced.

**The Group has attained a record level of work in hand, rising 99% to \$2.95 billion.** This is supplemented by a further \$357 million of uncompleted management contracts and \$282 million of long-term waste and mining contracts. A significant proportion of the new work consists of major projects which highlight the changing nature of the Group's business. Contracts are becoming larger and require increased commitment to financial and human resources, but provide attractive revenue streams over a longer period.

**Australian operations continued to be the primary source of revenue and profit.** Operating revenue rose

12% to \$1.42 billion and new work was secured across a wide range of market segments including health care, defence, corrective services, telecommunications, contract mining, road and rail infrastructure.

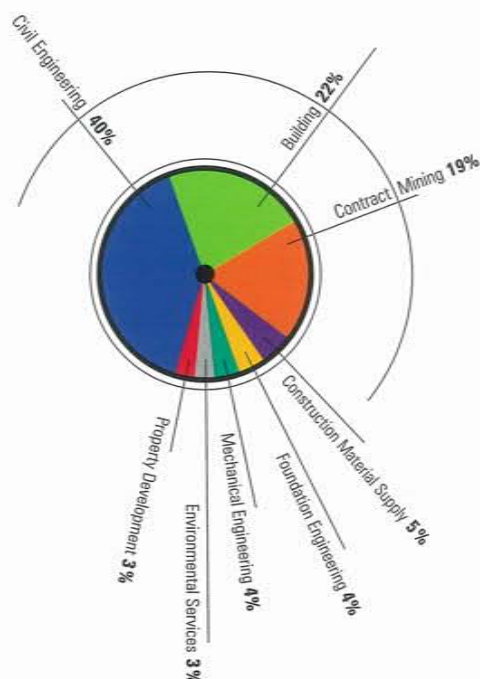
A number of long-term projects will provide opportunities to improve operating efficiencies and asset utilisation. This has particular relevance to contract mining activities, which continued to gain momentum. Capital expenditure has been directed at expanding the Group's plant fleet and should remain at current levels as operating companies invest in equipment for large scale mining projects.

Building activity, which has been sluggish for several years, has shown signs of revitalisation particularly in the areas of health care, defence, education and entertainment. During the year, the Group secured contracts to design, develop and construct the temporary and permanent facilities for Sydney Harbour Casino Ltd, including entertainment, retail, hotel and residential components.

Environmental services and construction materials supply are now established parts of the Group's business. The Welded Mesh operation produced a good result and Thiess Environmental Services maintained its position in a competitive market.

**Asian operations produced strong revenue and profit, reinforcing the significant improvements of the past two years.** Operating revenue rose 25% to \$528 million with a similar increase in profitability. Activity levels were strong in major Asian markets,

**OPERATING REVENUE BY  
MARKET SEGMENT 1995**



**OPERATING REVENUE BY  
MARKET SEGMENT \$MILLION**

	'91	'92	'93	'94	'95
CIVIL ENGINEERING	512	633	529	706	773
BUILDING	446	308	410	365	431
CONTRACT MINING	327	333	332	351	375
CONSTRUCTION MATERIAL SUPPLY	61	62	66	86	106
FOUNDATION ENGINEERING	53	50	27	34	80
MECHANICAL ENGINEERING	106	85	74	45	67
ENVIRONMENTAL SERVICES	26	34	52	66	65
PROPERTY DEVELOPMENT	29	51	27	40	51
TOTAL	1560	1556	1517	1693	1948



although high economic growth has attracted fierce competition.

Hong Kong remains the primary source of work for Leighton Asia with contracts more evenly spread between the public and private sectors. During the year, a large number of projects were completed and major ongoing projects progressed well. New contracts were won in the health care, food processing, residential and public infrastructure sectors.

The growth rate of Leighton Asia's subsidiary in Thailand has slowed from its rapid rise in recent years. Existing contracts progressed well and whilst there is a good supply of building and engineering work, Thai Leighton is carefully targeting opportunities given the aggressive pricing policies of its competitors.

The Group's strategy of geographic diversification was successful in other parts of Asia. In Vietnam, Leighton Asia is undertaking a number of projects including the new Australian Embassy in Hanoi and new work has also been secured in Malaysia.

Thiess performed very well in Indonesia. The company has a good range of work in the region including mining and related infrastructure, civil engineering, residential and golf course developments.

**Leighton's corporate strategy remains focused on construction and mining activities in Australia and Asia.** Strong financial and management infrastructure is geared to support the expansion of these activities. The management capabilities of operating companies

are constantly reviewed to ensure that the skills and capacity to support a growing workload are available.

People are the Group's most valuable resource. Training, incentives and career development are an integral part of motivating and rewarding staff. Comprehensive systems for managing and reporting on occupational health and safety assist the maintenance of standards. Similar systems for environmental management are in place to ensure that regulatory requirements are met, and community expectations are addressed.

Flexibility is important in an industry where change is constant. The Group continues to invest in the research and development of innovative engineering methods, technology and management systems. This will help strengthen the competitive position of the business, improve productivity and efficiency, and enhance profitability.

Ethics is increasingly important to the business community. The consequences of previous tendering practices, widespread in the construction industry, were again highlighted by the public inquiry into Sydney Harbour Casino's probity last year and caused a degree of adverse publicity for Leighton. The Board took formal steps to eliminate unsatisfactory practices over four years ago and Group companies strive to conform to the highest ethical standards.

**Maintaining growth over the medium-term is the challenge for Australian operations.** A number of large projects are underway and these will need to be replaced to continue revenue and profit trends. While the economy is expected to slow down in the short-term, the construction industry should continue to experience growth.

Private and public sector infrastructure development continues to present opportunities. Major road, rail, health care, defence, corrective services and telecommunications projects are earmarked for construction within the next few years. The Sydney Olympics will require considerable investment in infrastructure, and the various sporting facilities and a flow-on to tourism will boost building activity.

Vacancy rates for commercial and industrial premises have fallen in Sydney and Melbourne, suggesting renewed property investment activity in the medium-term. There is also an upswing in development of retail and tourism projects, particularly in Queensland.

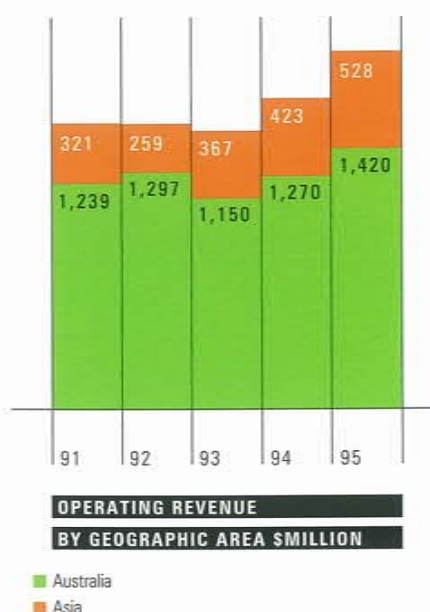
Australia's resources sector remains an integral part of the economy and growth in the major mining segments of gold, coal, nickel and iron ore is expected. The trend to contract mining will produce further opportunities.

**Prospects in Asia remain attractive with economic activity forecast to remain at high levels.** However, increasing competition and the Group's rapid expansion of recent years will result in a period of consolidation. Selecting opportunities that suit the Group's capabilities and skills will become more important.

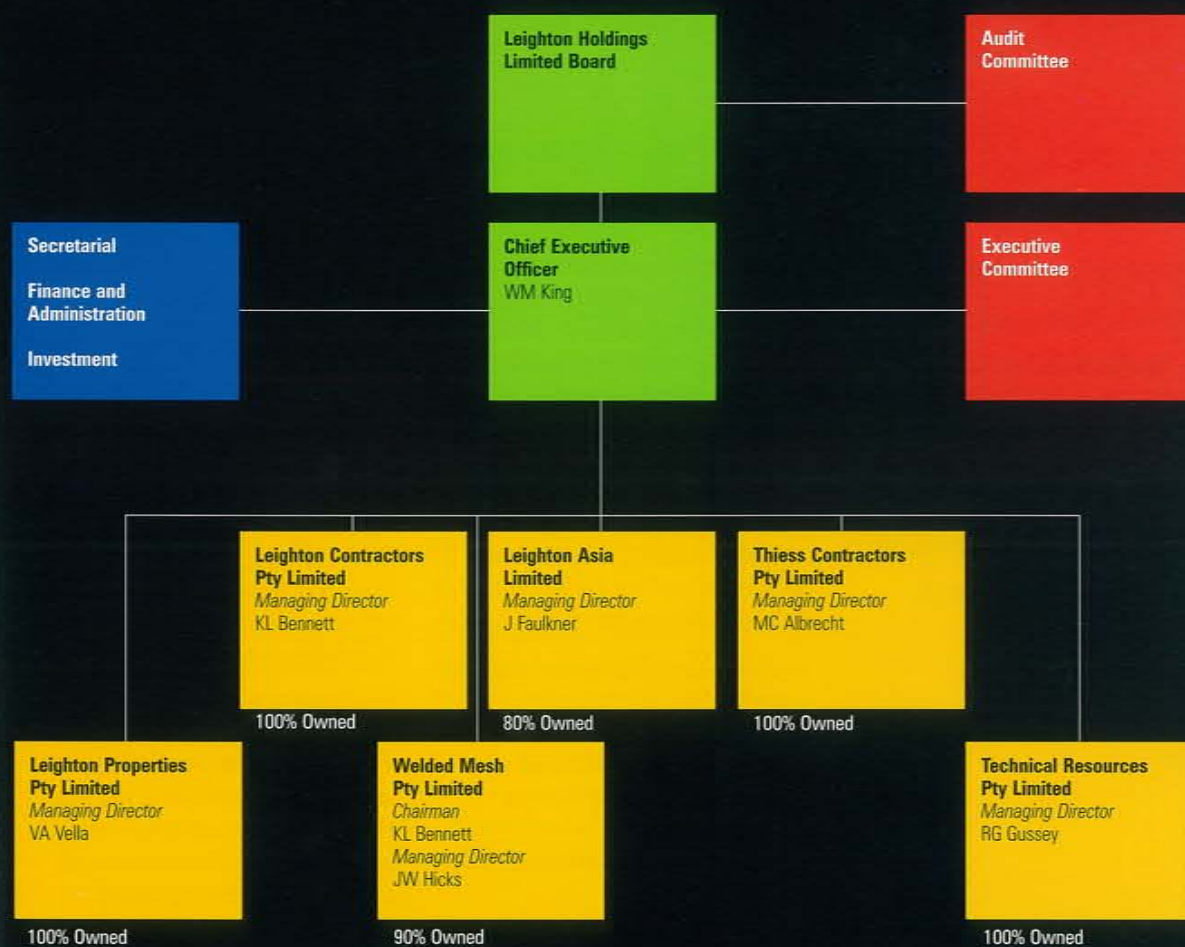
Hong Kong offers the best source of work in the immediate future, although the market will remain competitive as the wave of activity on the \$30 billion airport project passes. The building market in Thailand is highly competitive, but acceptable opportunities should increase in the next few years. Malaysia and Vietnam are justifying the high levels of business development activity, and expanding foreign investment in the growth provinces suggests that China will offer selected opportunities.

In Indonesia, mining and tourism will continue to expand with the demand for infrastructure and environmental services also increasing. Robust economic development continues to make this one of the most attractive Asian markets.

**Revenue and profit trends are expected to continue in the year ahead.** The high level of work in hand will underpin revenue and profitability over the next few years. The immediate challenge is to effectively convert this work into profit for shareholders. The Group is confident that effective utilisation of people and financial resources, combined with the disciplined implementation of successful strategies, will continue to produce good growth. □





**Leighton Holdings****Limited Board**M A Besley AO <sup>Chairman</sup>*Chairman*

R M Wylie OBE

*Deputy Chairman*

W M King

D S Adamsas

K L Bennett

H-P Keitel

P J North

B Peus

M R Rayner

D P Robinson

*Associate Directors*

M C Albrecht

J Faulkner

V A Vella

A J Moir *Secretary***Audit Committee**R M Wylie OBE *Chairman*

D S Adamsas

W M King

D P Robinson

A J Moir *Secretary***Executive Committee**W M King *Chairman*

D S Adamsas

M C Albrecht

K L Bennett

J Faulkner

R G Gussey

A J Moir

V A Vella

W H West

**Leighton Holdings****Limited Corporate****Management**

W M King BE, MEngSc,

FIEAust, CPEng, FAIM

*Chief Executive Officer*

D S Adamsas BComm

*Director, Finance and**Administration*

A J Moir FCPA, FCIS

*Company Secretary*

G E McOrist CPA

*General Manager,**Treasury*

W H West BSc(Tech),

MIEAust

*Manager, Investment*

T G Young BBus,

DipTech(Comm),

CPA, FTIA, FCIS

*General Manager-**Controller, Financial**Services*

C H Clark BBus,

ACA, ACIS

*Chief Accountant*

# Financial

**Improvements in key indicators demonstrate the increased strength of Leighton's financial position. Prudent financial management will continue to support future earnings consistent with growth.**

**Leighton Holdings improved its financial performance in the 1994/95 fiscal year.**

The ability to allocate assets to profitable areas and reduce the impact of non-performers has improved the Group's financial strength. The higher level of work in hand at year end, which includes a greater proportion of longer-term contracts, should also increase the predictability of the Group's performance over the next few years.

Key indicators of Leighton's financial strength are:

**- Return on shareholders' funds.**

Shareholders' funds increased 13% to \$358 million. The return on shareholders' funds rose to 14.3%, whilst the return on assets improved to 4.3%.

**- Percentage of gross debt to equity.**

Gross borrowings increased slightly to \$289 million or 81% of total equity, an improvement on last year. Net borrowings to total equity was 51%.

**- Interest cover.** Interest cover improved to 2 times and the ability to service and repay debt is sound. Average maturity and currency of debt is fair, with overseas borrowings matched with overseas assets.

**- Growth in dividends and retained earnings.** Strong profit growth from operations led to improved dividends and retained earnings. Dividend per ordinary share rose by 33% to 12 cents, and retained earnings were increased by 34% to facilitate expansion of Group operations.

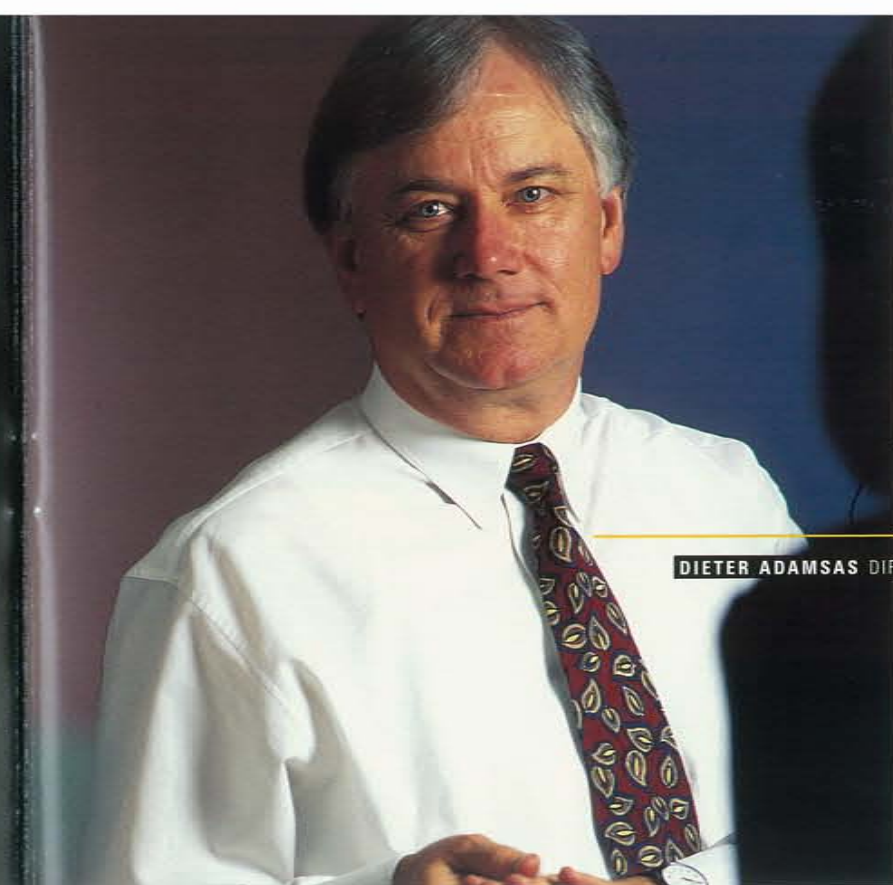
Liquidity remained sound. Cash on deposit and at bank increased to \$106 million and the level of undrawn facilities now stands at \$184 million. Capital expenditure, which is largely funded by depreciation and amortisation as well as retained earnings, was \$201 million. Expenditure was primarily on new plant and equipment, mainly in support of expanded mining activities. Plant and property sales of \$67 million were also achieved.

**The Board regularly reviews the Group's risk management guidelines which are clearly communicated to each operating company.**

Leighton Holdings is responsible for setting corporate financial objectives and controls for the five operating companies. Within the Group's decentralised structure, these companies are managed as individual profit centres with specific performance and financial goals. Each company is a separate business with its own balance sheet. Great emphasis is placed on safeguarding acceptable risks through stringent commercial risk management procedures, such as security of payment arrangements.

Every project is carefully evaluated and reviewed by line management in conjunction with senior commercial and operational staff. Project audits of construction contracts are conducted independently to ensure an objective





**DIETER ADAMSAS** DIRECTOR, FINANCE & ADMINISTRATION

analysis of performance during the contract period is obtained.

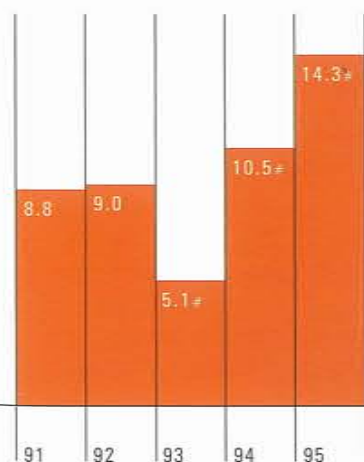
**Part of the financial management function is to ensure that monetary controls are in place and carefully monitored.** Treasury operations actively manage interest rate exposures using financial instruments such as caps and swaps. A balance is maintained between fixed and floating rates depending on the position in the interest rate cycle. In limiting foreign exchange positions, foreign denominated assets are generally matched with borrowings in the same currency.

**A key responsibility is to maintain strong relationships with debt and equity markets.** The Group's principal banker, the Commonwealth Bank, provides a good level of support. Leighton continues to develop and maintain strategic links with local and international financial institutions, which provide funding facilities through negative pledge arrangements.

Communication with the wider investment community remains a priority. Dialogue with shareholders and brokers is encouraged and these activities are managed through an active communication programme. Continuous disclosure regulations require Leighton Holdings to report

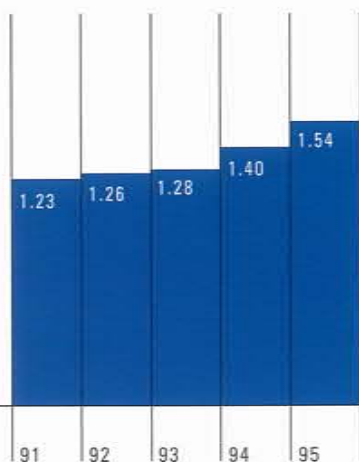
all major events which impact on the business, such as the award of major contracts, to the Australian Stock Exchange. Formalised disclosure procedures have been implemented in response to policy laid down by the Board.

**The Group's primary financial goal is to continuously improve the return on shareholders' funds.** To this end, Leighton is completing a phase of cutting non-performing areas of the business and entering a phase of sustainable growth. Prudent financial management will assist the Group to achieve consistent quality earnings from its strong level of work in hand. □

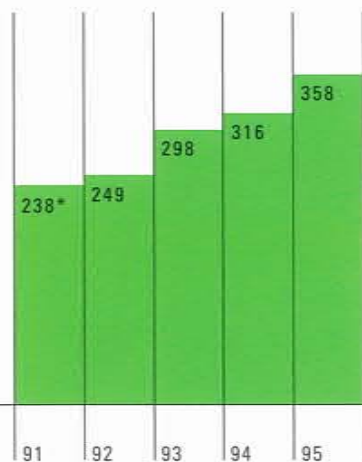


**RETURN ON SHAREHOLDERS' FUNDS %**

#After abnormals.



**NET TANGIBLE ASSETS PER ORDINARY SHARE \$**



**TOTAL SHAREHOLDERS' EQUITY \$million**

\*Includes subordinated perpetual loans.

## Special Feature

It is the ability to adapt and change which will define success in the 21st century and beyond. In the same way that bees and flowers have entered into a partnership for mutual survival, nations and individual enterprises will seek out new partnerships and new ways to service the changing global marketplace. As the Australian nation and the Leighton Group are discovering, it is just a question of evolution.

# A question of evolution

**Forty years ago,** Australia earned its wealth from commodities which were either dug up from the quarry or produced on the farm and Leighton was just another hard dollar contractor. However, the global challenges of the 21st century have forced both Leighton and Australia to develop new skills and services - and both are in the process of defining their own evolution.

Australia is repositioning itself as a nation which sees its identity and economic destiny in the Asia Pacific region. Whilst the ties to the Commonwealth are strong, they are the bonds of history rather than economic necessity.

The Leighton Group is experiencing similar change. From a hard dollar Australian contractor, it has become an international provider of multi-disciplined services. It is a transition which is not only a response to changes within Australian markets and the construction industry, but also a recognition that engineering skills, systems and disciplines can be successfully applied across all sectors of human enterprise.

In the process, the companies which comprise the Leighton Group are discovering that they are becoming specialists in the newly defined business trend of the 21st century - outsourcing.







In the 1890s, 80% of world trade was in primary products. Today, they account for barely 20% and the area of highest growth is services, which already accounts for more than 33% of all world trade. By the turn of the century, services are expected to comprise more than 50% of all world trade.

This means that Australia cannot afford to be simply a commodities seller. It must offer the world a range of value-added products and services. The issues of micro-economic reform, growth without inflation and the development of closer economic ties with Asia have emerged from the imperative to be globally competitive.

In the same way, Leighton has added value to its original commodity as a contractor.

The public may still see the hard hat and construction projects as symbols for the industry, but the civil engineering skills which provided the Group's foundation are now being applied to a broad range of services and outsourcing opportunities.

Since the 1950s there has been a steady decline in vertically integrated enterprises. The Australian automotive industry outsources many aspects of its manufacturing operations. The industry has by necessity formed strategic relationships with specialist businesses which can manufacture, on an outsourcing basis, specific parts and deliver them on time.

It is a shift in emphasis which is mirrored in nature. Some flowers still have the ability to self-pollinate but in many instances flowers have an internal mechanism which prevents self-pollination.

Cross-pollination courtesy of the outsourcing function provided by bees, birds and the elements ensures that a thousand different flowers can bloom instead of one flower reproducing itself

continuously. It is nature's way of creating strength from diversity.

Similarly, from the 1950s to the 1980s the construction industry was characterised by hard dollar contracts performed on a tender basis by construction contractors.

Now, the symbiotic relationship that is developing between clients and contractors is complex and multi-dimensional. Competition between the States, the corporatisation and privatisation of public utilities and the shedding of non-core activities by the private sector have created a new and potentially larger services market.

It is a services market which has evolved in response to the growing maturity of traditional markets and industries.

In spite of the balance of trade figures produced by governments, the reality is that it is individual companies that trade rather than nations. It means that competition between companies is not only local but increasingly global and brings with it the pressures of needing to achieve higher returns on assets and funds employed.

**To stay competitive, all companies have had to examine far more closely the question of core business activities and make the decision to outsource a number of functions to external specialist service providers.**

Companies are realising that it is better to do one thing well, grow geographically and become globally competitive than to keep adding on new activities and costs necessary for a vertically integrated enterprise.

Anticipating the changing nature of markets and client needs is driving the evolution of the Leighton Group. The basic product is still construction but understanding the client's business objectives, the delivery of quality services and the formation of strategic alliances are concepts that more accurately describe the relationship and the skills on offer.

It is the reason that the terms "construction" or "construction contractor" do not fully convey the evolution which has occurred nor adequately describe the range of services provided.

Leighton and Thiess will continue to construct roads and bridges, but their ability to provide a range of services in the health care, telecommunications, environmental, manufacturing, defence, tourism, education, retail and entertainment sectors has seen them move beyond their generic origins.

"There has been a shift in emphasis in the Group's activities over the last 10 years," says Robert Hawkins, General Manager of Management and Business Development at Technical Resources.

"The creation of Technical Resources as a specialised unit within Leighton was in response to a need to bundle up a variety of intellectual skills for access by Group companies, essentially on an outsourcing basis.

**"Outsourcing has evolved over the years and we have simply found a name for it. It merely recognises that an organisation has reached a certain stage of maturity and that by getting someone else to perform some of its functions, it can concentrate on what it defines as its core business."**

Leighton's evolution from hard dollar contractor to a provider of services had its origins in the late 70s and gathered momentum with the Brisbane Airport project in the 80s. This contract was the first time the Group found itself on the inside as managers of a major infrastructure project.

Instead of just providing the usual civil engineering functions, there was the requirement to become involved in design and construction and to manage the entire project. It meant that the end product was quality service rather than the pouring of concrete.

It also required the development of new skills to understand and meet the needs of the client.

"Contractors have always been a provider of services. What has happened is that the delivery systems have become more sophisticated," says Nick Jukes, General Manager of Operations, Thiess Contractors.

"What we are experiencing now is a massive change away from the





old ways of doing business. In the past, you went in and did a job and moved on. In the public sector the day labour force provided a certain function but those days are over.

"The most significant change which has occurred is the amount of work which is now being outsourced from the public sector. Whether it's the maintenance or operation of water and sewage systems, prisons, hospitals or toll roads, governments throughout Australia and indeed throughout the world are using the private sector to deliver public sector projects.

***"There is a real scope for contractors such as us to become outsourcing specialists. It is a question of competition and how services are provided."***

"It has required a mind-set change within our own company. The long-term contracts which were never available to contractors in the past are now being offered regularly and this opens up far more opportunities.

"When you are the operator of a toll road, you not only take the operational risk but it puts the onus on you to think about a project for a longer time frame. The issues of life cycle costs and quality become more important."

What has also become important is the ability to manage the process of change.

There are elements within Australian society which still long for an Australian past which was epitomised by the economics and social values of the 50s.

But Australia in the 90s is a multi-cultural nation which is learning that one Japanese tourist spends more money in a two week stay than the export price for a tonne of wool, 30 tonnes of wheat or more than 50 tonnes of coal.

As new services industries emerge to replace the labour-intensive industries of the 50s, new skills are being developed and old skills are being applied to new situations.

"We see the demands on our management becoming more complex in terms of the need to develop

solutions and systems," says Phil Cooper, General Manager Southern and Northern Region, Leighton Contractors.

"People don't see us as just contractors anymore. There has been a significant education process among our people. Every project manager has his own balance sheet and he has to deal with issues such as cash flow.

"Our engineers are required to understand the balance sheet of every project and work within those constraints. The flow on effect of the ability to understand the financial implications of delivering engineering services is that the client sees this happening.

***"The most important products for which we are being sought in the market place are our systems, our structures and our management plans. It is how we bring that total package together to provide the surety of outcome which is demanded of us."***

"For instance we've negotiated contract mining jobs where clients look at our tonnes per man hour and find the numbers are better than what they have ever been able to achieve. Clients are now realising that their business is not the physical act of mining, but to gain the most value from the ore body.

"We recently completed a \$100 million blood plasma project for Commonwealth Serum Laboratories. We are undertaking a de-inking project for Australian Paper, we are working on a medium density fibre-board plant for CSR, we have built a number of hospitals and we are involved in telecommunications with Optus. These projects are complex and require sophisticated management systems which integrate with the client's business philosophy and management style.

"The interesting development with Optus is that as they see the way we go about performing some of their projects, they have started to apply our quality systems and management controls to their own projects."

According to Leighton Holdings' Chief Executive, Wal King, the Group has moved further up the intellectual ladder to become a service company which can take advantage of new outsourcing opportunities.

***"We have not given away our knowledge and our skills in bricks and mortar because a lot of our work still involves that core knowledge. But unquestionably, the need to control the knowledge of how you do things becomes more important as you differentiate yourself from the pack."***

"Within the culture of Leighton, certain cells have evolved which focus on intellectual property and the way we go about doing things while others remain focused on the day to day business.

"Any organisation has to move forward and within Leighton we have learned to store knowledge and this allows us to draw on both our hard dollar and soft dollar skills," he says.

As the countdown begins to the Olympics and the



21st century, both Australia and Leighton will continue to evolve. Both have already undergone tremendous changes over the past 40 years, particularly in the manner and method by which each earns a living.

Both have diversified and value-added their original skills to become globally competitive service providers. The ability of Leighton and Australia to identify and respond to domestic and international business trends will continue to define their respective evolutions. □



OVERVIEW

STRONG PROFIT CONTRIBUTION

SIGNIFICANT REVENUE INCREASE

FURTHER IMPROVEMENTS THROUGH  
DISCIPLINED MANAGEMENT

GOOD RANGE OF NEW WORK

PROMISING PROSPECTS UP TO YEAR 2000

Contractors

# Leighton



KEITH BENNETT MANAGING DIRECTOR





By concentrating on the fundamentals of our core activities, we were able to deliver our best ever contribution to the Group. Satisfying client needs and developing productive relationships remain key elements of our business.



**John Grierson,  
Project Manager  
Wandoo Alliance  
Concrete Gravity  
Structure Project**

John brings to the Wandoo Alliance project almost 20 years of experience with the company in a variety of roles, the most recent being Engineering Manager for the massive Brisbane Convention and Exhibition Centre project.

**Ampolex  
Casting Basin,  
Bunbury Harbour,  
Western Australia**

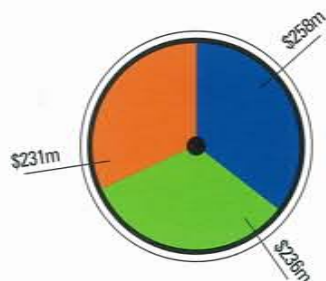


**Leighton Contractors completed another good year.** By remaining focused on core business activities, the company achieved a significant increase in revenue to \$725 million, up 25% on the previous year. Profit again improved largely through disciplined management and ongoing gains in efficiency and productivity.

The business continued to perform well across the three traditional market segments in which it operates - civil engineering, building and contract mining. As a result, revenue and profit mix was consistent with previous years. The level of work in hand increased to a record \$1.4 billion, but remains within management capacity. Whilst the Sydney Casino project had the greatest impact on this statistic, the company secured a good range of new work in all geographic operating areas.

#### OPERATING REVENUE \$MILLION

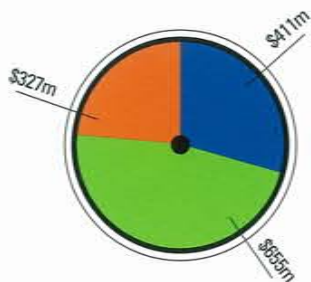
1995 Total \$725m



	'91	'92	'93	'94	'95
CIVIL ENGINEERING	138	307	209	230	258
BUILDING	231	142	160	148	236
MINING	163	122	148	204	231

#### WORK IN HAND \$MILLION

1995 Total \$1,393m



	'91	'92	'93	'94	'95
CIVIL ENGINEERING	286	123	174	139	411
BUILDING	107	126	146	109	555
MINING	161	126	217	231	327

Brisbane  
Convention and  
Exhibition Centre,  
Queensland







The company further upgraded its plant fleet as part of a controlled programme of capital expenditure. Prudent asset utilisation again underpinned a better return on funds. The practice of matching work in hand with management capacity enabled an appropriate level of service to be provided to clients.

**Leighton Contractors' strong performance culture is aimed at meeting client needs by providing practical solutions.** To do this cost-efficiently demands innovative techniques and disciplined management. Recruiting and retaining competent people and supporting them with appropriate capital, engineering and technical resources remains a priority. These factors have combined to produce a stable and productive management structure necessary to secure high

levels of repeat business and to deliver projects to clients' satisfaction.

Leighton's environment policy continues to accommodate the necessary changes required to better care for the environment. Management guidelines, consistent across the organisation, ensure compliance with changing statutory requirements and address community expectations. The company continues to work toward improving occupational health and safety conditions and maintaining a safe working environment for employees.

**Strategic alliances are an effective way of approaching projects with critical cost and time constraints.**

By forming an alliance, the participants agree to common objectives and assume a degree of risk commensurate with their role.



**Enfield  
Marshalling Yard,**  
New South Wales



**Bankstown-  
Lidcombe Hospital,**  
New South Wales



Mutual benefit is the key – if everyone performs there are profits to be shared. However, if a member of the alliance fails to perform, the chances of making a profit decrease. This balance between risk and return provides a powerful incentive to succeed. Tested commercial and operational systems, technical innovation and experienced management minimise the company's risk profile.

Leighton is a part of the Wandoo Alliance established by Ampolex Limited to develop the next phase of its Wandoo oil field off the Western Australia coast. Work has begun on an \$80 million contract for the excavation of a casting basin at Bunbury harbour and construction of a large concrete gravity structure. This structure will be floated out to sea next year to form the sub-sea base for the Wandoo oil platform.

**Contract mining made another strong contribution to revenue and profit.**

The company was awarded two significant projects, a \$90 million contract to extend the open pit Paddington gold mine for Pancontinental and an \$85 million contract to extend open pit works at Plutonic gold mine for Plutonic Resources, both in Western Australia.

Good progress was made on mining and infrastructure works at the \$173 million Mt Keith nickel mine in Western Australia, one of three major projects being undertaken for Western Mining Corporation with a combined value of \$239 million. Work also continued on the \$55 million open cut operation at Bronzewing gold mine for Great Central Mines, and on the \$21 million Lawlers gold mine for Plutonic Resources.

Gold mining contracts worth a total of \$100 million for Western Mining and Arimco NL were completed. The outlook for contract mining remains strong to the end of the decade and this market sector should continue to provide considerable opportunities.

**Building operations recorded significant achievements in the past 12 months.** One of the highlights was the completion of the \$170 million Brisbane Convention and Exhibition Centre for the Queensland



South East Arterial Freeway, Victoria

Government. Opened in June 1995, this convention facility is Australia's largest and provides Brisbane with another quality tourist attraction.

The company's major new building project is the Sydney Casino at Pyrmont. A \$555 million contract was negotiated with Leighton Properties and Sydney Harbour Casino, and work began in December 1995. The temporary Casino opened in September 1995 and the permanent Casino is scheduled to open in January 1998.

The Casino contract includes the design and construction of the hotel, apartments, retail facilities and entertainment complex. This project, which is regarded as additional to normal building workloads, is being managed by a team with significant experience in large scale projects such as the M5 Motorway and the Darling Harbour redevelopment. By structuring the Casino project as a self-contained business, all aspects of the project's performance can be monitored effectively. This has allowed us to maintain an acceptable level of risk.

The company has consolidated its reputation in specialised health care construction with the award of the \$62 million contract by the New

South Wales Government to build the 424 bed Bankstown-Lidcombe Hospital redevelopment in Sydney's Western Suburbs. This follows on from the completion during the year of two projects with a total value of \$33 million; the North West Regional Hospital at Burnie in Tasmania, and the Oncology Building at Townsville Hospital in Queensland.

**Good results were achieved on major private and public sector civil engineering projects around the country.** The outlook for infrastructure development remains very strong for the remainder of the decade, with the New South Wales, Queensland and Victorian State Governments committed to the provision of better infrastructure over the next five years.

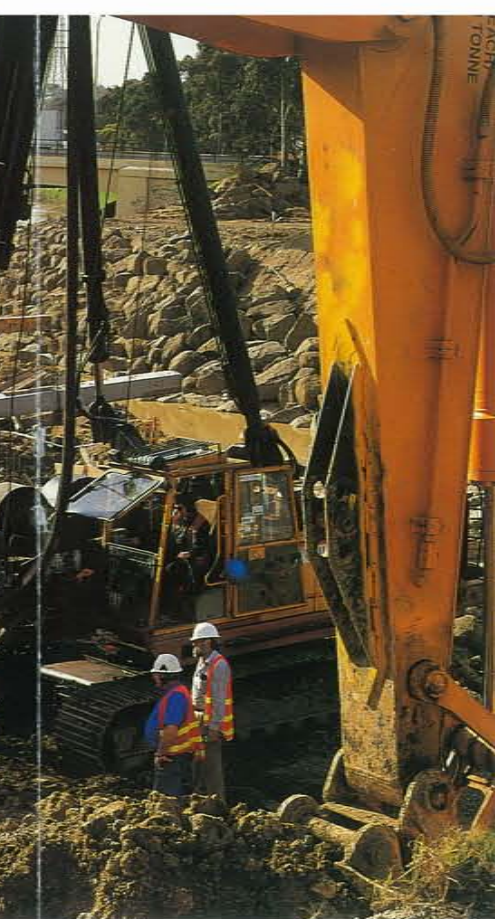
The company's three largest public sector civil engineering contracts involve transportation. In Victoria, major road projects include the \$58 million design and construct contract for the interchanges on Melbourne's South Eastern Arterial Freeway and the ongoing \$41 million Princess Freeway interchange, part of Melbourne's western ring road system. In New South Wales, work



**Tony Spink,  
Project Manager,  
Sydney Casino  
Project**

With Leighton since 1983, Tony brings major project experience gained on the M5 Motorway and the Darling Harbour redevelopment to the Sydney Casino project.





**Paddington Gold Mine, Western Australia**

is well advanced on the \$46 million contract for signal, track, ballast, wiring and building works at the Enfield Marshalling Yard for the State Rail Authority.

The partnering relationship with Optus Communications has performed well for a number of years with over \$300 million of telecommunications infrastructure work completed to date. During the year new work to the value of \$54 million was secured, including the \$34 million Adelaide to Perth fibre optic link. This relationship also has provided new opportunities, specifically a \$67 million contract for the aerial placement of coaxial cable for the Optus Vision Pay TV network.

**The outlook for the company remains promising.** Continued stability in the contract mining sector is anticipated with more resource companies realising the value of outsourcing parts of their operation. The primary impetus is still coming from gold and nickel mining, but other minerals and energy resources are becoming more accessible to contractors.

The resurgence in infrastructure development in the eastern states is gaining momentum. Federal and State Governments have earmarked funding for a number of major

projects in key areas such as transport and health care. Moves towards privatisation will provide additional opportunities.

There are signs of a recovery in building activity over the long-term. Renewed investor confidence in projects such as major hotels, commercial buildings and office accommodation is appearing as the availability of quality leasable space decreases. The tourism market is also expected to provide opportunities in New South Wales and Queensland in the run up to the Olympics in the year 2000.

The company is optimistic about the future. The record level of work in hand will underpin revenue and profitability over the next few years. Efforts continue to be directed at improving the delivery of services to clients in innovative and cost efficient ways. The company is committed to the growth and development of its core business and expects to meet financial objectives in the current year. □

#### **Board**

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

*Associate Director W A C Service*  
*Secretaries T R J Cooper, K J Steen*

#### **Senior Executives**

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



**Terry Bardon,  
Mining Manager,  
Western Australia**

Terry is responsible for maintaining long-term relationships with resource companies including 11 years of activity at the Paddington Gold Mine in Western Australia.



#### OVERVIEW

RECORD PROFIT AND REVENUE

HONG KONG REMAINED MAJOR MARKET

GOOD MIX BETWEEN PUBLIC AND  
PRIVATE CLIENTS

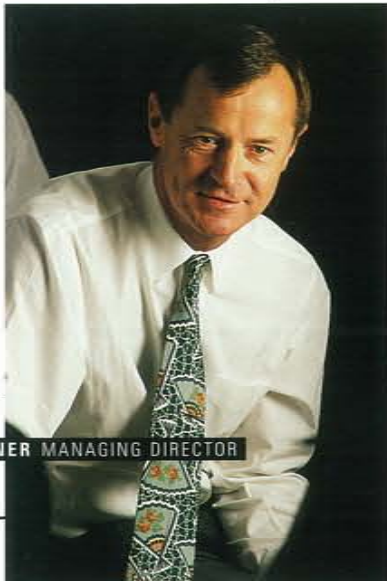
WORK IN HAND STEADY WITH NEW  
EMPHASIS ON BUILDING

THAILAND STATIC BUT GOOD PROSPECTS  
IN VIETNAM AND MALAYSIA

GOOD RESULTS EXPECTED NEXT YEAR

# Leighton Asia

A good return from Hong Kong helped us achieve our highest levels of profit and revenue. Good prospects in new geographic markets should strengthen our presence in the region.



JOHN FAULKNER MANAGING DIRECTOR



The company further upgraded its plant fleet as part of a controlled programme of capital expenditure. Prudent asset utilisation again underpinned a better return on funds. The practice of matching work in hand with management capacity enabled an appropriate level of service to be provided to clients.

**Leighton Contractors' strong performance culture is aimed at meeting client needs by providing practical solutions.** To do this cost-efficiently demands innovative techniques and disciplined management. Recruiting and retaining competent people and supporting them with appropriate capital, engineering and technical resources remains a priority. These factors have combined to produce a stable and productive management structure necessary to secure high

levels of repeat business and to deliver projects to clients' satisfaction.

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**Enfield  
Marshalling Yard,**  
New South Wales



**Bankstown-  
Lidcombe Hospital,**  
New South Wales





**BBC Relay Station,**  
Nakhon Sawan, Thailand

**Leighton Asia achieved another record performance, capitalising on the significant gains of previous years.** Revenue rose 23% on the back of another strong contribution from Hong Kong, and profit levels were better than expected. Hong Kong accounted for almost 90% of revenue, up from 77% last year. The ongoing surge in civil engineering activity was the major source of growth and helped offset a static performance in Thailand. Capital expenditure remained low and return on assets again exceeded objectives. Work in hand at \$336 million was slightly lower than the previous year.

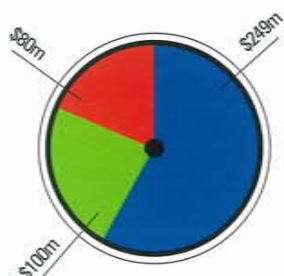
**The company's workload in Hong Kong is now evenly spread between public and private sector clients.** The \$71 million contract to redevelop the Haven of Hope Hospital at Tseung Kwan O, Kowloon, is Leighton Asia's latest project in the growing Hong

Kong health care market. Two significant private sector projects were secured following the successful completion of the \$40 million printing facility for the South China Morning Post. Work is well underway on a \$35 million food processing facility for Nestlé Dairy Farm in the New Territories and a new office complex is being constructed for Stelux in Kowloon.

An agreement between the United Kingdom and the People's Republic of China has confirmed funding arrangements for the Airport Core Programme past 1997. Progress at the new airport is well advanced and dominates Hong Kong's construction industry. Airport related opportunities remain widespread and include major civil and marine works, catering, maintenance and cargo facilities.

#### OPERATING REVENUE \$MILLION

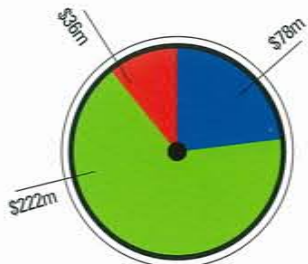
1995 Total \$429m



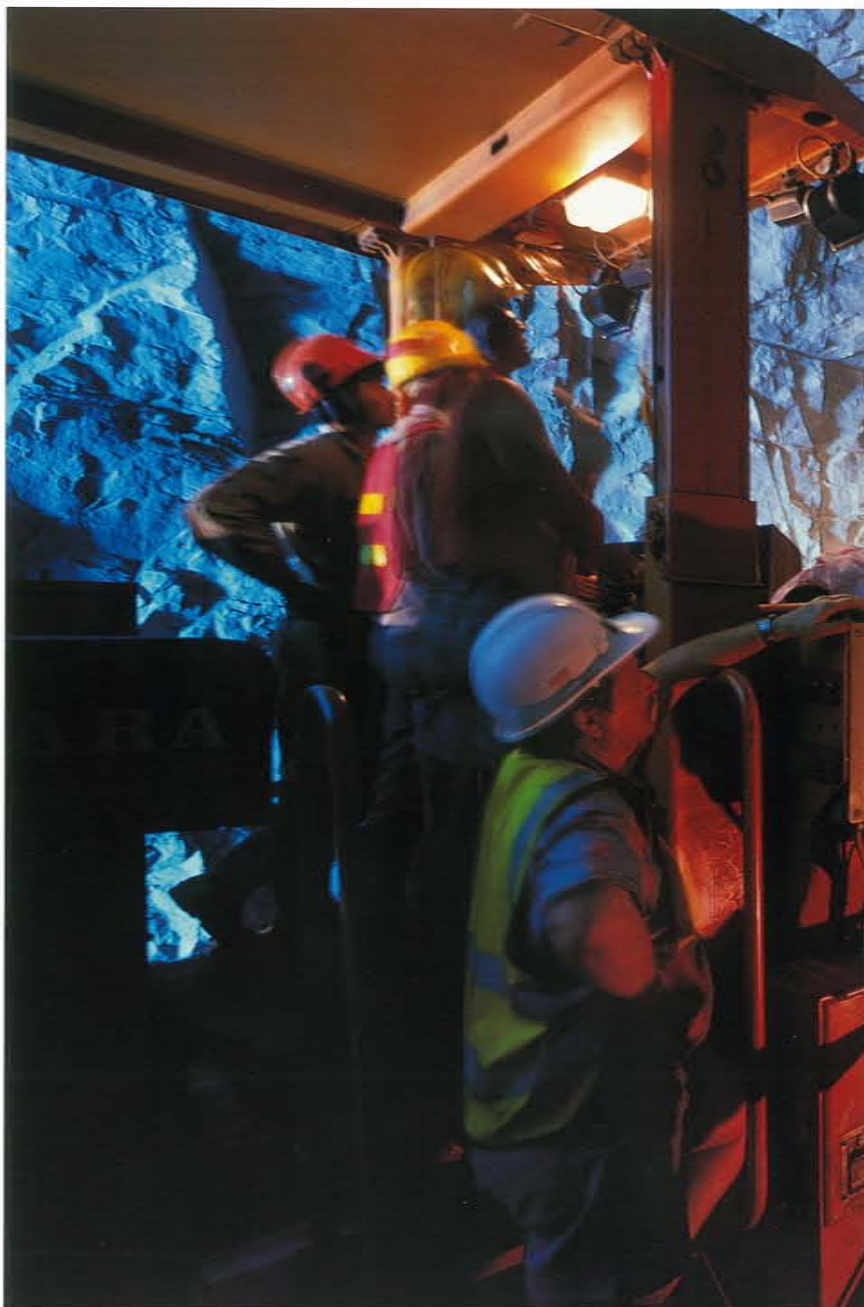
	'91	'92	'93	'94	'95
■ CIVIL ENGINEERING	109	78	109	202	249
■ BUILDING	75	55	132	114	100
■ FOUNDATION ENG	53	50	27	34	80

#### WORK IN HAND \$MILLION

1995 Total \$336m



	'91	'92	'93	'94	'95
■ CIVIL ENGINEERING	84	131	140	213	78
■ BUILDING	90	163	183	93	222
■ FOUNDATION ENG	28	11	16	54	36





For the second successive year, Leighton Asia's achievements in safety and productivity were recognised by the Airport Core Programme Safety Awards. A gold award for safety management was won for the \$88 million Tai Lam Chung raw water pipeline joint venture. The \$140 million Route 3/Lantau Fixed Crossing Interchange Advance Earthworks, completed ahead of time and on budget, received a silver award and the almost completed \$500 million West Kowloon Reclamation joint venture was awarded a bronze.

Civil engineering and infrastructure projects performed strongly. The successful completion of the centrally located \$80 million Wanchai Reclamation enhanced the company's reputation for providing innovative engineering solutions and consistently meeting time and budget objectives.

Work progressed on the joint venture to construct the Tung Chung section of the North Lantau Expressway, one of the Airport Core Programme projects, and a \$37 million joint venture with HOCHTIEF to construct an explosives storage complex for the Hong Kong Government was secured.

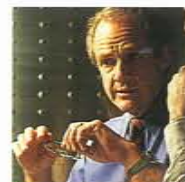
**In Thailand, a competitive pricing environment resulted in lower activity levels.** Thai Leighton's services are geared for particular segments of the market with the objective of securing a share of the available work best suited to their capabilities. To date, this strategy has achieved satisfactory returns on projects and opportunities will continue to be assessed carefully.

The building industry in Thailand offers good prospects as the private sector maintains investment levels.

The company has an \$11 million contract to construct a satellite relay station for the British Broadcasting Corporation near Bangkok, and work has commenced on the \$13 million Adriatic Palace hotel complex south of the capital in Jomtien. Since year end, Thai Leighton was awarded a \$30 million condominium project for the Supalai Group in Bangkok.

Thai Leighton increased its focus on civil engineering and infrastructure work. This commitment has resulted in a \$17 million contract to construct a pipe trestle jetty and onshore structural work for Thaioil Refinery. Privately funded infrastructure continues to generate prospects, especially in transport and low cost housing.

Ongoing relationships with experienced developers is an advantage in terms of negotiating



**Tony Atkinson,**  
**General Manager,**  
**Asia Regional**

Tony joined the company two years ago to head up the Asia Regional Division. As part of the Group's continuing growth, Tony recently relocated the Division's principal office to Kuala Lumpur, Malaysia.



**Explosives Storage,**  
**Lantau Island,**  
**Hong Kong**



new work and gaining acceptance in Thai business culture. This has helped establish a local reputation for quality and performance which is reflected in the high level of requests to tender for projects. A good example is the construction of the Amornphand office building in Bangkok, which was awarded by a company involved in the Muang Thong Bangna housing project completed by Thai Leighton in 1993.

**The strategy to extend operations into other parts of Asia gained momentum.** There are good prospects for building and civil engineering projects in a number of countries. Leighton Asia strengthened its ability to evaluate these opportunities and progress in Malaysia, China and Vietnam is encouraging.

Malaysia has one of the highest growth rates for building and engineering in South-East Asia and its stable political environment is attracting new business and investment. To accelerate business development, the division responsible for regional activities was relocated from Hong Kong to Kuala Lumpur. This has already proved successful with the award of a \$25 million contract to construct, supply and lay twin submarine steel pipelines in Penang as part of the Penang Island Water Supply contract for Pihak Berkuasa Air Pulau, Pinang.

In Vietnam, work commenced on the \$18 million management contract for the construction of the new Australian Embassy in Hanoi. Of the good range of projects currently underway, this prestigious contract has significantly raised the company's profile in the region. Lifting of the US' embargo will release financing for infrastructure projects and increase the level of private sector investment.

China remains a formative market where a number of projects have been undertaken, including the recently completed Hainan Island landfall and onshore pipeline for Saipem. To date, the approach has been cautious in this vast and varied market. Specific opportunities continue to be targeted in China's growth provinces and

Leighton Asia remains selective about the type of work it is prepared to take on. As China's business environments become more familiar, the company will slowly increase its level of activity.

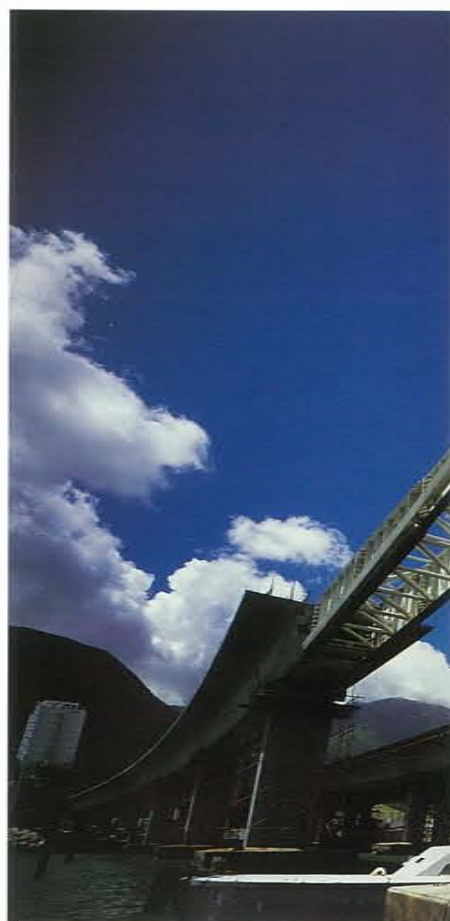
**In the year ahead, Leighton Asia expects to consolidate its position and again deliver satisfactory revenue and profits.** Since year end, instructions have been received to proceed with the design component of a major design and construct project in Hong Kong with another large engineering prospect in Malaysia. Contracts for the construction of both projects are under negotiation and may be awarded in the first half of the 1995/96 financial year. These prospects have the potential to boost work in hand to a record level.

As Asian markets mature, there will be increasing interest in the style of service and types of skills offered by Leighton Asia. The development of a strong performance culture and compatible management systems will enable the company to further improve efficiency, productivity and safety. There is a commitment within Leighton Asia to achieve consistent completion of projects on time and within budget. These factors are becoming increasingly important to developers in the region.

Key strengths continue to be a highly focused management team and the ability to apply appropriate skills and technology to a diversified range of projects in a number of countries. The company's private sector client base is expanding in Hong Kong and strategic geographic diversification will continue. In its 20th year of operation, Leighton Asia is well placed to capitalise on the numerous opportunities in the region. □



Adriatic Palace Hotel Development,  
Jomtien Beach, Thailand



Tung Chung Bridges, Hong Kong





**Amornphand Towers Office Building,**  
Bangkok, Thailand



**Haven of Hope Hospital, Hong Kong**



**Steven Wong,**  
*Project Manager,*  
**Haven of Hope**  
**Hospital**

Steven Wong joined Leighton in Hong Kong in 1987. Following various promotions within the company, he is now Project Manager for the Haven of Hope Hospital project.

#### **Board**

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

M Chung *Secretary*

#### **Senior Executives**

Leighton Asia Limited  
J Faulkner *Managing Director*  
A L Jacobs BCom, FASCPA  
*Director, Finance & Administration*  
M Chung HKSA, ACCA  
*Corporate Financial Controller*  
D G Petridge ARICS  
*Corporate Contracts Manager*  
M Chan BA *Personnel Manager*  
K M Reede BA(Comm)  
*Communications Manager*  
B Cunningham BE, MIEAust, CPEng  
*Business Development Director, Australia/Asia*

#### **Hong Kong**

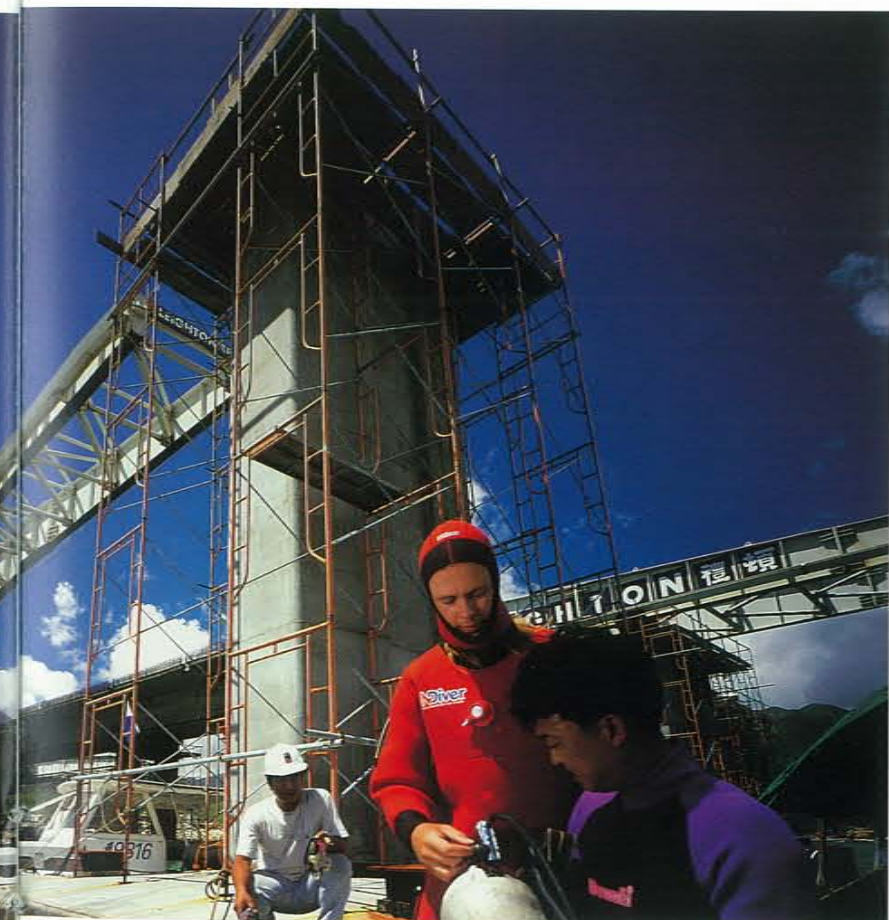
W J Wild BE(Civ), MEngSc, MIEAust  
*Director & General Manager*  
J F Nash BA(Hons), MEng(Civ)  
*Manager, Engineering & Estimating*  
P J McMorrow Assoc Highway Eng  
*Director, Civil Engineering*  
R F Grosvenor Dip Bldg  
*Director, Building*  
M J Plummer BE  
*Director, Foundation Engineering*  
P G Pollard BBus, CPA, ACIS  
*Financial Controller*  
P Blennerhasset *Plant Manager*

#### **Thailand**

W K Hamilton BE(Civ)  
*Director & General Manager*  
P E Gibney BBus, MBA  
*Finance & Administration Manager*  
S A Jones *Operations Manager*  
J V Barlass *Construction Manager, Building*  
T Meesomklin BE *Contracts Manager*  
S Despotidis BE(Civ)  
*Contract Services Manager*

#### **Asia Regional**

A V Atkinson BTech(Bldg)  
*Director & General Manager*  
G O White BE(Mech), MAIE, MIEAust, CPEng  
*Business Development Director, Malaysia*  
B Munro BE(Civ) *Manager Indochina*  
L Berezovsky MEng, MIEAust, CPEng  
*Engineering & Estimating Manager*  
A G Milligan AAIOB, MAIPM  
*Regional Manager, Vietnam*  
G U Barnes Dip(CE)  
*Manager, Business Development*





#### OVERVIEW

REVENUE REMAINED STEADY

SUCCESSFULLY SECURED LARGER, MULTI-DISCIPLINED PROJECTS

GROWING PRESENCE IN COAL INDUSTRY

AWARDED DEFENCE, HEALTH CARE AND CORRECTIONAL FACILITY CONTRACTS

ENGINEERING INFRASTRUCTURE LARGEST CONTRIBUTOR

EXCELLENT RETURNS FROM INDONESIAN OPERATIONS

*M. Albrecht*



MARTIN ALBRECHT MANAGING DIRECTOR

Contractors

# Thiess





We have secured a record level of work in hand, including significant long-term contracts, which will underpin our results in 1996.



**Ray Burnett**  
*Project Manager,  
Royal Sentul  
Highlands Project*

Ray brings to Indonesia over 30 years construction management experience within the Group. He has worked on a diverse range of projects including the Granny Smith gold processing plant and the BHP Waste Water Treatment Plant.

**Royal Sentul  
Highlands  
Golf/Residential  
Development,  
Indonesia**



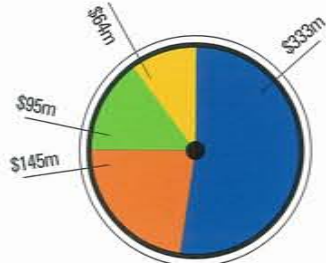




**Prince of Wales Acute Care Building,**  
Randwick, New South Wales

#### OPERATING REVENUE \$MILLION

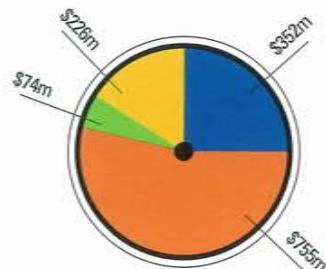
1995 Total \$637m



	'91	'92	'93	'94	'95
CIVIL/MECH ENGINEERING	279	252	251	311	333
MINING	165	218	183	147	145
BUILDING	144	120	124	103	95
ENVIRONMENTAL	26	34	53	66	64

#### WORK IN HAND \$MILLION

1995 Total \$1,407m



	'91	'92	'93	'94	'95
CIVIL/MECH ENGINEERING	154	192	206	204	352
MINING	185	268	188	251	755
BUILDING	90	75	62	51	74
ENVIRONMENTAL	22	156	211	140	226

\*Includes \$84 million in long-term waste contracts.

\*Includes \$74 million in long-term waste contracts.

\*Includes \$87 million in long-term waste contracts.

\*Includes \$73 million in long-term waste contracts.

\*Includes \$209 million in long-term mining contracts.

**Thiess maintained its position as one of Australia's major contracting companies.** Operating revenue increased slightly to \$637 million in 1994/95 up from \$627 million for the previous year. Work in hand has increased to \$1.4 billion including \$282 million in long-term waste and mining contracts. The quality of new work has positioned Thiess to achieve superior performance in coming years and reflects the company's strategy of securing larger, multi-disciplined projects.

Nevertheless, certain market segments continue to pose challenges. Margins in the mining and building sectors remain under pressure and this situation is expected to continue in the medium-term. Civil and mechanical engineering showed some improvement and environmental services has potential for growth.

**A high level of capital investment was maintained to support both existing projects and to secure new work.** While the return on funds employed decreased marginally in 1994/95, profitability is expected to increase commensurate with the higher capital base and work in hand. Thiess has one of the most modern plant fleets in Australia and is well equipped to secure further large projects, particularly in contract mining.

The emphasis on major projects is supported by a culture focused on delivering value-added services. Activities are benchmarked against industry best practice to find new ways to improve productivity and efficiency. These activities are complemented by an integrated approach to quality assurance, occupational health and safety, training and industrial relations.

**The coal industry is providing major opportunities in contract mining.**

The highlight of the year was the formation of a strategic alliance with BHP Australia Coal to develop and operate the Mt Owen coal mine in the Hunter Valley, New South Wales. The first seven years of this life of mine agreement will generate \$650 million of infrastructure engineering, mining and processing work. Thermal coal production is expected to exceed 3.5 million tonnes annually.

During the year, Thiess conducted mining operations at five projects for MIM with a combined value of \$80 million. The varied nature of works, from open cut gold mining to underground coal mining, highlight the company's multi-disciplined approach. A key aspect of this client contractor relationship is technological innovation, typified by the \$15 million contract for continuous highwall mining at the Oaky Creek coal mine in Queensland. This method has allowed the client to maximise coal extraction at minimal cost.

The infrastructure upgrade at the Kooragang Coal Terminal near Newcastle, New South Wales, is proceeding on time and budget. Contracts to the value of \$150 million were awarded by Port Waratah Coal Services. Civil and process engineering works undertaken by Thiess' joint ventures include the construction of a new conveyor system and the expansion of the coal handling facility.

**In the building market, Thiess' operations were dominated by defence, health care, tourism and correctional facility contracts.**

New work continues to be won in these areas and positive opportunities should develop in the commercial and industrial sectors.

The company's performance on defence contracts was very satisfying. Work progressed well at HMAS Waterhen in Sydney and we expect to complete this \$50 million modernisation contract in November 1996. Thiess was recently appointed managing contractor for the \$40 million upgrade of facilities at HMAS Cerberus in Victoria. These projects have enabled a strong relationship to develop with the Department of Defence and provide outstanding credentials for similar building and infrastructure work.

The company remains at the forefront of the development of correctional facilities. During the year Thiess was named preferred tenderer for a \$50 million, 600 bed men's prison at Sale in Victoria, the sixth correctional facility project in recent years.





**HMAS Waterhen  
Modernisation,**  
Waverton,  
New South Wales



**Lime Stabilisation Plant,**  
North Head,  
New South Wales



A \$70 million design and construct contract for the Ambulatory Care Clinic at Prince of Wales Hospital, Sydney, is currently being negotiated. This project is additional to the \$21 million Acute Care Services building nearing completion. These contracts contributed to a growing profile in privatised health and major hospital construction.

Thiess was awarded the design management component of the \$60 million design and construction of the Cairns International Airport redevelopment. A construction contract is expected to be finalised in the next few months.

**Civil engineering projects highlight the company's heritage as a major participant in the development of public infrastructure.** Thiess is currently constructing the two largest dam projects in Australia – a \$16 million contract to design and construct a concrete weir on the Murray River at Torrumbarry in Victoria, and an \$18 million contract for a concrete faced rockfill dam at Teemburra, near Mackay in Queensland.

Subsequent to year end we were awarded the \$47 million contract to build the Southern Brisbane Bypass extension to the Gateway Motorway. This 9.2 kilometre section of dual carriageway will link the existing motorway with the Logan Motorway to provide an integrated highway network in South-East Queensland. The project, which we expect to complete in late 1996, includes a 10 year pavement maintenance contract.

**Thiess Environmental Services maintained a strong base of ongoing revenue.** This includes \$227 million of uncompleted waste disposal contracts in Queensland, New South Wales and the Australian Capital Territory, including a long-term contract to operate the waste water treatment plant for BHP Steel at Port Kembla. The contract for the provision of maintenance services for water, sewerage and drainage systems for the Melbourne Water Corporation, continued to progress well.

A new \$13 million contract was secured to design, construct and operate a lime stabilisation system for Sydney Water at the North Head Sewage Treatment Plant in Sydney. Construction was completed in May 1995 and Thiess has commenced a three year contract to operate the facility.

**Indonesia, the primary focus of operations in South-East Asia, had an excellent year.** The major ongoing commitment is a \$158 million contract for mining and related infrastructure at the East Senakin coal mine in Indonesia for BHP Minerals.

A strong relationship with Lippo Group has resulted in two urban land redevelopments near Jakarta. The first involves the construction of a tourist village and golf course on a 250 hectare estate. The second project, Royal Sentul, is a massive 2,500 hectare development which will become a major centre between Jakarta and Bogor. The centre will include residential developments, an international school and related retail, entertainment and leisure facilities, including an international standard golf course.

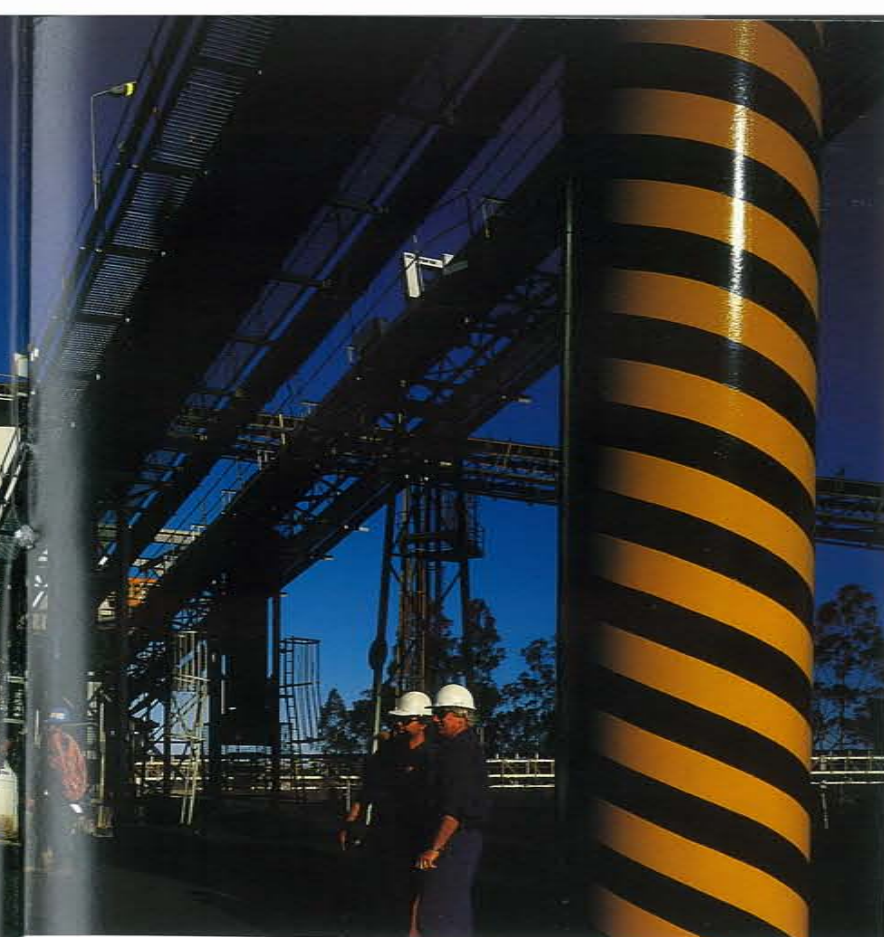
**Prospects for the year ahead are encouraging.** The high level of work in hand provides a sound basis for increased revenue and profitability in the year ahead. Concentrating on securing larger projects will enhance profitability and enable Thiess to deliver more cost effective services.

Excellent prospects exist in both Australia and Asia. The company is finalising negotiations for a coal mining project in Queensland similar to the Mt Owen development. In Papua New Guinea, a Thiess/Roche joint venture is negotiating with Lihir Gold to undertake mine development and operations over a six year period. Contracts cannot be finalised until after the listing of Lihir Gold on the Australian Stock Exchange.

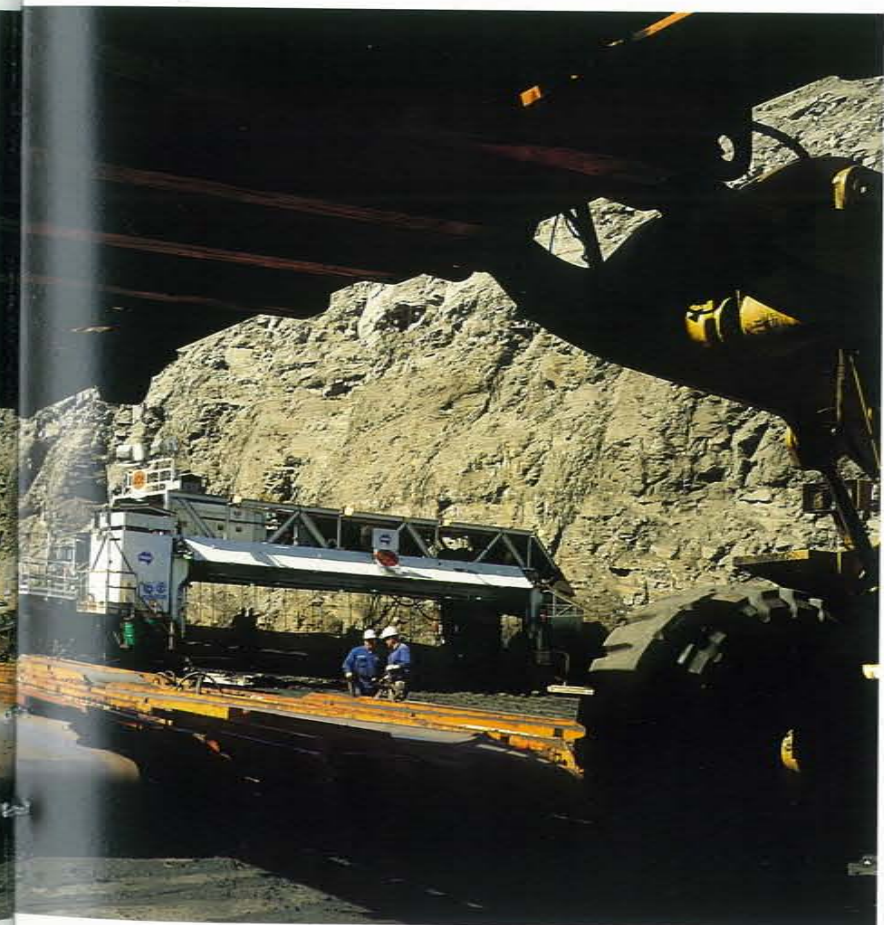
Whilst economic activity is expected to be somewhat patchy in the short-term, the availability of significant growth opportunities reinforces the strategy of targeting industries where Thiess can maximise its competitive position. □







Coal Handling and Processing Facilities Kenmare Coal Underground Mine, Blackwater, Queensland



Oaky Creek Coal Mine, Queensland

#### Board

R M Wylie OBE *Chairman*  
M C Albrecht *Managing Director*  
D S Adams  
D J Argent  
B J Campain  
A C Hardy  
W M King  
G S McDonald OBE

D J Argent *Secretary*

#### Senior Executives

M C Albrecht  
BTech(CivEng)  
*Managing Director*  
D J Argent  
BComm, CPA, FCIS  
*Director, Finance & Administration*  
B J Campain BE(Civ), MIEAust  
*Executive Director, Operations/Services*  
N N Jukes BE(Civ)  
*General Manager, Operations*  
R A Logan DipCE, BE(Civ), MEngSc  
*General Manager, South East Asia*  
R S Trundle BE(Civ), MIEAust, CPEng  
*General Manager, Qld & NT*  
R A Wilson BE(Hons), MS, PhD,  
MIPENZ, MASCE  
*General Manager, Development & Technical Services*

D A Clark BE(Civ)  
*Manager, Vic, SA, Tas*  
P A Darrouzet BBus  
*Manager, Human Resources*  
J D Davis BE(Civ)  
*Manager, Environmental Services*  
R C Durant CPEng, MIEAust  
*Manager, Process Engineering*  
R Molloy BSc(Civ)  
*Manager, Malaysia*  
A J Ransley BE(Mech)  
*Group Plant Manager*  
D K Saxelby BE(Civ)  
*Manager, NSW & ACT*  
D G Stewart BSc, BE(Civ)  
*Manager, Indonesia*  
J F Trio CPEng, MIEAust  
*Manager, WA*



**John Thorsen**  
*Manager, Mine Operations, Queensland*

John joined the company two years ago after spending nearly 15 years in various roles at Mt Thorley coal mine in the Hunter Valley. His invaluable experience in the mining sector has helped Thiess make significant inroads in the Queensland coal industry.



#### OVERVIEW

OPERATING LOSSES REDUCED

PROGRESS WITH SALES AND LEASING

SYDNEY CASINO DEVELOPMENT ON TIME  
AND BUDGET

WAITARA DEVELOPMENT COMPLETED  
AND 40% SOLD

ST KILDA ROAD PRODUCING  
SATISFACTORY RENT RETURNS

OUTLOOK CONTINUES TO IMPROVE

# Leighton Properties



VYRIL VELLA MANAGING DIRECTOR

#### Management Committee

V A Vella *Managing Director*

D S Adamsas

B W Clark

W M King

D P Robinson

B W Clark *Secretary*

#### Senior Executives

V A Vella BSc, BE(Hons) MEngSc

*Managing Director*

J C Barrett ARICS, AVLE (Val)

*Development Manager, Victoria*

R H Borger ASLE

*Development Manager, Queensland*

B W Clark ASA, DipTech(Acct)

*Commercial Manager*

M C Gray BSc(Arch), BArch(Hons)

*Manager, NSW Projects*

A J Jolly BE(Chem), MBA

*Casino Development Manager*





**Progress was made in sales and leasing, and operating losses were further reduced. The Sydney Casino development is progressing well and the outlook for the property market is improving.**



**Leighton Properties significantly reduced operating losses over the past year, despite fluctuating investor confidence in the property market.** Sales of \$16 million were achieved. In the first half of the year, sales and leasing activities were buoyed by a modest resurgence in investor confidence which saw reasonable growth in industrial, residential and commercial activity. Interest rate rises, together with a tapering in economic activity in the second half, subdued progress in sales and leasing toward year end. The strategy of reducing the existing property portfolio whilst identifying promising development opportunities within Group operating guidelines, will continue.

**The development of Sydney Harbour Casino remains the company's top priority.** Prior to the award of New South Wales' only casino licence in December 1994, Leighton Properties liaised closely with Showboat Australia to prepare development applications, formulate budgets and pricing, manage the design and arrange project financing. Since then, the company's role has included the co-ordination of construction activities and the development of retail, residential and entertainment aspects of the Casino complex. The total value of this project development work is \$700 million over three years.

The temporary Casino was completed in September 1995. Progress on the permanent Casino and associated hotel, residential, retail and entertainment facilities is on time and budget for a January 1998 opening.

**Significant progress was achieved on a number of other projects.** Stages two, three and four of the 72 unit residential development at Waitara in Sydney were completed and about 40% of the units sold. Buyers were found for the last of six units at the industrial complex on Gardeners Road in the inner Sydney suburb of Alexandria.

The occupancy level of Edgeworth David Corporate Park at Hornsby, in Sydney's north, has reached 95%. Increased business activity in this well located area led to renewed interest in plans for an adjoining commercial office project. In Melbourne, the St Kilda Road office building is 98% leased and producing satisfactory rental revenue.

In Brisbane, three of the five units in the Interlink business park development at Milton were sold with options pending to sell the remaining two units. Sales at the Eden's Landing residential development in the south-east corridor between Brisbane and the Gold Coast performed well. The final stage of this 10 year project is set to commence and the remaining 100 residential lots are expected to be developed and sold within 18 months.

**The outlook for Leighton Properties continues to improve.** Renewed economic growth is likely to revive the property market as it did at the beginning of last year. This will increase the likelihood of further progress on a number of key development, sales and leasing projects such as the site at 80 Pacific Highway, North Sydney. The vacancy rate in North Sydney has fallen considerably in the past year and we expect demand for prime office accommodation to gather momentum. The company has held preliminary discussions with several parties.

As major property projects come forward, the company's ability to provide integrated project management and development services, backed by the financial resources of the Leighton Group, will deliver significant advantages for securing new work. □



#### OVERVIEW

STEADY GROWTH IN REVENUE AND PROFITABILITY

PRODUCTION TOPPED 100,000 TONNES

MARKETS AND PRICING STABILISED

NEW FACILITIES IN QUEENSLAND AND VICTORIA OPENED

STRONG DEMAND FROM WESTERN AUSTRALIA MINING INDUSTRY

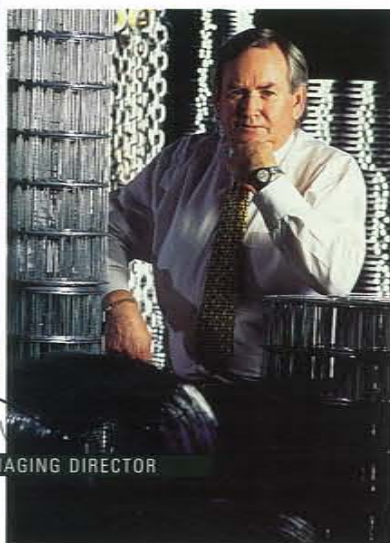
ADDITIONAL FOCUS ON STAFF TRAINING AND CUSTOMER SERVICE

Mesh

# Welded

*John Hicks*

JOHN HICKS MANAGING DIRECTOR



**Increased non-residential construction activity underpinned another solid result. With plant and distribution facilities in all major Australian markets, we are well positioned to provide better levels of service to our customers.**

**Welded Mesh passed a number of milestones in its 10th year of operation and achieved another strong performance.** Revenue in excess of \$100 million was generated for the first time, a 16% increase on the previous year. As forecast, production volume topped 100,000 tonnes. Profitability showed steady growth as key markets stabilised, and increased levels of construction activity look set to underpin a stable price environment. A programme of controlled expansion was completed with the commissioning of major plant facilities in Queensland and Victoria totalling more than \$17 million.

**Further growth in business investment offset the decline in housing activity.** Commercial building, mining and infrastructure projects were chief sources of revenue. A national distribution franchise from BHP was secured, whereby standard bar and rod products are transformed into processed bar and wire for mesh production to suit individual customer requirements.

In Victoria, where the economic recovery continues to gain momentum, major building and

infrastructure projects contributed to increased volumes and steady profit growth. This situation should continue for several years. As a consequence, the factory in Victoria was expanded and a \$2 million wire rolling facility was commissioned. This facility has increased both production capacity and flexibility, enabling the production of finer gauges of higher value wire for products such as galvanised mesh. It has also resulted in reduced production costs whilst improving productivity. These initiatives are expected to lead to increased revenue and profitability over the next few years.

In New South Wales, the business performed well, despite the cautious investment environment. Again, an improved product range and increased productivity were the main contributors. Prices and margins stabilised and are showing some signs of improvement as new projects come on line. The outlook for the State is encouraging, spurred over the longer-term by growing investment in infrastructure projects for the 2000 Olympics. The business also won a number of new export contracts for





Materials supply  
to Concrete  
Constructions'  
Silverwater Road  
Extension Project,  
New South Wales

wire mesh in the Pacific, notably for housing in Fiji.

In Queensland, new premises in Brisbane were completed in August 1994 and a new mesh machine was commissioned in September 1994. As a result, production capacity has more than doubled in the first full year of operation. While establishment costs of the Brisbane plant affected profitability in 1994/95, the business is well placed to expand rapidly in Queensland. The State is expected to become a major market to rival New South Wales and Victoria over the next few years as significant infrastructure projects come on stream and the building and mining sectors continue to expand.

Western Australia provided a major boost to revenue and profits, more than doubling its performance from the prior year. This was due largely to success in the mining industry, where a strong market for wire mesh as an overhead reinforcement in underground mines was established.

**Reinforcing remains the core business, accounting for about 90% of production.** However, in the past year, demand for bar and reinforcing mesh remained stable while production of industrial mesh products increased substantially.

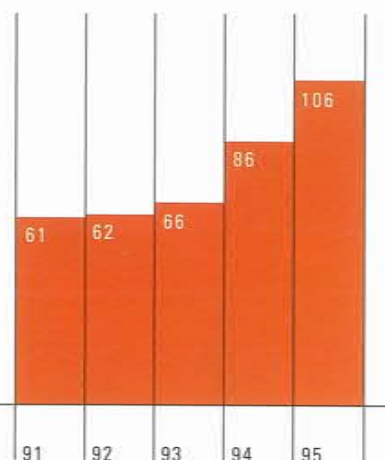
Modest development of new products and alternative applications is planned to maximise the company's

investment in the latest technology. For example, a ribbed wire mesh is being produced which is preferred to steel bar for certain forms of construction. This innovation is another example of Welded Mesh consistently refining its business to retain its competitive edge.

**Capital expenditure, which was directed towards capacity expansion and process improvements, has led to increased productivity.** This was complemented by a highly productive industrial relations environment. Two year enterprise agreements were negotiated at all of our factories reflecting a cooperative approach between management and unions.

**Providing superior levels of service to customers is the key to sustainable growth.** To support further growth as a national supplier of diversified mesh products, it is important that long-term relationships with customers are developed and maintained. All staff will undergo additional customer training so that they are equipped to understand customer needs and provide a consistently high level of service. This policy will be especially beneficial to new employees, following the 30% increase in staff over the past year.

These initiatives, augmented by increased capacity and product innovation, will provide a platform for further increases in revenue and profits in the coming year. □



REVENUE TOTAL COMPANY  
OPERATIONS \$MILLION

#### Board

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

T R J Cooper *Secretary*

#### Senior Executives

J W Hicks *Managing Director*  
J S Linstid *Chief Financial Controller*  
P J Scott *NSW Manager*  
R E Brown *Victoria Manager*  
C P VandePeer *WA Manager*  
J R Shannahan *Queensland Manager*  
D J Crestani *National Marketing Manager*



## OVERVIEW

ONGOING ROLE WITH SYDNEY CASINO  
PROCESS ENGINEERING SUCCESS WITH  
LEIGHTON CONTRACTORS AND CSR  
INCREASED DESIGN MANAGEMENT  
CAPABILITIES AND EXPERTISE  
STRENGTHENED LINKS WITH ASIAN  
OPERATIONS AND AUSTRALIAN BUSINESS  
RESPONDED TO GROWING NEED  
FOR COMMUNICATION SKILLS  
INTRODUCED MULTI-MEDIA TECHNOLOGY  
RENEWED EMPHASIS ON TECHNOLOGICAL  
RESEARCH AND DEVELOPMENT

Resources

# Technical



BOB GUSSEY MANAGING DIRECTOR

**Technical Resources is an ongoing investment in the future of the Leighton Group. Our products and services are designed to contribute to the overall profitability of the business.**

**Technical Resources is helping to position the Leighton Group as it moves into a new phase of growth.**

Professional staff provide a range of services designed to enhance the development of the Group's competitive advantages and technical competence. By being attuned to and analysing industry trends, the needs of Group operating companies and their clients, Technical Resources is able to assist the operating companies define better ways of doing business and deliver tangible benefits to the bottom line.

**The challenge ahead is to assist the Group maintain momentum.**

The significant increase in the Group's workload has resulted in a corresponding demand for Technical Resources services, experience and expertise. It has also placed greater emphasis on the company's ability to plan for the future. This emphasis on research and development has always been a feature of Technical Resources and is critical to the ongoing success of the Group in an increasingly sophisticated and competitive environment.

**The process of continuous development underpins all Technical Resources activities.**

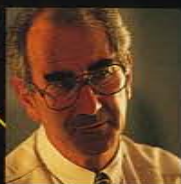
The common denominator with all development activities is to improve the capabilities, efficiency and productivity of Group businesses at an operational level. The development of management systems in areas such as quality, the environment, design and estimating has led to a more disciplined and efficient project management capability within Group operating companies.

Technical Resources is also investing in the research and development of information technology to ensure the efficient application of available and future construction related technologies.

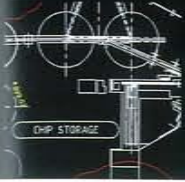
**The demand for innovative products and services is increasing.**

Servicing Group companies in a support, collaborative or directional role is a function of all disciplines within the company. Technical Resources initiated the completion planning process for the temporary Sydney Casino. By working with Sydney Harbour Casino, Leighton Properties and Leighton Contractors all advantages,





Technical Resources provides expertise in process engineering and controls management to Group companies servicing clients in the manufacturing industry. Our experience and technical skills are being applied to the CSR medium density fibreboard plant in Oberon, New South Wales, in support of Leighton Contractors.



disadvantages and cost implications for timely and planned completion were identified allowing key decisions to be made confidently.

**For Technical Resources, good communication is a product as well as an essential part of doing business.**

Over the past 12 months, the company's communication capabilities were applied to issues management for Group companies on the Sydney Casino project, Leighton Holdings' investor, government and public relations programmes, and preparing media relations guidelines for Thiess Contractors. The latest presentation technologies are currently being utilised, and the application of multi-media capabilities will be explored further in the coming year. Community relations, particularly on large projects, is another area which is being developed to assist operating companies manage an increasing range of responsibilities.

**Process engineering work for the manufacturing sector has increased significantly.**

Technical Resources helped Leighton Contractors secure new process engineering opportunities, including a waste paper recycling centre for Australian Paper in Melbourne and CSR's medium density fibreboard plant in

Oberon, New South Wales. Leighton will construct and commission the plants with Technical Resources supplying the project director and technology rights on the Australian Paper project, and process engineering services and controls engineering on the CSR project.

**Strengthened links with Asian operations will enhance the company's ability to add value to projects and relationships.**

Leighton Asia now has staff working from Technical Resources' offices to facilitate partnerships with Australian based companies investing in Asia. They also provide the local point of contact for the Australian Embassy project in Hanoi, Vietnam. The advantages of this link between Technical Resources and Leighton Asia include synergy of activities, greater levels of support, improved efficiencies in business development and tendering, and enhanced communication.

**With the Group's record level of work in hand, risk management is receiving additional emphasis.**

Reducing and controlling the risk profile of operating companies on individual projects is an area in which Technical Resources provides a wide range of expertise.

On the recently completed Brisbane Convention and Exhibition Centre, Technical Resources assumed an

**Board**

R G Gussey *Managing Director*  
R E Alexander  
P Bingham-Hall  
R L Hawkins  
R D F Hunter  
W M King  
N A Sallustio

**Senior Executives**

R G Gussey CPEng, FIEAust, MICE, MNZIPEng, MAIB, AAI Arb *Managing Director*  
R E Alexander BE(Hons), MEngSc, FIEAust *General Manager Design Services*  
G R Andrews BE(Hons), MIEAust *Technical Computer Services Manager*  
P Bingham-Hall BA(IndDes) *Group Manager, Corporate Affairs*  
G S Donald BSc, BE PhD *Technology Manager*  
R L Hawkins BArch(Hons), ARAIA *General Manager, Management & Business Development*  
R D F Hunter BArch, MSc(Bldg) *Proposals and Design Director*  
J M Malouf *Group Information Manager*  
M K McAuley BA(VisCom) *Corporate Design Manager*  
I A Scouler BE(Hons), MIAust, CPEng, MAIPM *Project Services Manager*  
D R Stitt Dip(M&E)Eng *Industrial & Process Engineering Manager*

active role as project director and liaised with the Queensland State Government, conducted project audits, initiated the completion planning process, and developed and implemented a communication programme that focused on community issues. The bottom line benefits included increased client satisfaction and project profitability.

Over the next 12 months, Technical Resources' personnel will be engaged in project audits and controls management on a range of projects including the Sydney Casino, CSR Oberon and the Wandoo Alliance for Leighton Contractors, and the Mt Owen coal mine for Thiess Contractors.

**The Group's progression from hard dollar contractor to a leading provider of business and contracting services will continue.**

In the year ahead Technical Resources will concentrate on continuously improving the Group's level of performance across all aspects of its business. By increasing sensitivity to markets and client needs, the company will enhance the Group's ability to secure and negotiate new and repeat business. These efforts will help the Group maintain revenue and work in hand growth and attain maximum profitability. □





**The investment in Sydney Harbour Casino has been added to our portfolio and progress was made in winding down US activities.**

## **Ipcos International Limited**

Ipcos International achieved good progress on major infrastructure projects in Malaysia, Indonesia, Thailand and Nigeria during the year to June 1995.

In Malaysia, Ipcos completed the construction of the privatised port and ancillary facilities for the Lumut Maritime Terminal which was officially opened in July 1995.

The second stage of the Cikarang Power Station in Indonesia and the gas pipeline project for the Petroleum Authority of Thailand also contributed to revenue for the year.

In Nigeria the Bonny Export Terminal for the Nigerian National Petroleum Corporation is well underway with other projects for the same client drawing to a conclusion.

Ipcos continues the development of major infrastructure opportunities in China and Colombia on a build, own, transfer basis and is pursuing other turnkey construction opportunities.

## **Sydney Harbour Casino Limited**

Sydney Harbour Casino Limited was successfully floated on the Australian Stock Exchange in June 1995. Leighton has a 5% interest in this company, comprising 25 million ordinary shares, as well as a 15% interest in the casino management company. Both holdings are held in trust for Leighton by National Mutual Trustees, along with 37.45 million options exercisable in 1998 at \$1.15. The company's 5% interest in Sydney Harbour Casino Limited is carried at \$25 million, representing 25 million shares at the original purchase price of \$1 per share.

## **Interlink Roads Pty Limited**

Leighton's investment in Interlink Roads Pty Limited was retained at previous book values. Interlink Roads, 50% owned by Leighton Contractors Pty Limited, has a 30 year concession to build, operate and maintain the M5 Motorway in Sydney's south west. The company continues to perform in line with expectations.

## **Green Holdings Inc.**

Progress was made in closing down operations. No resolution was achieved on major contractual claims in the 1994/95 financial year. Claims against the US Government insurance agency, OPIC, for payment for bauxite mining work completed in Guyana, were the subject of an arbitration hearing and were recently referred to an international forum. No resolution is expected in the next 12 month period due to the lengthy legal processes involved. However, the remaining contract at Rifle, Colorado, will be largely completed this calendar year.

Leighton entered the US construction market in 1983 with a 50% shareholding in Green. In a competitive environment, the company's performance proved unsatisfactory. As part of the Group's strategy of cutting non-performing areas, steps were taken in 1993 to exit this market. This process is continuing, but a number of contractual issues remain unresolved and final resolution will take a number of years. □



**The Leighton Board has the responsibility for ensuring the Leighton Group is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with the Group's responsibility to meet its obligations to all parties with which the Group interacts. To this end the Board has adopted the following policies and practices:**

## 1. The Board

The Leighton Board is responsible for the overall corporate governance of the Leighton Group including determining strategic direction, establishing goals for management and monitoring the achievement of those goals. Information about each present member of the Board is set out on page 48 under the heading "Directors' Resumes". The Company has presently 7 non-executive Directors and 3 executive Directors in conformity with the Board's policy that the Board have a majority of non-executive Directors. The Chairman is a non-executive Director. HOCHTIEF is represented on the Board by three non-executive Directors, namely Messrs H.P. Keitel, B. Peus and D.P. Robinson. Details of the rights of HOCHTIEF Limited regarding Board representation are set out at page 49 under the heading "HOCHTIEF Relationship". It is the Board's policy that the Chairman and Chief Executive Officer should assess and make recommendations to the Board regarding the membership of the Board including proposed new appointments (including appointments proposed by HOCHTIEF Limited).

## 2. Appointment and Retirement of Non-Executive Directors

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

## 3. Directors' Access to Independent Professional Advice

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

## 4. Audit Review

An Audit Committee was established by the Board in June 1990. The functions of this Committee include:

- assist the Board in the discharge of its responsibilities in respect of the preparation of the Group's financial statements and the Group's internal controls
- recommend to the Board nominees for appointment as external auditors
- review the performance of the external auditors
- provide a line of communication between the Board and the external auditors
- examine the external auditors evaluation of internal controls and Management's response.

The current members of the Audit Committee are Messrs R.M. Wylie (Chairman), W.M. King, D.S. Adams and D.P. Robinson.

## 5. Review of Compensation Arrangements

The principal functions of the Remuneration Committee established by the Board include:

- review and approve the remuneration of the Chief Executive Officer and other senior executives who report directly to the Chief Executive Officer
- review and make recommendations to the Board regarding:
  - the remuneration policies and practices for the Group generally including participation in the incentive plan, share scheme and other benefits
  - superannuation arrangements.

The current members of the Remuneration Committee are Messrs M.A. Besley (Chairman), W.M. King and H.P. Keitel.

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

The allocation of individual remuneration for non-executive Directors out of the total amount approved by shareholders is determined by the executive Directors.

The Company's present policy is to pay retirement allowances to non-executive Directors within the limits permitted under the Corporations Law.

## 6. Identification and Management of Significant Business Risk

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

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

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

- regular monthly reporting to the Board in respect of operations, the financial position of the Group and new contracts
- presentations made to the Board or Committees of the Board throughout the year by appropriate members of the Group's management team (and/or independent advisers, where necessary) on the nature of the risk and details of the measures which are either in place or can be adopted to manage or mitigate those risks
- any Director may request that operational and project audits be undertaken by the Company's subsidiary, Technical Resources Pty Limited.

## 7. Board Committees Generally

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

- be chaired by a non-executive Director
- generally be constituted with at least half the membership being persons who are non-executive Directors
- be entitled to obtain independent professional or other advice at the cost of the Company; and
- be entitled to obtain such resources and information from the Group, including direct access to employees of and advisors to the Group, as they may require.

Board Committees operate in accordance with terms of reference established by the Board and report to the Board.

## 8. Annual Review

It is the Board's policy that the Board should at least annually:

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

## 9. Equity Participation by Directors

The Articles require Directors to hold at least 1,000 shares in the Company but additional shareholdings by Directors are encouraged.

A policy has been adopted which restricts the times and circumstances in which Directors and senior executives may buy or sell shares in the Company. These are for specified short periods after announcements are made to the Stock Exchange of the half yearly and preliminary final results and after the Annual General Meeting.

## 10. Ethical Standards

Leighton recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity. The Board has adopted a Code of Ethics which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions. A key element of that Code is the requirement that officers and employees are expected to act in accordance with the law and with the highest standards of propriety. The Code and its implementation are to be reviewed each year.

A copy of the Code of Ethics is available to shareholders on request.



**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 6.5 cents per share, if approved at the Annual General Meeting on 2 November 1995, will be paid on 3 November 1995. For Australian tax purposes the dividend will be fully franked at 33% corporate tax rate. Overseas shareholders will benefit by having no Australian withholding tax deducted from their franked dividends.

**Dividend Reinvestment Plan** Through the Leighton Dividend Reinvestment Plan, shareholders may reinvest all or part of their dividends to acquire additional shares with no transaction costs and at a 5% 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) 9925 6672 or Coopers & Lybrand on the above enquiry line.

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

If you have not already done so, a Tax File Number Notification form or Tax File Number Exemption form should be completed for each holding and returned to our Registrars, Coopers & Lybrand, Locked Bag 14, Sydney South Post Office, Sydney NSW 2000.

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

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

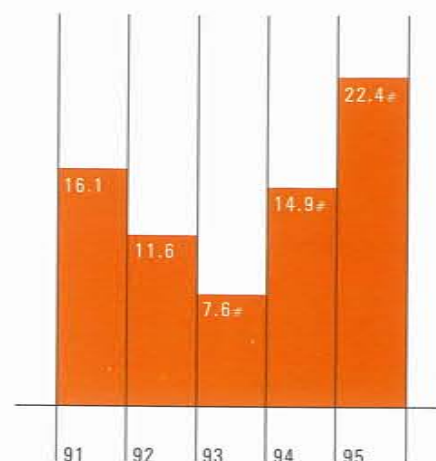
**Share Information** Details of Share capital and issued shares are contained in Note 22 to the Accounts on page 61. Information regarding Substantial Shareholders, the 20 largest holders and shareholding distribution is on page 49.

**Audit Committee** As at 11 September 1995, the Company has a formally constituted Audit Committee of the Board of Directors.

**Other Available Publications** In addition to the Annual Report the Company distributes the Chairman's Address, the Half Yearly Report, the Preliminary Final Statement and quarterly Corporate Updates to all shareholders.

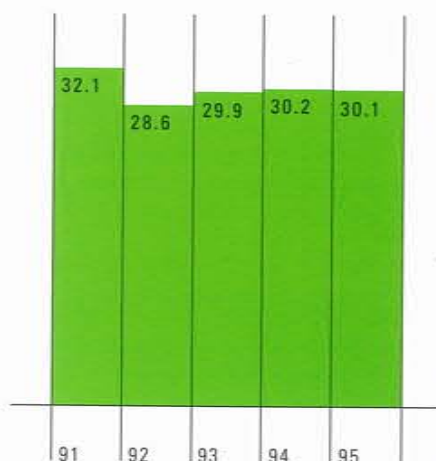
Newsletters are published bi-monthly and are available on request. Should you wish to be put on the mailing list, please contact the Group Information Manager on (02) 9925 6612.

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



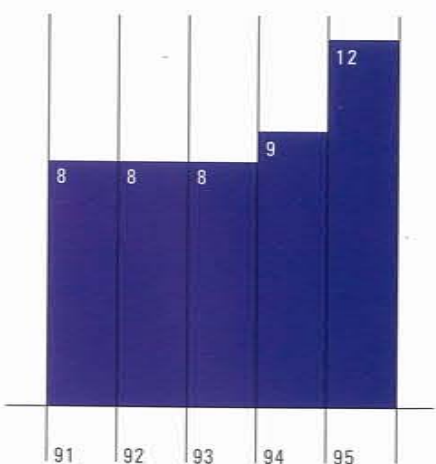
**EARNINGS PER ORDINARY SHARE c**

#After abnormal items.



**TOTAL SHAREHOLDERS**

**EQUITY TO TOTAL ASSETS %**



**DIVIDENDS PER ORDINARY SHARE c**



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# Directors' Statutory Report

The Directors of Leighton Holdings Limited present their report for the financial year ended 30 June 1995 in respect of the economic entity constituted by the Company and the entities it controlled during the financial year ('Economic Entity'). This report has been prepared in accordance with the requirements of Division 6 of Part 3.6 of the Corporations Law.

## Review of Operations

A review of the operations during the financial year of the Economic Entity and of the results of those operations are contained on pages 1 to 44 of the Annual Report and form part of this report.

The Directors are not aware of any significant changes in the state of affairs of the Economic Entity during the financial year other than as disclosed in this Annual Report.

## Financial Results

Total revenue levels for the Economic Entity for the financial year increased by 12.4% to a record \$2.03 billion. Operating profit after abnormals and tax increased by 55% to \$51.2 million.

## Dividends

A final ordinary dividend of 6.5 cents per share, fully franked at the corporate tax rate of 33%, has been recommended for payment on 3 November 1995. Together with the interim dividend of 5.5 cents per share, fully franked at the 33% corporate tax rate, the total dividend payment out of the profits for the financial year will be 12 cents per share and will amount to \$27.6 million.

The final fully franked dividend of 5 cents per share referred to in the Directors' statutory report for the financial year ended 30 June 1994 and payable out of the profits for that financial year was paid on 7 November 1994.

## Principal Activities

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

## Events after end of Financial Year

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

## Future Developments

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

## Information regarding the Directors

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

Names	No of ordinary shares
Morrish Alexander Besley, AO	7,032
Wallace MacArthur King	51,075
Dieter Siegfried Adamsas	102,444
Keith Leslie Bennett	1,000
Hans-Peter Keitel	1,000*
Peter John North	9,804
	15,132*
Busso Peus	1,745*
Mark Richard Rayner	1,000
	9,000*
David Paul Robinson	1,250
Rodney Malcolm Wylie, OBE	40,900

\* Non-beneficially held.

The following changes to the Board occurred during or since the financial year:

- P J W Cottrell retired as a Non-Executive Director on 8 May 1995;
- M R Rayner was appointed a Non-Executive Director on 8 May 1995; and
- K L Bennett was appointed an Executive Director on 16 August 1995.

Except for the interests disclosed in Note 39 to the Accounts and except for the interests in the insurance contracts mentioned below, no Director has declared any interest in a contract or proposed contract with the Company such as is required to be reported pursuant to Section 307(1)(c) of the Corporations Law.

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

## Directors' Benefits

During or since the financial year no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in Note 31 to the Accounts) by reason of a contract made by the Company or any related or controlled entity 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.

## Indemnity for Officers and Auditors

At the Annual General Meeting held on 3 November 1994 the Company's Articles of Association were amended to include indemnities in favour of persons who are or have been an Officer or auditor of the Company. To the extent permitted by law, the Company indemnifies every person who is or has been:

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



### Directors' Meetings

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

Director	No. of Directors Meetings		No. of Audit Committee Meetings		No. of Other Committee Meetings	
	Attended	Held*	Attended	Held*	Attended	Held*
D.S. Adamsas	9	11	4	4	1	1
M.A. Besley	11	11			2	2
P.J. Cottrell (Resigned May 95)	6	11				
H.P. Keitel	2	11			2	2
W.M. King	10	11	3	4	3	3
P.J. North	11	11			1	1
B. Peus (Appointed August 94)	3	11				
M.R. Rayner (Appointed May 95)	2	2				
D.P. Robinson	11	11	4	4	1	1
R.M. Wylie	10	11	4	4		

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

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

The current Directors and Secretary of the Company are named at page 11 and the Company's current auditors are KPMG.

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

### Insurance for Group Officers

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

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

### Share Options

During or since the financial year no options were granted by the Company or any controlled entity and no shares in the Company or any controlled entity were issued by virtue of the exercise of an option and as at the date of this report there are no unissued shares in the Company or any controlled entity under option.

### Rounding off of Amounts

As the Company is a company of the kind referred to in subregulation 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.

Signed at Sydney this 11th day of September 1995 in accordance with a resolution of the Directors.



M A Besley AO  
Chairman



W M King  
Chief Executive Officer



## **M A (Tim) Besley, AO (68)**

BE(Civil), BLegS, FTS, FIEAust, FAIM.

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

## **W M King, (51)**

BE, MEngSc, FIEAust, CP Eng, FAIM.

A graduate of the University of NSW. An Executive Director since 1975. Appointed Chief Executive in 1987. A civil engineer who joined Leighton Contractors in 1968 and became Managing Director of that company in 1977. Appointed Deputy Managing Director of Leighton Holdings in 1983. A Director of Ipco International Limited. Participates in construction industry affairs and is the current inaugural President of the Australian Constructors Association. Member of the Business Council of Australia and Foundation Fellow of Australian Institute of Company Directors.

## **D S Adamsas, (52)**

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.

## **K L Bennett, (52)**

BE(Civil), FIEAust

A graduate of the University of Queensland. Appointed an Executive Director on 16 August 1995. 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 a member of the Australian Constructors Association.

## **Dr H P Keitel, (48)**

Dr. - Ing

A graduate in studies on civil engineering at Technical University -Stuttgart and on business administration and economics at Technical University Munich, Germany. A Non-Executive Director since 1992. Joined HOCHTIEF AG in 1988 as Director to the Board responsible for international business. Became a member of the Board of Executive Directors in 1990 and was appointed Chairman of the Board of Executive Directors of HOCHTIEF AG and Member of the Board of RWE AG (Holding) in 1992. A Director of HOCHTIEF Limited.

## **P J North, (61)**

BE, MBA, FAIM, FAICD

A graduate of the University of Sydney and Harvard University. A Non-Executive Director since 1981. Former chief executive in manufacturing industry and management consulting. Chairman of Heggies Bulkhaul Limited and a Director of Leighton Asia Limited and The Warren Centre for Advanced Engineering (University of Sydney).

## **Dr B. Peus, (53)**

Dr of Law

Studied at the Universities of Münster, Lausanne and Berlin. Graduated and awarded doctorate of law from the University of Münster. A Non-Executive Director since 1994. Joined HOCHTIEF AG in 1977 and is a member of the Board of Executive Directors with responsibility for international subsidiaries and associates. A Director of HOCHTIEF Limited.

## **M R Rayner, (57)**

B Sc (Hons) Chem Eng, FTS, FAusIMM, FIEAust.

Graduate in Chemical Engineering from the University of New South Wales. Appointed a Non-Executive Director on 8 May 1995. Chairman of Pasminco Limited, Deputy Chairman of Comalco Limited and a Director of National Australia Bank Limited and Mayne Nickless Limited. Past President of the Australian Mining Industry Council and a Member of the Companies and Securities Advisory Committee.

## **D P Robinson, (39)**

BEc, ACA.

A graduate of the University of Sydney. A Non-Executive Director since 1990. Alternate Director for E F Vocke from 1987 to December 1990. A chartered accountant and partner with the firm of Harveys Chartered Accountants in Sydney. Responsible for management services within that firm. Participates in construction industry affairs. A Director of HOCHTIEF Limited.

## **R M Wylie, OBE (67)**

BComm, BA, FCA.

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



Information as to shareholdings on 11 September 1995 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	115,044,514
The following companies hold a relevant interest in these shares:	
HOCHTIEF Aktiengesellschaft, ("HOCHTIEF AG"), (the parent company of HOCHTIEF Limited.)	
RWE Aktiengesellschaft, (a majority shareholder in HOCHTIEF AG.)	
Potter Warburg Asset Management Limited	14,150,044
J P Morgan Investment Management Australia Limited	13,984,319
Mercury Asset Management Plc	13,548,452

## HOCHTIEF Relationship

Leighton has a close relationship with HOCHTIEF AG of Germany, a leading international engineering contractor established in Germany in 1896. Through its wholly owned Australian subsidiary, HOCHTIEF Limited, HOCHTIEF AG owns 49.6% of Leighton's issued shares as at 11 September 1995 and is represented on the Leighton Board by three Non-Executive Directors.

Under a Voting Rights and Shareholders Agreement, various rights and restrictions relating to the shareholding of HOCHTIEF Limited in Leighton are established with the object of maintaining the independence of Leighton. Under a Technical Knowhow Agreement, Leighton has access to the technical know-how of HOCHTIEF AG. HOCHTIEF Limited also owns 20% of the Leighton subsidiary Leighton Asia Limited. Set out below is a summary of the rights and restrictions relating to the shareholding of HOCHTIEF Limited in Leighton.

## RIGHTS AND RESTRICTIONS RELATING TO HOCHTIEF SHAREHOLDING IN LEIGHTON.

The Voting Rights and Shareholders Agreement dated 22 July 1983 (as amended) between Leighton, HOCHTIEF Limited and others, establishes the following rights and restrictions relating to the shareholding of HOCHTIEF Limited in Leighton.

**HOCHTIEF Equity Level.** HOCHTIEF Limited may not become entitled to more than one half of the voting shares in Leighton. However, HOCHTIEF Limited is entitled to maintain its shareholding in Leighton at that level. To that end, if any allotment of Leighton ordinary shares is made to an entity other than HOCHTIEF Limited, Leighton is required to offer to HOCHTIEF Limited an allotment of ordinary shares to restore the equity of HOCHTIEF Limited in Leighton to the level existing immediately prior to the allotment. Where this allotment to the other entity is for a cash consideration, the allotment to HOCHTIEF Limited must be made at the same price per share as the allotment made to the other entity.

**Board Representation.** While it is entitled to the various levels of ordinary shares in Leighton mentioned below, HOCHTIEF Limited is entitled to be represented on the Leighton Board of Directors by up to but no more than the number of nominees expressed as a fraction of the maximum permitted number of Directors on the Leighton Board mentioned opposite each such level.

Shareholding	No. of Nominees
25% or more but less than 35%	One quarter
35% or more but less than 46%	One third
46% or more	One half

**Restrictions on Voting Rights.** With the object of ensuring Leighton's continuing independence, HOCHTIEF Limited may not exercise its voting power as a Leighton shareholder to seek or to obtain control of the Leighton Board, to appoint a greater number of nominee Directors than it is for the time being entitled to nominate, or to vote against the wishes of the majority of the Directors who are not nominees of HOCHTIEF Limited on any resolution relating to the appointment or removal of any Director who is not a nominee of HOCHTIEF Limited, any restriction in the powers of the Leighton Directors, or any proposed increase in Leighton's authorised capital reasonably required by Leighton for the development of its business.

**Share Disposals.** HOCHTIEF Limited is required to give Leighton prior notice of any proposal it may have to transfer all or any of its Leighton shares, which notice must specify the price and other terms upon which HOCHTIEF Limited proposes to sell the shares. HOCHTIEF Limited is bound upon payment of the purchase price to sell the shares to any purchaser nominated by Leighton within the 90 days after being served with the notice and who is willing to purchase the shares upon the terms so specified.

## Number of Shareholders

Of ordinary shares which have equal voting rights\* 5,335

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

## Distribution Schedule

Category	No. of Shareholders
1-1,000	1,349
1,001-5,000	2,625
5,001-10,000	730
10,001 and over	631
	5,335

There were 184 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 83.50% and their names and numbers of shares are as follows:

Name	Number	% of Total Shareholdings
HOCHTIEF Limited	115,041,769	49.61
Westpac Custodian Nominees Limited	19,941,034	8.60
ANZ Nominees Limited	13,498,337	5.82
National Nominees Limited	9,694,614	4.18
Perpetual Trustees Victoria Limited	8,465,700	3.64
Australian Mutual Provident Society	5,662,036	2.44
State Authorities Superannuation Board	3,621,766	1.56
Chase Manhattan Nominees Limited	3,070,998	1.32
Victorian Superannuation Board	2,667,578	1.15
MLC Life Limited	2,642,631	1.14
Commonwealth Superannuation Board of Trustees No. 2	1,491,518	0.64
Commonwealth Life Limited	1,238,412	0.53
Suncorp Insurance & Finance	1,044,839	0.45
Barclays Australia Custodian Services Limited	932,655	0.40
Victorian Superannuation Board	920,634	0.40
Bow Lane Nominees Pty Limited	850,052	0.37
Mercantile Mutual Life Insurance Company Limited	816,229	0.35
Sandhurst Trustees Limited	716,400	0.31
Westpac Securities Administration Limited	699,196	0.30
Labrador Pty Limited	683,500	0.29
	193,699,898	83.50



# Balance Sheets as at 30 June 1995

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>Current Assets</b>					
Cash	6	106,144	71,077	25,811	45,200
Receivables	7	218,272	212,649	20,801	9,286
Investments	8	22,192	28,050	7,362	13,969
Inventories	9	36,757	23,690	—	—
Other	10	37,111	24,375	481	142
<b>Total Current Assets</b>		<b>420,476</b>	<b>359,841</b>	<b>54,455</b>	<b>68,597</b>
<b>Non-Current Assets</b>					
Receivables	11	1,900	2,238	1,900	2,238
Investments	12	137,503	81,546	743,531	593,835
Inventories	13	162,716	189,843	—	—
Property, Plant and Equipment	14	418,273	360,248	23,269	23,152
Intangibles	15	1,473	2,069	—	—
Other	16	46,955	53,059	18,018	13,672
<b>Total Non-Current Assets</b>		<b>768,820</b>	<b>689,003</b>	<b>786,718</b>	<b>632,897</b>
<b>Total Assets</b>		<b>1,189,296</b>	<b>1,048,844</b>	<b>841,173</b>	<b>701,494</b>
<b>Current Liabilities</b>					
Creditors and Borrowings	17	359,733	300,330	22,523	4,691
Provisions	18	56,327	49,600	16,691	21,999
Other	19	2,067	1,426	—	—
<b>Total Current Liabilities</b>		<b>418,127</b>	<b>351,356</b>	<b>39,214</b>	<b>26,690</b>
<b>Non-Current Liabilities</b>					
Creditors and Borrowings	20	289,648	280,077	515,990	396,660
Provisions	21	123,472	101,216	14,451	11,702
<b>Total Non-Current Liabilities</b>		<b>413,120</b>	<b>381,293</b>	<b>530,441</b>	<b>408,362</b>
<b>Total Liabilities</b>		<b>831,247</b>	<b>732,649</b>	<b>569,655</b>	<b>435,052</b>
<b>Net Assets</b>		<b>358,049</b>	<b>316,195</b>	<b>271,518</b>	<b>266,442</b>
<b>Shareholders' Equity</b>					
Share Capital	22	115,942	111,948	115,942	111,948
Reserves	23	141,476	126,437	133,534	127,054
Retained Profits		85,807	64,133	22,042	27,440
Shareholders' Equity Attributable to Members of the Chief Entity		343,225	302,518	271,518	266,442
Outside Equity Interest in Controlled Entities	24	14,824	13,677	—	—
<b>Total Shareholders' Equity</b>		<b>358,049</b>	<b>316,195</b>	<b>271,518</b>	<b>266,442</b>

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



# Profit and Loss Statements for the year ended 30 June 1995

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
Operating Profit before Abnormal Items and Income Tax		80,215	50,965	18,655	31,963
Abnormal Items	5	(666)	(10,370)	4,251	9,130
<b>Operating Profit</b>	1,2,3	<b>79,549</b>	<b>40,595</b>	<b>22,906</b>	<b>41,093</b>
Income Tax Expense Attributable to Operating Profit	4	(23,365)	(4,738)	(3,659)	(7,576)
<b>Operating Profit After Income Tax</b>	36	<b>56,184</b>	<b>35,857</b>	<b>19,247</b>	<b>33,517</b>
Outside Equity Interest in Operating Profit after Income Tax		(4,950)	(2,775)	—	—
<b>Operating Profit After Income Tax</b>					
<b>Attributable to Members of the Chief Entity</b>		<b>51,234</b>	<b>33,082</b>	<b>19,247</b>	<b>33,517</b>
Retained Profits at the Beginning of the Financial Year		64,133	51,443	27,440	15,932
Adjustment for adoption of AASB1028		(1,898)	—	(798)	—
<b>Total Available for Appropriation</b>		<b>113,469</b>	<b>84,525</b>	<b>45,889</b>	<b>49,449</b>
<b>Dividends provided for or paid</b>		<b>(27,648)</b>	<b>(20,028)</b>	<b>(27,648)</b>	<b>(20,028)</b>
Aggregate of Amounts Transferred (to)/from Reserves	23	(14)	(364)	3,801	(1,981)
<b>Retained Profits at the End of the Financial Year</b>		<b>85,807</b>	<b>64,133</b>	<b>22,042</b>	<b>27,440</b>

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



# Statements of Cash Flows for the year ended 30 June 1995

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>Cash Flows From Operating Activities</b>					
Cash receipts in the course of operations		1,936,556	1,666,712	15,916	13,932
Cash payments in the course of operations		(1,673,231)	(1,513,939)	(22,841)	(34,251)
Dividends received		320	620	16,736	19,561
Interest received		4,446	3,686	5,697	5,157
Interest paid		(24,452)	(16,916)	(19,525)	(7,689)
Income taxes paid		(16,757)	(13,003)	(9,250)	(2,947)
<b>Net cash provided by/(used in) operating activities</b>	40	<b>226,882</b>	<b>127,160</b>	<b>(13,267)</b>	<b>(6,237)</b>
<b>Cash Flows From Investing Activities</b>					
(Increase) in investment in controlled entities		—	—	(146,253)	—
Payments for property, plant and equipment		(200,628)	(204,815)	(508)	(508)
Proceeds from sale of property, plant and equipment		66,835	101,447	10,749	64
(Increase) in investment in other entities		(79,237)	(37,986)	(3,161)	(767)
Decrease in investment in other entities		29,441	2,977	—	—
Loan repayments by executive and staff shareholders		262	1,064	262	1,064
Loan proceeds to executive and staff shareholders		—	(1,360)	—	(1,360)
<b>Net cash (used in) investing activities</b>		<b>(183,327)</b>	<b>(138,673)</b>	<b>(138,911)</b>	<b>(1,507)</b>
<b>Cash Flows From Financing Activities</b>					
Proceeds from share issues*		—	273	—	273
Proceeds from borrowings		110,498	176,346	92,584	148,949
Repayment of borrowings		(105,901)	(167,681)	(72,119)	(10,000)
Loans from related entities		—	—	322,513	174,497
Repayment of loans to related entities		—	—	(212,337)	(288,703)
Dividends paid*		(13,916)	(11,106)	(10,025)	(9,373)
<b>Net cash (used in)/provided by financing activities</b>		<b>(9,319)</b>	<b>(2,168)</b>	<b>120,616</b>	<b>15,643</b>
<b>Net increase/(decrease) in cash held</b>		<b>34,236</b>	<b>(13,681)</b>	<b>(31,562)</b>	<b>7,899</b>
<b>Net cash at the beginning of the financial year</b>	40	<b>71,077</b>	<b>87,490</b>	<b>45,200</b>	<b>37,500</b>
<b>Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year</b>		<b>360</b>	<b>(2,732)</b>	<b>117</b>	<b>(199)</b>
<b>Net cash at the end of the financial year</b>	40	<b>105,673</b>	<b>71,077</b>	<b>13,755</b>	<b>45,200</b>

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

\*Net of Dividend Reinvestment Plan of \$13,745 (1994 – \$8,255)



# Statement of Accounting Principles and Methods

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

## (a) Consolidation

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

## (b) Trade Debtors

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

## (c) Profit Recognition

(i) Profit is recognised on construction contracts on the basis of the value of work completed.

(ii) The whole of any expected loss on a construction contract is recognised in the accounts as soon as a loss has become apparent.

(iii) The Economic Entity recognises each year its proportion of revenue and profits from partnerships on the basis of the value of work completed. The whole of any expected loss is brought to account as soon as it becomes apparent.

(iv) Holding charges comprising rates, taxes and interest on properties under active development are capitalised. Holding charges on all other development properties are written off as incurred.

(v) Profits from property development, housing and land sales are recognised on settlement of the contracts.

## (d) Property, Plant and Equipment

(i) Depreciation is calculated so as to write off the net book value of property, plant and equipment over their estimated effective working lives using in the case of: freehold buildings – the straight line method; major plant and equipment – the cumulative number of hours worked; other equipment – the diminishing value method.

(ii) Leasehold properties and improvements are amortised over the terms of the leases.

(iii) Land and buildings are revalued at least every three years and any potential capital gains tax in relation to assets acquired after 19 September 1985 has not been taken into account as the Directors believe it is unlikely the Economic Entity will be liable for this tax on the basis there is no intention to sell the applicable properties.

(iv) Where fixed assets are acquired by means of finance leases, the present value of the lease rentals and residuals is included as an asset in the balance sheet and is depreciated over the expected effective working life of those assets. The net present value of future finance lease rentals and residuals is included in the balance sheet as a leasing liability. Operating lease rentals are charged to the Profit and Loss Account as incurred.

## (e) Income Tax

The Economic Entity adopts the liability method of tax effect accounting in accordance with the Accounting Standard AASB1020 "Accounting for Income Tax (Tax-effect Accounting)".

## (f) Foreign Currency

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

## (g) Inventories

(i) Development Properties

Development properties are carried at the lower of cost and net realisable value.

(ii) Trading Inventories

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

## (h) Employee Entitlements

(i) Wages, Salaries, Annual Leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Economic Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

(ii) Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the Economic Entity resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the liability for these employee entitlements, consideration has been given to estimated future increases in wage and salary rates, and the Economic Entity's experience with staff departures. Related on-costs have also been included in the liability.

(iii) Superannuation

Employee superannuation funds exist to provide benefits for eligible employees or their dependants. Contributions by members of the Economic Entity are charged against profits.

## (i) Contract and Plant Maintenance

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

## (j) Bills Payable and Promissory Notes

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

## (k) Goodwill

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

## (l) Mining Tenements

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

## (m) Investments

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

## (n) Derivatives

Members of the Economic Entity from time to time are exposed to changes in interest rates and foreign exchange rates from their activities. Derivative financial instruments are utilised to reduce these risks. The policy of the Economic Entity is to not enter, hold or issue derivative financial instruments for trading purposes. Controls have been put in place to monitor compliance with this policy. Derivative financial instruments that are designated as effective hedges of underlying exposures are accounted for on the same basis as the underlying exposure. Refer to note 29.

## (o) Rounding off of Amounts

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

## (p) Comparative Figures

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

## (q) Changes in Accounting Principles and Methods

Employee Entitlements

The provisions for employee entitlements have been calculated in accordance with the Accounting Standard AASB1028 "Accounting For Employee Entitlements" for the first time. The adoption of this Standard has resulted in a change in the method of calculating the Economic Entity's provision for long service leave. In the past, the Economic Entity provided only in respect of employees with more than five years service. The Economic Entity now provides for long service leave in respect of all employees, based on the present value of the estimated future cash outflow to be made resulting from employees' services up to the balance date, and having regard to the probability that employees will remain in the Economic Entity's employ for the period of time necessary to qualify for long service leave. Also, the employee entitlements liabilities now include the related on-costs. The financial effect of the changes has been to decrease retained earnings at the beginning of the financial year by \$1,898 in the Consolidated accounts (Company – \$798). The effect on the current year has been to increase the provision for employee entitlements by \$264 in the Consolidated accounts (Company – \$126), with a related increase in future income tax benefit, resulting in a decrease in profit after income tax of \$177 in the Consolidated accounts (Company – \$84).



# Notes to the Accounts

		Note	Consolidated		Company	
			1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
① Revenue	Operating Revenue		1,948,181	1,692,506	—	—
	Other Revenue		5,653	4,641	50,020	45,836
	Proceeds from Sales of Non-Current Assets		77,543	110,581	10,749	9,194
	Total Revenue of the Economic Entity	30	2,031,377	1,807,728	60,769	55,030
② Operating Profit	The operating profit before income tax is arrived at after:					
	<b>Crediting as Revenue:</b>					
	Profit on Sales of Non-Current Assets		18,080	22,090	4,255	9,135
	Dividends Received/Receivable		—	—	16,416	19,136
	— Related Body Corporate		—	—	320	620
	— Related Entities	26	320	620	—	—
	<b>Charging as Expense:</b>					
	Depreciation and Amortisation					
	— Company Owned Assets and Leaseholds		86,982	79,787	862	1,024
	— Finance Leased Plant and Equipment		—	249	—	—
	Operating Lease Rental Expense		37,673	26,226	—	21
	Bad Debts Written Off		1,587	—	—	—
	Loan Written Off		—	—	—	219
	Auditors' Remuneration					
	— Amounts received or due and receivable for audit services by:					
	Auditors of the Company		642	637	186	414
	Other Auditors		108	76	—	—
	— Amounts received or due and receivable for other services by:					
	Auditors of the Company		449	468	108	319
	Other Auditors		123	89	—	—
	Loss on Sales of Non-Current Assets		1,876	4,646	24	1
	Loss/(Gain) on Foreign Exchange		—	—	5,886	(5,210)
	Goodwill Amortised and Written Off		1,533	2,030	—	—
	Abnormal Items					
	—Net Revaluation of Non-Current Investments	5	6,000	19,500	—	—
	Other Revaluations and Writedowns		3,799	6,708	—	—
	Gross Amount Charged to Provisions					
	—Employee Entitlements		26,116	25,657	1,644	686
	—Plant and Contract Maintenance		93,229	48,877	142	252
	—Doubtful Debts		29	658	—	—



	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>3 Interest Expense and Income</b>	The operating profit before income tax is arrived at after including:				
<b>Interest Expense</b>					
Related Entities		—	46	—	—
Other Corporations		23,268	17,162	20,112	8,589
		<b>23,268</b>	<b>17,208</b>	<b>20,112</b>	<b>8,589</b>
<b>Interest Income</b>					
Related Corporations		—	—	30,269	24,478
Related Entities		1,156	1,084	674	104
Other Corporations		4,178	2,937	2,341	1,498
		<b>5,334</b>	<b>4,021</b>	<b>33,284</b>	<b>26,080</b>
<b>Interest previously capitalised expensed against property sale proceeds</b>		481	667	—	—
<b>Finance Charges</b>					
Finance Leased Assets		1,253	1,226	—	—
<b>4 Income Tax Expense</b>	Operating profit before income tax	79,549	40,595	22,906	41,093
	Prima facie income tax expense at 33%	26,251	13,396	7,559	13,561
	The following items have affected income tax expense for the period:				
	— Rebateable and exempt dividends	(277)	(205)	(5,523)	(6,519)
	— Entertainment and other non-allowable items	1,240	2,292	103	238
	— Depreciation and amortisation not allowable for tax	455	1,172	131	127
	— Revaluation and Capital Profits	(1,096)	(3,499)	90	(1,724)
	— Building and plant allowance	(3,855)	(5,381)	(47)	(54)
	— Tax Losses not recognised in the accounts	598	538	—	—
	— Tax Losses not previously recognised in the accounts	(569)	(2,852)	—	—
	— Overseas income tax differential	1,954	(98)	3,984	2,241
	Current period income tax expense	24,701	5,363	6,297	7,870
	— Under/(Over) provision for prior year	218	(625)	(1,136)	(294)
	— Income Tax Rate Change	(1,554)	—	(1,502)	—
<b>Total Income Tax Expense</b>		<b>23,365</b>	<b>4,738</b>	<b>3,659</b>	<b>7,576</b>
<b>Provision for Income Tax</b>					
Income tax expense		23,365	4,738	3,659	7,576
Net timing differences		(9,289)	11,146	(2,409)	2,773
<b>Income Tax Payable</b>	18	<b>14,076</b>	<b>15,884</b>	<b>1,250</b>	<b>10,349</b>

**Future Income Tax Benefits**

Included in future income tax benefit (note 16) is \$13,019 (1994 – \$32,491) attributable to operating and capital gains tax losses and \$32,936 (1994 – \$17,568) in provisions not currently allowable as an income tax deduction. The unrecorded future tax benefit available to some members of the Economic Entity at 30 June 1995 at the applicable rates of tax was \$13,954 (1994 – \$13,514). The benefit of these tax losses will be utilised only if those entities earn sufficient profit in the future and continue to comply with the provisions of the income tax legislation relating to the deduction of carried forward tax losses. The Company is taxed as a public company.



# Notes continued

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>5 Abnormal Items (Net of Tax)</b>					
<b>Investments</b>					
Green — Revaluation		(6,000)	(40,500)	—	—
Tax Benefit		1,946	13,365	—	—
		(4,054)	(27,135)	—	—
Interlink Roads — Revaluation <sup>#</sup>		—	21,000	—	—
Tax Expense		—	(6,930)	—	—
		—	14,070	—	—
<b>Total — Investments</b>					
Included in operating profit		(6,000)	(19,500)	—	—
Tax Benefit		1,946	6,435	—	—
		(4,054)	(13,065)	—	—
<b>Group Companies</b>					
Gain on sale 20% Leighton Asia		—	9,130	—	9,130
Tax Expense		—	—	—	—
		—	9,130	—	9,130
Ipcos — Gain on sale of shares		4,251	—	4,251	—
Tax Expense		(197)	—	(197)	—
		4,054	—	4,054	—
Gain on sale of car park leases		1,083	—	—	—
Tax Expense		(357)	—	—	—
		726	—	—	—
<b>Total — Group Companies</b>					
Included in operating profit		5,334	9,130	4,251	9,130
Tax Expense		(554)	—	(197)	—
		4,780	9,130	4,054	9,130
<b>Total Abnormal Items</b>					
Included in operating profit		(666)	(10,370)	4,251	9,130
Tax Benefit/(Expense)		1,392	6,435	(197)	—
<b>Net Abnormal Items</b>		726	(3,935)	4,054	9,130

<sup>#</sup> Interlink Roads was conservatively revalued in 1994 by the Directors with reference to two independently determined estimates of realisable value.

# Notes continued

		Consolidated		Company	
	Note	1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>6 Current Assets</b>					
– Funds on Deposit					
– Cash		98,425	63,993	25,564	41,612
		7,719	7,084	247	3,588
		<b>106,144</b>	<b>71,077</b>	<b>25,811</b>	<b>45,200</b>
<b>7 Current Assets</b>					
– Contract Debtors Receivable*		165,967	174,771	—	—
– Receivables		52,044	37,693	20,540	9,101
		261	185	261	185
		<b>218,272</b>	<b>212,649</b>	<b>20,801</b>	<b>9,286</b>
<b>Contract Valuations</b>					
Progressive value of work completed at 30 June		3,214,527	3,325,435	—	—
<b>Progressive Receivable</b>					
Contract Receivables		145,677	150,654	—	—
Retentions held by Clients		20,290	24,117	—	—
<b>Contract Debtors Receivable from Clients</b>					
Cash received to date		165,967	174,771	—	—
		3,048,560	3,150,664	—	—
<b>Total Progressive Value</b>		<b>3,214,527</b>	<b>3,325,435</b>	<b>—</b>	<b>—</b>
*Thiess Contractors Pty Ltd has given a registered charge to Natwest Australia Bank over part of its revenue from a contract with BHP. Natwest Australia Bank has provided project funding for the project.					
#After provision for doubtful debts of \$1,899 (1994 - \$2,075).					
<b>8 Current Assets</b>					
– Interest in construction and property partnerships and trusts #		14,770	10,589	—	—
– Associated Companies	26	7,422	17,461	7,362	13,969
		<b>22,192</b>	<b>28,050</b>	<b>7,362</b>	<b>13,969</b>
#Thiess Contractors Pty Ltd had given a registered charge in favour of Asia Securities Australia Pty Limited over shares in Cullen Bay Estates Pty Limited and units held in the Cullen Bay Unit Trust. This charge was finalised and discharged during 1995.					
<b>9 Current Assets</b>					
– Inventories					
<b>Development Properties</b>					
Cost		13,941	8,321	—	—
Development expenses capitalised		19,320	13,705	—	—
Rates, taxes, interest, etc capitalised		3,662	4,769	—	—
		<b>36,923</b>	<b>26,795</b>	<b>—</b>	<b>—</b>
Less: Property provisions		9,878	11,246	—	—
		<b>27,045</b>	<b>15,549</b>	<b>—</b>	<b>—</b>
<b>Trading Inventories</b>					
Finished Goods		5,050	4,196	—	—
Raw Materials		4,662	3,945	—	—
		<b>9,712</b>	<b>8,141</b>	<b>—</b>	<b>—</b>
		<b>36,757</b>	<b>23,690</b>	<b>—</b>	<b>—</b>
Development properties are held at the lower of cost and net realisable value.					
Trading Inventories represent finished reinforcing steel and raw steel stocks. The net realisable value of the trading inventories is expected to be not less than cost.					
<b>10 Current Assets</b>					
– Prepayments		13,020	9,373	481	142
– Other		24,091	15,002	—	—
		<b>37,111</b>	<b>24,375</b>	<b>481</b>	<b>142</b>



## Notes continued

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>⑪ Non-Current Assets</b>					
– Receivables		1,900	2,238	1,900	2,238
<b>⑫ Non-Current Assets</b>					
– Investments					
<b>Controlled Entities</b>					
Shares not quoted on a prescribed Stock Exchange – cost	36	—	—	471,324	325,072
Amounts receivable from controlled entities		—	—	226,637	228,024
Provision for diminution in value		—	—	(2,917)	(5,000)
<b>Total Investment in Controlled Entities</b>		—	—	223,720	223,024
<b>Other Entities*</b>					
Interest in Trusts					
– Valuation June 1994		221	451	—	—
Interest in Partnerships**					
– Cost		2,174	—	2,167	—
– Valuation June 1994		2,490	2,490	2,490	2,490
Shares not quoted on a prescribed Stock Exchange					
– Valuation June 1994		1,344	1,344	1,344	1,344
Listed shares quoted on a prescribed Stock Exchange#					
– Cost		25,000	—	—	—
<b>Associated Companies*</b>	26	31,229	4,285	6,001	3,834
Listed shares not quoted on a prescribed Stock Exchange					
– Valuation June 1994		42,486	41,905	42,486	41,905
Unlisted Shares					
– Valuation June 1995		729	—	—	—
– Valuation June 1994		21,000	21,732	—	—
Advances					
– Valuation June 1995		34,167	—	—	—
– Valuation June 1994		7,892	13,624	—	—
<b>Total Investments</b>		106,274	77,261	42,486	41,905
		137,503	81,546	743,531	593,835

\*The values of all non-current investments were reviewed at 30 June 1995 and decrements applied to certain investments. All non-current investments in non-controlled entities were revalued as a class at 30 June 1994 by the Directors and the net decrease in valuation was taken to the Profit and Loss Account. The revaluation was based on officers' assessment of the non-controlled entities and the revaluation was not made in accordance with a policy of regular revaluations of this class of assets. In revaluing this class of assets the potential capital gains tax expense or benefit was taken into account where the Directors believe it is likely the Economic Entity will be liable for this tax.

\*\*Leighton Holdings Limited had granted a registered charge over its interest in Australia's Wonderland to provide funding to the partners for the development. This charge was finalised and discharged during 1995.

#Quoted market value of shares listed on a prescribed Stock Exchange \$36.4 million.

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>13 Non-Current Assets</b>					
<b>Development Properties – Australia</b>					
Cost		79,314	85,949	—	—
Development expenses capitalised		92,200	93,269	—	—
Rates, taxes, interest, etc capitalised		36,439	35,874	—	—
		207,953	215,092	—	—
Less: Property provisions		61,186	57,266	—	—
		146,767	157,826	—	—
<b>Development Properties – USA</b>					
Cost		7,005	15,933	—	—
Development expenses capitalised		13,414	24,553	—	—
Rates, taxes, interest, etc capitalised		—	2,442	—	—
		20,419	42,928	—	—
Less: Property provisions		4,470	10,911	—	—
		15,949	32,017	—	—
<b>Total Development Properties</b>		162,716	189,843	—	—
<b>14 Non-Current Assets</b>					
<b>Land</b>					
Independent valuation – June 1995		14,883	—	5,200	—
– June 1992		—	13,076	—	6,320
At cost		—	3,451	—	—
		14,883	16,527	5,200	6,320
<b>Buildings</b>					
Independent valuation – June 1995		39,217	—	16,410	—
– June 1992		—	20,716	—	13,046
At cost		—	13,721	—	2,820
		39,217	34,437	16,410	15,866
Provision for depreciation		—	(1,474)	—	(711)
		39,217	32,963	16,410	15,155
<b>Leasehold Land and Building</b>					
Independent valuation – June 1995		1,000	—	—	—
– June 1992		—	1,000	—	—
Provision for amortisation		—	(480)	—	—
		1,000	520	—	—
<b>Leasehold Improvements</b>					
Cost		5,376	4,118	—	—
Provision for amortisation		(2,824)	(1,851)	—	—
		2,552	2,267	—	—
<b>Plant and Equipment</b>					
Cost		622,168	533,563	7,241	7,186
Provision for depreciation		(261,547)	(226,579)	(5,582)	(5,509)
		360,621	306,984	1,659	1,677
<b>Leased Plant and Equipment</b>					
Cost		—	1,874	—	—
Provision for depreciation		—	(887)	—	—
		—	987	—	—
<b>Total Plant and Equipment</b>		360,621	307,971	1,659	1,677
<b>Total Property, Plant and Equipment</b>		418,273	360,248	23,269	23,152

Plant and Equipment includes construction equipment, motor vehicles and office furniture and equipment.

Land and buildings are independently revalued at least every three years and included in the financial statements at the revalued amounts. As part of this policy all land and buildings were revalued as at 30 June 1995 on an open market basis by J.R. Talbot AVLE (Val & Econ), N.H. Harvey AVLE (Val) and G.R. Longden AVLE (Val) of JLW Advisory Services (a member of the Jones Lang Wootton Group).



# Notes continued

			Consolidated		Company	
			1995	1994	1995	1994
			\$'000	\$'000	\$'000	\$'000
15 Non-Current Assets	Cost of goodwill		5,310	4,373	—	—
	Accumulated amortisation		(3,837)	(2,304)	—	—
	— Intangibles		1,473	2,069	—	—
	Goodwill from the acquisition of controlled entities operations is being written off over a period of 10 years or the period the benefit is expected to arise, whichever is the lesser.					
16 Non-Current Assets	Future Income Tax Benefit	4	45,955	50,059	18,018	13,672
	Mining Tenements — Directors valuation 1995		1,000	—	—	—
	— Other		—	3,000	—	—
			46,955	53,059	18,018	13,672
The tenements are valued at Directors valuation based on cash flows on estimated reserves and will be amortised over the economic life of the investment from commencement of the mining operations. The recoupment of this value is dependent on successful development or sale. The tenements are under exploration assessment.						
17 Current Liabilities	Trade Creditors		335,072	277,181	6,018	3,809
	Other Creditors		19,928	16,562	4,449	882
	— Creditors & Borrowings		471	—	12,056	—
	Lease Liabilities	35	4,262	5,864	—	—
	Unsecured Loans		—	723	—	—
			359,733	300,330	22,523	4,691
18 Current Liabilities	Income Tax Payable	4	14,076	15,884	1,250	10,349
	Employee Entitlements	33	16,338	13,269	369	455
	— Provisions		15,072	11,195	15,072	11,195
	Contract and Plant Maintenance		10,841	9,252	—	—
			56,327	49,600	16,691	21,999
19 Current Liabilities	Amounts Payable to Construction Partnerships		2,067	1,426	—	—
— Other						
20 Non-Current Liabilities	Trade Creditors		5,891	6,079	—	—
	Unsecured Loans <sup>#</sup>		261,484	251,511	245,868	213,836
	— Creditors & Borrowings		12,838	10,000	12,838	10,000
	Lease Liabilities	35	9,435	12,487	—	—
	Payable to Controlled Entities		—	—	257,284	172,824
			289,648	280,077	515,990	396,660
<sup>#</sup> The unsecured loans are provided under negative pledge agreements with financial institutions.						
21 Non-Current Liabilities	Deferred Income Tax		30,607	29,537	—	33
	Employee Entitlements	33	34,839	29,426	13,637	10,997
	— Provisions		58,026	42,253	814	672
			123,472	101,216	14,451	11,702

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>22 Share Capital</b>					
<b>Authorised</b>					
600,000,000 Ordinary shares of 50¢ each (1994 – 600,000,000)		<b>300,000</b>	300,000	<b>300,000</b>	300,000
		<b>300,000</b>	300,000	<b>300,000</b>	300,000
<b>Issued</b>					
231,884,218 Ordinary shares of 50¢ each fully paid (1994 – 223,895,881)		<b>115,942</b>	111,948	<b>115,942</b>	111,948
<b>Increase in Issued Capital During the Year</b>					
– ordinary shares of 50¢ each issued under :					
Leighton Staff Equity Participation Plan					
545,000 shares at par		—	273	—	273
Dividend Reinvestment Plan					
4,747,049 shares at a premium of 118¢ per share		<b>2,373</b>	—	<b>2,373</b>	—
3,241,288 shares at a premium of 128¢ per share		<b>1,621</b>	—	<b>1,621</b>	—
967,069 shares at a premium of 153¢ per share		—	483	—	483
3,054,162 shares at a premium of 156¢ per share		—	1,527	—	1,527
<b>23 Reserves</b>					
General		<b>25</b>	25	<b>25</b>	25
Redemption		<b>60</b>	60	<b>60</b>	60
Foreign Currency Translation		<b>(2,412)</b>	(4,348)	<b>570</b>	4,371
Asset Revaluation		<b>13,045</b>	9,692	<b>2,121</b>	1,590
Share Premium		<b>130,758</b>	121,008	<b>130,758</b>	121,008
		<b>141,476</b>	126,437	<b>133,534</b>	127,054
<b>Movements</b>					
<b>Foreign Currency Translation</b>					
Opening Balance		<b>(4,348)</b>	510	<b>4,371</b>	2,390
Translation of overseas controlled entity accounts & borrowings applicable to overseas investments		<b>1,936</b>	(4,858)	—	—
Transfer (to)/from Profit and Loss Account		—	—	<b>(3,801)</b>	1,981
Closing Balance		<b>(2,412)</b>	(4,348)	<b>570</b>	4,371
<b>Asset Revaluation</b>					
Opening Balance		<b>9,692</b>	9,379	<b>1,590</b>	1,590
Transfer from Profit and Loss Account		<b>14</b>	364	—	—
Surplus/(Deficiency) on Revaluations		<b>3,339</b>	(51)	<b>531</b>	—
Closing Balance		<b>13,045</b>	9,692	<b>2,121</b>	1,590
<b>Share Premium</b>					
Opening Balance		<b>121,008</b>	114,764	<b>121,008</b>	114,764
Ordinary Shares issued at a premium					
– 7,988,337 shares in 1995		<b>9,750</b>	—	<b>9,750</b>	—
– 4,021,231 shares in 1994		—	6,244	—	6,244
Closing Balance		<b>130,758</b>	121,008	<b>130,758</b>	121,008



# Notes continued

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>(24) Outside Equity Interests in Controlled Entities</b>	Share Capital	1,045	1,594	—	—
	Reserves	10,973	3,217	—	—
	Retained Profits	2,806	8,866	—	—
		<b>14,824</b>	<b>13,677</b>	<b>—</b>	<b>—</b>

<b>(25) Earnings Per Share</b>			
	Basic earnings per share (cents per share)	22.4¢	14.9¢
	Diluted earnings per share (cents per share)	22.4¢	14.9¢
	Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	228,359,853	221,516,001
	There have been no other conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.		

<b>(26) Investments</b> — Associated Companies	Associated Company	Balance Date	Activity	Location	Economic Entity Interest at Year End	
					1995 %	1994 %
	Green Holdings, Inc.	31 Dec 1994	Civil Engineering, Building & Mining	USA	50	50
	Ipcos International Limited	30 June 1995	Marine & Civil Engineering	Asia	29.6	33.6
	Kaparidge Pty Limited	30 June 1995	Property Development	Aust	50	50
	Leighton Geotech Ltd (formerly Leighton-Brückner (Thailand) Co Ltd)	31 Dec 1994	Foundation Engineering	Thai	*	50
	Interlink Roads Pty Limited	30 June 1995	Tollroad Operations	Aust	50	50
	LCV Mud Dredging Co Ltd <sup>#</sup>	30 June 1995	Civil Engineering	Asia	33	33
	LCV Services Co Ltd <sup>#</sup>	30 June 1995	Services - Civil Engineering	Asia	33	33
	Leighton Terraform Ltd <sup>#</sup> (formerly Leighton-Brückner Terraform Ltd)	30 June 1995	Site Investigation - Foundation	Asia	50	50
	Zappaway Ltd	30 June 1995	Environmental Services	Asia	50	50
Associated Company	Carrying Value of Shares		Advances		Dividends Received/Receivable	
	1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
Green Holdings, Inc.	—	—	31,124	2,137	—	—
Ipcos International Limited	49,849	55,874	—	—	320	620
Kaparidge Pty Limited	—	—	3,042	4,167	—	—
Leighton Geotech Ltd (formerly Leighton-Brückner (Thailand) Co Ltd)	*	144	*	2,043	*	—
Interlink Roads Pty Limited	21,000	21,000	7,537	6,828	—	—
LCV Mud Dredging Ltd <sup>#</sup>	—	—	—	1,156	—	—
LCV Service Co Ltd <sup>#</sup>	—	—	59	468	—	—
Leighton Terraform Ltd <sup>#</sup> (formerly Leighton-Brückner Terraform Ltd)	222	—	267	128	—	—
Zappaway Ltd	378	475	89	—	—	—
Other	129	113	—	189	—	—
	<b>71,578</b>	<b>77,606</b>	<b>42,118</b>	<b>17,116</b>	<b>320</b>	<b>620</b>

<sup>#</sup> Incorporated construction partnerships

\* Consolidated in 1995 following acquisition of remaining 50%

The details of Associated Companies disclosed are for the Economic Entity. The only significant investment held by the Chief Entity was Ipcos International Limited where the shares held were \$49,849 (1994 - \$55,874).

	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>26 Investments</b>	<b>Associated Companies – Summary</b>				
– Associated Companies	– note 8				
(continued)	– note 12				
		<b>7,422</b>	17,461		
		<b>106,274</b>	77,261		
		<b>113,696</b>	94,722		

There were no post balance date events which would materially affect the financial position or performance of any associated company and there were no dissimilar accounting policies used by the associated companies.

Investments in associated companies have been reviewed by the Directors at 30 June 1995.

The assessment of the investment in Green Holdings Inc. included an evaluation of the recoverability of a number of contractual claims, the major one being an offshore overdue trade receivable from a foreign government owned company of \$US11.7 million (1994 – \$US11.7 million) which is in the process of recovery under an overseas trade indemnity insurance policy. The Ipco investment at 30 June 1995 was maintained at the 1993 valuation which included a premium of 25% above the prospectus placement price of \$US2.45. Ipco shares traded at \$US3.22 (1994 – \$US4.99) on the Stock Exchange of Singapore at 30 June 1995.

Interlink Roads investment was maintained at the 1994 valuation which was determined by the Directors with reference to two independently determined estimates of realisable value.

The Economic Entity has interests in other associated companies which, at 30 June 1995, were not of a material size or contribution to the Economic Entity's activities to warrant separate disclosure.

<b>27 Capital Commitments</b>	Plant and Equipment	<b>60,814</b>	54,234	—	—
	All capital commitments contracted are payable within one year.				
<b>28 Bank Guarantees, Insurance Bonds &amp; Letters of Credit</b>	Contingent liability under indemnities given on behalf of controlled entities in respect of:				
	i) Bank Guarantees	<b>240,875</b>	188,961	<b>240,875</b>	188,961
	ii) Insurance, Performance & Payment Bonds	<b>4,760</b>	10,084	<b>4,760</b>	10,084
	iii) Letters of Credit	<b>3,987</b>	2,165	<b>3,987</b>	2,165
	Contingent liability under indemnities given on behalf of an associated company in respect of:				
	i) Letters of Credit	<b>6,611</b>	20,411	<b>6,611</b>	20,411

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 \$US94 million (1994 – \$US165 million) of which \$US13 million (1994 – \$US31 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.

<b>29 Other Contingent Liabilities</b>	(i) Guarantees and undertakings given in respect of borrowings by controlled entities	<b>41,946</b>	55,065
--	---	---------------	--------

(ii) The Company is called upon to give in the ordinary course of business guarantees and indemnities in respect of the performance by controlled entities, associated companies and related parties of their contractual and financial obligations. These guarantees and indemnities are indeterminable in amount.

(iii) A liability may exist under the Leighton Staff Equity Participation Plan in the event of the share price being lower than the issue price for the sale of shares on termination of employment of participating employees.

(iv) There exists in some members of the Economic Entity the normal design liability in relation to completed design and construction projects. The Directors are of the opinion that there is adequate insurance cover for this liability.

(v) Certain members of the Economic Entity have the normal contractor's liability in relation to construction contracts which liability may include litigation by or against the entities.

(vi) Controlled entities have entered into various partnership and trust arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the partnership or trust.

(vii) Under the terms of the Class Order issued pursuant to Section 313(6) of the Corporations Law the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.

Refer to note 36 and note 41.

(viii) Certain members of the Economic Entity utilise derivative financial instruments to manage the risks associated with exposure to interest rate and foreign currency exchange rate fluctuations.

a) Interest Rate Risk

Interest rate swaps and caps are entered into for the purpose of managing the exposure to interest rate fluctuations.

Maturity of swap contracts are principally between one and nine years.



- (29) Other Contingent Liabilities** (continued)
- b) Foreign Exchange Risk  
Members of the Economic Entity enter into forward exchange contracts to hedge specific project receipts and plant and equipment purchase commitments denominated in foreign currencies. The terms of these instruments are less than 12 months and are mainly in relation to US dollars and UK pounds.  
The effect of these contracts is included on a net basis as part of the transaction when it is completed.
- c) Credit Risk  
Credit risk represents the accounting loss that would be recognised if counterparties failed to perform as contracted. Swap and forward exchange contracts are subject to the credit worthiness of counterparties, which are financial institutions. At balance date the Economic Entity does not have a significant exposure to any individual customer or counterparty. No significant claims are anticipated in respect of contingent liabilities.

<b>(30) Consolidated Result by Segments</b>	Industry	Contracting & Project Management	Property Development	Unallocated	Total
		\$'000	\$'000	\$'000	\$'000
<b>1995</b>					
<b>Total Revenue</b>		<b>1,964,319</b>	<b>43,348</b>	<b>23,710</b>	<b>2,031,377</b>
<b>Operating Profit/(Loss) Before Tax*</b>		<b>108,303</b>	<b>(9,983)</b>	<b>(18,771)</b>	<b>79,549</b>
<b>Total Assets</b>		<b>870,566</b>	<b>202,588</b>	<b>116,142</b>	<b>1,189,296</b>
<b>1994</b>					
Total Revenue		1,754,165	30,820	22,743	1,807,728
Operating Profit/(Loss) Before Tax *		72,010	(21,657)	(9,758)	40,595
Total Assets		737,641	210,368	100,835	1,048,844
<b>Geographic</b>		<b>Australia</b>	<b>S. E. Asia</b>	<b>U.S.A.</b>	<b>Total</b>
		\$'000	\$'000	\$'000	\$'000
<b>1995</b>					
<b>Total Revenue</b>		<b>1,481,003</b>	<b>550,285</b>	<b>89</b>	<b>2,031,377</b>
<b>Operating Profit/(Loss) Before Tax*</b>		<b>49,680</b>	<b>35,869</b>	<b>(6,000)</b>	<b>79,549</b>
<b>Total Assets</b>		<b>838,242</b>	<b>287,044</b>	<b>64,010</b>	<b>1,189,296</b>
<b>1994</b>					
Total Revenue		1,368,866	438,766	96	1,807,728
Operating Profit/(Loss) Before Tax *		50,378	30,621	(40,404)	40,595
Total Assets		736,190	277,438	35,216	1,048,844

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

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

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

31

## Directors' Emoluments

Amounts received, or due and receivable, by directors of Leighton Holdings Limited and executive and non-executive directors of controlled entities.

Number of directors of Leighton Holdings Limited whose remuneration, which includes salary and allowances, performance bonus, provision of motor vehicles, fringe benefits, superannuation fund contributions and accommodation costs, were within the following bands:

\$0	—	\$9,999
\$40,000	—	\$49,999
\$50,000	—	\$59,999
\$60,000	—	\$69,999
\$90,000	—	\$99,999
\$100,000	—	\$109,999
\$150,000	—	\$159,999*
\$820,000	—	\$829,999
\$970,000	—	\$979,999
\$1,270,000	—	\$1,279,999
\$1,770,000	—	\$1,779,999
\$4,040,000	—	\$4,049,999*

Note

Consolidated		Company	
1995	1994	1995	1994
\$'000	\$'000	\$'000	\$'000
17,002	15,100	3,184	6,705
		1	—
		2	2
		1	2
		1	—
		1	1
		1	1
		—	1
		—	1
		1	—
		—	1
		1	—
		—	1

\*Included for 1994 are payments of \$125,806 in accordance with the board retirement policy for non-executive directors and Section 237(6) of the Corporation Law, and \$2,626,393 as a consequence of a long term deferred contractual obligation relating to the profitability of part of the Economic Entity.

The above amounts are disclosed in accordance with an ASC Class Order dated 13 October 1994.



# Notes continued

## 32 Remuneration of Executives

Amounts received or due and receivable by executive officers, whose remuneration equals or exceeds \$100,000.

Number of executive officers whose remuneration, which includes salary and allowances, performance bonus, provision of motor vehicles, fringe benefits, superannuation fund contributions and accommodation costs, equals or exceeds \$100,000 were within the following bands:

\$180,000	—	\$189,999
\$210,000	—	\$219,999
\$220,000	—	\$229,999
\$230,000	—	\$239,999
\$240,000	—	\$249,999
\$250,000	—	\$259,999
\$260,000	—	\$269,999
\$270,000	—	\$279,999
\$280,000	—	\$289,999
\$290,000	—	\$299,999
\$300,000	—	\$309,999
\$310,000	—	\$319,999
\$360,000	—	\$369,999
\$370,000	—	\$379,999
\$380,000	—	\$389,999
\$430,000	—	\$439,999
\$440,000	—	\$449,999
\$450,000	—	\$459,999
\$480,000	—	\$489,999
\$490,000	—	\$499,999
\$500,000	—	\$509,999
\$530,000	—	\$539,999
\$550,000	—	\$559,999
\$590,000	—	\$599,999
\$600,000	—	\$609,999
\$610,000	—	\$619,999
\$630,000	—	\$639,999
\$820,000	—	\$829,999
\$890,000	—	\$899,999
\$970,000	—	\$979,999
\$980,000	—	\$989,999
\$1,270,000	—	\$1,279,999
\$1,310,000	—	\$1,319,999
\$1,770,000	—	\$1,779,999
\$1,910,000	—	\$1,919,999
\$4,040,000	—	\$4,049,999*

Note

### Consolidated

1995  
\$'000

1994  
\$'000

15,513 14,790

### Company

1995  
\$'000

1994  
\$'000

3,637 2,725

\*Includes a payment for 1994 of \$2,626,393 as a consequence of a long term deferred contractual obligation relating to the profitability of part of the Economic Entity.

33

**Employee Entitlements****Aggregate Employee Entitlements**

Note

Current (note 18)  
Non-Current (note 21)

Consolidated		Company	
1995	1994	1995	1994
\$'000	\$'000	\$'000	\$'000
16,338	13,269	369	455
34,839	29,426	13,637	10,997
51,177	42,695	14,006	11,452

**Superannuation**

The superannuation plans provide defined benefits based on years of service and final average salary or accumulated benefits based on the employee's contribution and the actual earnings of the fund.

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

The Leighton Superannuation Fund and the Leighton Contractors (Asia) Ltd Retirement Plan are the only plans providing defined benefits to employee members.

Actuarial assessments are performed every three years. The Leighton Superannuation Fund was assessed at 30 June 1994 by Mercer Campbell Cook & Knight Pty Ltd. The Leighton Contractors (Asia) Ltd Retirement Plan was assessed at 30 June 1993 by the Wyatt Company. Based on these assessments, the Directors are of the view that the assets of each of the funds are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans, and voluntary or compulsory termination of each employee. The following values are based on the most recent financial reports of the funds which were prepared as at 30 June 1994.

Fund	Accrued Benefits	Market Value of Assets	Surplus/ (Deficit)	Vested Benefits
Leighton Superannuation Fund	40,164	41,234	1,070	30,981
Leighton Contractors (Asia) Ltd Retirement Plan	1,971	1,771	(200)	857
Total	42,135	43,005	870	31,838

Accrued benefits have been determined based on the amounts calculated in the last actuarial assessments and Directors' estimates, based on the advice of the trustees of the funds, of the benefits that have accrued in the periods between the last actuarial assessment and the financial year end. Accrued benefits are benefits the plans are presently obliged to pay at some future date, resulting from membership of the plans. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor, other than resignation from the plan.

**Leighton Staff Equity Participation Plan**

Leighton has a senior employee share acquisition scheme known as the Leighton Staff Equity Participation Plan ("the Plan") and established by a Trust Deed dated 23 June 1981, as amended by a further Deed dated 18 March 1983 ("the Trust Deed"). The Plan was approved by Leighton members in general meeting.

Under the Plan, options to acquire fully paid ordinary shares in Leighton may be granted and fully paid ordinary shares in Leighton may be allotted to Group employees. Interest free loans may be provided by Leighton to assist in financing the acquisition of shares allotted pursuant to the Plan.

The aggregate of all options to acquire shares which have not ceased to be exercisable and all shares in respect of which there are outstanding loans may not exceed 5% of Leighton's issued capital (as defined in the Trust Deed). Further, under the Australian Stock Exchange Listing Rules no shares or options may be granted to directors or their associates without shareholder approval.

As at 30 June 1995 there were on issue under the Plan 1,650,000 shares in respect of which there were outstanding loans totalling \$1,795. These shares were issued at market value. No options were outstanding at 30 June 1995 nor at 30 June 1994.

No shares or options were issued under the terms of the Plan during 1995.

There have been 9,994,000 shares issued under the terms of the Plan since its inception.



	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000
<b>34 Loans to Executive Directors</b>	<p>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 \$1,794,893 (1994 – \$1,907,549) and ranging from \$57 to \$1,360,000 (1994 – \$611 to \$1,360,000) have been made to 24 (1994 – 24) Executive Directors of Leighton Holdings Limited and related entities. Interest of \$94,593 (1994 – \$104,141) was received on senior executive loans.</p> <p>Loans under the Staff Equity Participation Plan are interest free and repayable from dividend income earned by the shares acquired under the Plan. The loans are secured by a charge over the shares issued under the Plan. During the year repayments totalling \$112,197 (1994 – \$183,507) were received in respect of the Plan from D. Adamsas, M. Albrecht, K. Bennett, P. Bingham-Hall, P. Cooper, T. Cooper, J. Faulkner, E. Furney, M. Gray, R. Gussey, W. Hamilton, R. Hawkins, J. Holt, R. Hunter, R. Logan, R. Merkenhof, J. McGee, N. Jukes, J. Paterson, N. Sallustio, R. Turchini, W. West, P. Williams, E. Young and T. Young.</p> <p>Loans under the Senior Executive Loan Plan were charged interest between 6% p.a. and 10% p.a. (1994 – 6% p.a. and 10% p.a.), were secured by mortgages over real estate property and were repayable after 10 years and 20 years from the dates of the loans. Loans of \$NIL (1994 – \$1,360,000) were made during the year. Repayments of \$1,758 (1994 – \$212,500) in respect of senior executive loans were received during the year.</p> <p>The amounts in this note have not been rounded off to the nearest thousand dollars.</p>				
<b>35 Lease &amp; Rental Commitments</b>	<p><b>Finance Leases</b></p> <p>Lease Commitments capitalised</p> <p>– Not later than one year</p> <p>– Later than one year but not later than two years</p> <p>– Later than two years but not later than five years</p> <p>Less future finance charges</p> <p>Present value of leasing liability</p> <p>Current Liability (note 17)</p> <p>Non-current Liability (note 20)</p> <p><b>Operating Leases</b></p> <p>Plant &amp; Equipment Leases</p> <p>Carpark Leases</p> <p>Property Leases</p> <p>Lease Commitments not capitalised</p> <p>– Not later than one year</p> <p>– Later than one year but not later than two years</p> <p>– Later than two years but not later than five years</p> <p>– Later than five years</p>	<p>5,180</p> <p>5,180</p> <p>5,033</p> <p>15,393</p> <p>(1,696)</p> <p>13,697</p> <p>4,262</p> <p>9,435</p> <p>13,697</p> <p>42,568</p> <p>17,465</p> <p>14,822</p> <p>74,855</p> <p>28,959</p> <p>22,352</p> <p>22,985</p> <p>559</p> <p>74,855</p>	<p>5,882</p> <p>5,180</p> <p>10,213</p> <p>21,275</p> <p>(2,924)</p> <p>18,351</p> <p>5,864</p> <p>12,487</p> <p>18,351</p> <p>42,612</p> <p>36,631</p> <p>14,749</p> <p>93,992</p> <p>27,508</p> <p>21,887</p> <p>34,108</p> <p>10,489</p> <p>93,992</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p>
<p>Plant and Equipment used in contract mining and civil engineering is leased over its economic life and the leases are structured to match income from contracts. Leighton Parking Pty Ltd had previously entered into a long-term lease with 5 years remaining for car parking facilities. The majority of the car parking operations were sold during 1995.</p>					

36 Leighton Holdings Limited and Controlled Entities	All controlled entities carry on business in the country of incorporation except where noted	Class of Shares	Entity's Investment	Entity's Share of Equity	Place of Incorporation	Contribution to Economic Entity Operating Profit/ (Loss) After Income Tax	
						1995 \$'000	1994 \$'000
† Leighton Holdings Limited					Vic.	<b>2,767</b>	14,214
* Solomon No.1 Pte Ltd		Ord.	662	100%	Singapore	<b>22</b>	(9)
(formerly Solomon Insurance Pte Ltd)							
Atchison Investments Pty Ltd (Liquid)		Ord.	—	100%	N.S.W.	—	219
Burton Properties Pty Ltd		Ord.	535	100%	N.S.W.	—	—
Gapwell Pty Ltd		Ord.	25	100%	Qld.	—	—
Noosa Unit Trust		Ord.	12,000	100%	N.S.W.	<b>618</b>	—
† Leighton Finance Limited		Ord.	150,000	100%	N.S.W.	<b>(3,567)</b>	(24,422)
Leighton Major Projects Pty Ltd (in liq)		Ord.	30,000	100%	N.S.W.	<b>27</b>	(4)
Leighton Staff Shares Pty Ltd		Ord.	25	100%	Vic.	—	—
Leighton Superannuation Pty Ltd		Ord.	25	100%	N.S.W.	—	—
† Lomo Pty Ltd		Ord.	15,091	100%	Qld.	—	—
† Technical Resources Pty Ltd		Ord.	25	100%	N.S.W.	—	13
† Leighton Contractors Pty Ltd		Ord.	99,060	100%	N.S.W.	<b>40,204</b>	44,316
# Welded Mesh Pty Limited		Ord.	9005	90%	N.S.W.	—	—
# NSW Welded Mesh Unit Trust		Ord.	994	90%	N.S.W.	<b>4,264</b>	5,394
		Red.Pref.	9,067				
* Leighton Contractors (PNG) Pty Ltd (in liq)		Ord.	25	100%	P.N.G.	—	—
† Bonedale Pty Ltd		Ord.	25	100%	A.C.T.	—	(100)
† Leighton Interlink Pty Ltd		Ord.	25	100%	N.S.W.	<b>198</b>	—
Pluteus ACT (No 7) Pty Limited		Ord.	1005	100%	A.C.T.	—	—
† Airport Motorway Pty Ltd		Ord.	25	100%	Vic.	<b>(99)</b>	—
(formerly NW Link Pty Limited)							
# Northcoast Motorway Pty Ltd	(5)	Ord.	25	100%	N.S.W.	<b>(11)</b>	—
† Leighton Properties (Qld) Pty Ltd		Ord.	15	100%	Qld.	<b>1,144</b>	1
Landetting Nominees Pty Ltd		Ord.	3,626	100%	Vic.	—	—
† Leighton Properties Pty Ltd		Ord.	50,000	100%	N.S.W.	<b>(9,665)</b>	(2,848)
2 City Road Pty Ltd (in liq)		Ord.	25	100%	N.S.W.	<b>1,384</b>	(682)
Leighton Projects Pty Ltd	(4)	Ord.	25	100%	N.S.W.	—	—
† LB Developments Pty Ltd		Ord.	25	100%	Qld.	<b>248</b>	(665)
† Leighton Properties (Vic) Pty Ltd		Ord.	15	100%	Vic.	<b>1,733</b>	(57)
† Moussewood Pty Ltd		Ord.	25	100%	Qld.	<b>(321)</b>	(362)
† Leighton Parking Pty Ltd		Ord.	25	100%	N.S.W.	<b>(4,288)</b>	(1,524)
(formerly Pacific Parking Pty Ltd)							
† Ridgewood Development Pty Ltd		Ord.	35	100%	Qld.	<b>(554)</b>	200
† Adelaide Terrace Investments Pty Ltd		Ord. A } Ord. B }	20	100%	S.A.	<b>(2,745)</b>	(2,721)
† Comserv (No. 1776) Pty Ltd		Ord. A	1015	100%	N.S.W.	<b>(153)</b>	596
† Gabeze Pty Limited (in liq)		Ord.	25	100%	N.S.W.	<b>244</b>	(55)
Dovida Pty Limited		Ord.	995	100%	N.S.W.	<b>(3,352)</b>	(829)
		A	15				
Leighton Properties Pty Limited/ Hochtief Limited Dovida Partn.	(6)	—	—	—	N.S.W.	—	(1,746)
Mamasan Pty Limited		Ord.	45	100%	A.C.T.	<b>34</b>	(8,608)
		Red.Pref.	3005				
Leighton Properties Pty Limited Lucrum Partnership	(6)	—	—	—	N.S.W.	—	(2,934)
Yifta Pty Limited		Ord.	995	100%	N.S.W.	<b>(2,359)</b>	97
		A	15				
Leighton Properties Pty Limited/ Hochtief Limited Yifta Partnership(6)		—	—	—	N.S.W.	—	(982)



36 Leighton Holdings Limited and Controlled Entities (continued)	All controlled entities carry on business in the country of incorporation except where noted	Class of Shares	Entity's Investment	Entity's Share of Equity	Place of Incorporation	Contribution to Economic Entity Operating Profit/(Loss) After Income Tax	
						1995 \$'000	1994 \$'000
			\$'000				
	Block 200 Partnership	(6)	—	—	N.S.W.	—	(419)
	† Thiess Contractors Pty Ltd	Ord.	27,365	100%	Qld.	5,306	6,592
	* Thiess Contractors (PNG) Pty Ltd	Ord.	1108	100%	P.N.G.	17	—
	* Thiess Contractors (Malaysia) Sdn.Bhd.	Ord.	88	100%	Malaysia	(25)	(1,244)
	† Thiess Construction Ltd	Ord.	794	100%	Qld.	—	—
	Integrated Concrete Repairs Pty Ltd	Ord.	18	50%	A.C.T.	(2)	—
	† South East Queensland Regional Landfill Pty Ltd	Ord.	1008	100%	Qld.	—	(19)
	Pacific Water Pty Ltd	Ord.	10	100%	N.S.W.	—	—
	† Thiess Contractors International Pty Ltd	Ord.	1	100%	Qld.	(2,315)	—
	† Thiess Services Pty Ltd	Ord.	28	100%	Vic.	—	—
	† Thiess Mining Services Pty Ltd	Ord.	28	100%	N.S.W.	—	—
	* Ausindo Holdings Pte Ltd	Ord.	1,247	80%	Singapore	91	(12)
		Red.Pref.					
	* PT Thiess Contractors Indonesia	Ord.	1,667	95%	Indonesia	2,382	1,619
	† Multicon Holdings Pty Limited	Ord.	17,517	100%	N.S.W.	550	—
	† Multicon Engineering Pty Limited	Ord.	18	100%	N.S.W.	829	(2,032)
	† Altikar Pty Limited	Ord.	18	100%	N.S.W.	21	272
	* Leighton USA Holdings Inc	Ord.	54,911	100%	U.S.A.	1,782	2,359
	* Leighton Pacific Developments Inc	Ord.	53,003	100%	U.S.A.	911	(1,751)
	* Asian Region Investment Ltd	(4) Ord.	92	100%	Hong Kong	—	—
	Aus. Construction and Dredging B.V	(1) Ord.	10,060	100%	Netherlands	847	856
	* Leighton Asia Limited	Ord.	405	80%	Hong Kong	(437)	(700)
	* Lai Lap Foundation Engineering Ltd	Ord.	4,448	100%	Hong Kong	(18)	(87)
	* Leighton Contractors (China) Ltd	Ord.	—	100%	Hong Kong	1,640	486
	* Leighton Contractors (Indo-China) Ltd	(4) Ord.	—	100%	Hong Kong	—	—
	* Leighton Foundation Engineering Ltd (formerly Leighton Brückner Foundation Engineering Ltd)	Ord.	3,888	100%	Hong Kong	4,118	(1,899)
	* Leighton Contractors (Malaysia) Sdn. Bhd.	Ord.	1,136	100%	Malaysia	(320)	(63)
		Red.Pref.					
	* Leighton Contractors (Singapore) Pte Ltd	Ord.	2,433	100%	Singapore	(62)	(255)
		Red.Pref.					
	* Leighton Contractors (Philippines) Ltd	(5) Ord.	—	100%	Hong Kong	—	—
	* Leighton Asia Management Services Co Ltd	Ord.	14	100%	Hong Kong	3,614	1,937
	Leighton Asia Finance Ltd	(4) Ord.	18	100%	Hong Kong	131	1,183
	* Thai-Leighton Ltd	(3) Ord.	5,589	49%	Thailand	598	3,865
		Red.Pref.					
	* Leighton Geotech Ltd	(7) Ord.	—	100%	Thailand	(2,494)	—
	* Leighton Contractors (Asia) Ltd	Ord.	15,836	100%	Hong Kong	13,150	8,335
		Red.Pref.					
	* Leighton Asia Fund Management Limited	Ord.	—	100%	Hong Kong	—	—
	* Giddens Investment Ltd	Ord.	—	100%	Hong Kong	18	172
	* Technical Resources Asia Ltd	Ord.	—	100%	Hong Kong	—	(3)
	* Leighton-Ted Partnership	(2)	—	66.7%	Hong Kong	79	163
Contribution to Consolidated Operating Profit after Income Tax						56,184	35,857
			571,561				
Elimination of investments other than in directly controlled entities			100,237				
			471,324				

**36 Leighton Holdings Limited and Controlled Entities**  
(continued)

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

(1) Carries on business in Australia

\*Audited by overseas KPMG member firms

(2) Carries on business in Brunei

#Audited by firms other than KPMG

(3) Entities controlled under shareholder agreements

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

(4) Incorporated in 1994 year

†Companies participating in the Class Order

(5) Incorporated in 1995 year

(6) Concluded in 1995 year

(7) Consolidated in 1995 year

**37 Acquisition and Disposal of Controlled Entities and Businesses**

Name	Date Acquired	Proportion Acquired	Cash Consideration	Net Tangible Assets at Acquisition
			\$	\$
<b>Entities Acquired</b>				
Northcoast Motorway Pty Ltd*	May 1995	100%	2	2
Leighton Contractors (Philippines) Ltd*	June 1994	100%	1	1
Leighton Geotech Ltd#	July 1994	50%	411,404	(526,626)
<b>Businesses Acquired</b>				
Hydrographic Services	June 1995	—	1,284,920	1,284,920

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

#Leighton Geotech Ltd (formerly an associated piling company, Leighton-Brückner (Thailand) Co Ltd) was acquired to consolidate the foundation and piling activities within the Asian operation.

Name	Date Disposed	Proportion Retained	Profit on Sale	Net Tangible Assets at Disposal
			\$	\$

**Disposal of Entities**

Nil

**Liquidated Entities**

Actrip Pty Ltd

Algester Properties Pty Ltd

Bymer Pty Ltd

Mt Sugarloaf Collieries Pty Ltd

Multicon Engineering (WA) Pty Ltd

Leighton Properties Pty Ltd/Hochtief Ltd Dovidia Partnership

Leighton Properties Pty Ltd Lucrum Partnership

Leighton Properties Pty Ltd/Hochtief Ltd Yifta Partnership

Block 200 Partnership

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

**38 Outside Equity Holdings in Controlled Entities**

Name	Number of Shares Held by Outside Interests		Total Issued and Paid Up Capital		Equity Holdings of Outside Interests	
	1995 No.	1994 No.	1995 \$'000	1994 \$'000	1995 %	1994 %
Leighton Asia Ltd						
Ordinary Shares of HK\$10 each	60,001	60,001	534	528	20	20
Welded Mesh Pty Ltd						
Ordinary Shares of \$1 each	100	100	1	1	10	10
NSW Welded Mesh Unit Trust						
Ordinary Units of \$1 each	100	100	1	1	10	10
Redeemable Pref Units of \$1 each	520	520	5	5	10	10
Ausindo Holdings Pte Ltd						
Ordinary 'A' Shares of \$S1 each	—	—	4\$	4\$	20	20
Ordinary 'B' Shares of \$S1 each	1	1	1\$	1\$		
Red. Pref 'A' Shares of \$S1 each	—	—	1,333	1,315		
Red. Pref 'B' Shares of \$S1 each	424,800	424,800	333	329		
PT Thiess Indonesia						
Ordinary Shares of \$US1,000 each	75	300	2,083	2,055	5	20

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



	Note	Consolidated		Company	
		1995 \$'000	1994 \$'000	1995 \$'000	1994 \$'000

**39 Related Party Information**

**Directors**

The Directors who held office as Directors of Leighton Holdings Limited during the year ended 30 June 1995 were:

Morrish Alexander Besley, AO	Hans-Peter Keitel
Wallace MacArthur King	Peter John North
Dieter Siegfried Adamsas	Busso Peus (appointed 17.08.94)
Peter John Waraker Cottrell, AO, OBE (resigned 08.05.95)	Mark Richard Rayner (appointed 08.05.95)
	David Paul Robinson
	Rodney Malcolm Wylie, OBE

**Directors' Transactions**

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

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

M.A. Besley is a director of Clyde Industries Limited and Amcor Limited. P.J. North is a director of Heggies Bulkhaul Ltd. P.J.W. Cottrell is a director of Boral Limited. M.R. Rayner is a director of Comalco Limited and Pasminco Limited.

A.C. Hardy, a director of a controlled entity, is a director of the Frankpile Group. K.J. Ferguson and J.A. Thomson, directors of a controlled entity, are directors of PT Longyear Minterk. These companies may provide or receive from time to time on normal commercial terms general construction materials and services. D.P. Robinson is a partner in the firm of chartered accountants Harveys which receives fees from HOCHTIEF Limited for services provided to that company which is a related party.

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

During the year Directors of Leighton Holdings Limited acquired and disposed of shares on the open market and acquired shares in accordance with the dividend re-investment plan. The aggregate details of those transactions were 9,397 (1994 – 92,467) shares acquired and NIL (1994 – 20,000) shares sold. During the year HOCHTIEF Limited acquired 6,873,235 (1994 – 6,572,734) shares giving a shareholding at year end of 115,041,769 (1994 – 108,168,534) shares. H.P. Keitel, B. Peus and D.P. Robinson were directors of HOCHTIEF Limited during the year.

**Transactions with Related Parties**

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

Transactions with related parties are made on normal commercial terms and conditions and the aggregate of the related party transactions was not material in the overall operations of the Economic Entity or the Chief Entity except for advances to property development partnerships and associates as shown in notes 8 and 12.

Dividends were received or receivable during the year from associated companies as disclosed in note 26.

Interests held in associated and controlled entities are set out in notes 26 and 36 to the accounts.

**Amounts Receivable from and Payable to Related Parties**

Companies aggregate amounts receivable at balance date from

Directors:

– Current

– Non-Current

Other related parties:

– Associated Companies

– Current – Trade receivables

– Current – Investment

– Non-Current – Investment

– HOCHTIEF

– Current – Other receivables

– Other

– Current – Partnerships

Aggregate amounts payable at balance date to

Other related parties:

– Other

– Current

	84	79	10	8
	1,711	1,828	1,394	1,404
	—	10,500	—	—
	59	3,492	—	—
	42,058	13,624	—	—
	—	724	—	724
	14,771	10,589	—	—
	2,067	1,426	—	—

## 40 Cash Flow Information

## Reconciliation of Cash Balances

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

	Consolidated		Company	
	1995	1994	1995	1994
	\$'000	\$'000	\$'000	\$'000
Cash at Bank and on Hand	7,719	7,084	247	3,588
Interest Bearing Deposits	98,425	63,993	25,564	41,612
Bank Overdraft	(471)	—	(12,056)	—
	105,673	71,077	13,755	45,200

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

Operating profit after income tax	56,184	35,857	19,247	33,517
Add (less) non-cash items				
Depreciation	86,982	80,036	862	1,024
Amortisation and write off of goodwill	1,533	2,030	—	—
Amounts set aside to provisions	119,376	75,192	1,788	938
Bad debts writeoff	1,587	—	—	—
Loan writeoff	—	—	—	219
Revaluation of non-current assets	6,000	19,500	—	—
Property and other writedowns	3,799	6,708	—	—
Foreign currency losses/(gains)	—	—	5,713	(4,208)
Income tax payable	6,609	(8,266)	(5,591)	4,629
(Gain) on sales of non-current assets	(16,205)	(17,444)	(4,232)	(9,134)
Partnership results	(7,999)	(333)	994	766
Intercompany transactions	—	—	(37,399)	(31,656)
Interest charged to associated companies	(709)	(322)	—	—
Net cash provided by operating activities before changes in assets and liabilities	257,157	192,958	(18,618)	(3,905)
Net changes in assets/liabilities				
(Increase)/Decrease in Prepayments	(3,645)	(3,864)	(339)	150
(Increase)/Decrease in Other Receivables	(11,464)	1,542	197	342
Increase/(Decrease) in Trade Creditors	57,064	8,945	2,210	(1,952)
Increase/(Decrease) in Other Creditors	3,366	3,674	3,566	(745)
(Decrease) in Provisions	(88,837)	(63,408)	(283)	(127)
Proceeds of Sales of Development Properties	13,095	15,816	—	—
(Other Net Movement) in Development Properties	(5,553)	(848)	—	—
Decrease/(Increase) in Trade Debtors	7,270	(25,970)	—	—
(Increase) in Inventory	(1,571)	(1,685)	—	—
	(30,275)	(65,798)	5,351	(2,332)
Net cash provided by operating activities	226,882	127,160	(13,267)	(6,237)



**40 Cash Flow Information**  
(continued)

**Details of Credit Facilities**

The Economic Entity has a total of \$472 million (1994 – \$430 million) committed facilities of which \$184 million (1994 – \$150 million) were undrawn as at 30 June 1995. These facilities include a Private Unsecured Loan Placement in the USA of \$US82 million for 10 years with an effective life of seven years. These facilities have maturity dates ranging between January 1996 and May 2004.

**Non-Cash Financing and Investing Activities**

During the year \$13,745 (1994 – \$8,255) of dividends was reinvested as capital in the Chief Entity pursuant to the Dividend Reinvestment Plan.

**Fair Value of Assets of Controlled Entities and Businesses Acquired**

	Consolidated		Company	
	1995	1994	1995	1994
	\$'000	\$'000	\$'000	\$'000
Cash	4,054	—	—	—
Property, Plant and Equipment	6,367	—	—	—
Creditors and Borrowings	(9,663)	—	—	—
	758	—	—	—

Consideration for the acquisitions was cash and amounted to \$1,696.

**41 Deed of Cross Guarantee**

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

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee.

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

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

At balance date the Company and subsidiaries which are a party to the Deed have aggregate assets of \$1,592,968 (1994 – \$1,345,495), aggregate liabilities of \$974,144 (1994 – \$798,771), and their contribution to the consolidated operating profit and extraordinary items after income tax for the year was \$21,668 (1994 – \$31,401).

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

In the opinion of the Directors of Leighton Holdings Limited

- (a) The profit and loss statement gives a true and fair view of the Company's profit for the financial year ended 30 June 1995;
- (b) The balance sheet gives a true and fair view of the Company's state of affairs as at 30 June 1995;
- (c) At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due;
- (d) The consolidated accounts:
  - (i) have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
  - (ii) in particular, give a true and fair view of the matters with which they deal;
- (e) The financial statements have been made out in accordance with applicable Australian Accounting Standards; and
- (f) There are reasonable grounds to believe that the Company and certain subsidiaries will, as an Economic Entity, be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to a Class Order. Refer to note 41 for further details.

Dated at Sydney this eleventh day of September, 1995.

Signed in accordance with a resolution of directors:



**M A Besley AO**

Chairman



**W M King**

Chief Executive Officer

## Auditors' report to the members of Leighton Holdings Limited Scope

We have audited the financial statements of Leighton Holdings Limited for the financial year ended 30 June 1995, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the statement by Directors set out on pages 50 to 75. The financial statements comprise the accounts of the Company and the consolidated accounts of the Economic Entity, being the Company and its controlled entities. The Company's Directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

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

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

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

## Audit Opinion

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

- (a) So as to give a true and fair view of:
  - (i) the state of affairs of the Company and the Economic Entity at 30 June 1995, and the results and cash flows of the Company and the Economic Entity for the financial year ended on that date; and
  - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) In accordance with the provisions of the Corporations Law; and
- (c) In accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements.



**KPMG**

Chartered Accountants

Dated at Sydney this eleventh day of September, 1995.



**John H Richardson**

Partner



# Statistical Summary for the ten years 1986 – 1995

	1995 \$'000	1994 \$'000	1993 \$'000	1992 \$'000	1991 \$'000	1990 \$'000	1989 \$'000	1988 \$'000	1987 \$'000	1986 \$'000
<b>Summary of Balance Sheets *</b>										
Issued and Paid-up Capital	115,942	111,948	109,665	96,721	92,569	62,826	60,706	56,502	56,007	51,793
Total Capital and Reserves	358,049	316,195	298,120	249,059	238,453	193,403	178,866	165,612	151,041	148,643
Non-Current Liabilities	413,120	381,293	367,815	330,204	207,636	195,499	173,556	141,715	157,468	157,953
Current Liabilities	418,127	351,356	331,860	292,203	297,593	286,005	272,568	258,693	241,383	211,542
Non-Current Assets	768,820	689,003	663,593	570,250	429,608	363,741	320,224	265,938	287,054	284,923
Current Assets	420,476	359,841	334,202	301,216	314,074	311,166	304,766	300,082	262,838	233,215
Total Assets*	1,189,296	1,048,844	997,795	871,466	743,682	674,907	624,990	566,020	549,892	518,138
<b>Summary of Profit and Loss Statements <sup>a</sup></b>										
Revenue	2,031,377	1,807,728	1,580,582	1,590,196	1,710,044	1,636,460	1,431,260	1,489,100	1,355,345	1,138,338
Operating Profit Before Interest and Income Tax <sup>+</sup>	99,601	56,875	30,398	69,327	56,276	54,586	46,388	39,505	35,325	5,989
Operating Profit Before Tax	74,599	37,820	10,169	38,468	34,364	35,043	27,110	18,856	16,731	(14,487)
Income Tax Expense	23,365	4,738	(4,901)	15,959	13,335	14,563	10,575	7,731	10,016	(1,777)
Operating Profit after Tax	51,234	33,082	15,070	22,509	21,029	20,480	16,535	11,125	6,715	(12,710)
<b>Financial Statistics</b>										
Earnings per Ordinary Share										
— basic	22.4¢	14.9¢	7.6¢	11.6¢	16.1¢	16.5¢	14.2¢	9.9¢	6.2¢	—
— diluted	22.4¢	14.9¢	7.6¢	11.6¢						
Dividends per Ordinary Share	12.0¢	9.0¢	8.0¢	8.0¢	8.0¢	8.0¢	7.0¢	4.0¢	—	—
Return on Ordinary Shareholders Funds	14.3%	10.5%	5.1%	9.0%	8.8%	10.6%	9.2%	6.7%	4.5%	(8.6%)
Dividend Times Covered	1.9	1.7	0.9	1.4	1.7	2.0	2.0	2.5	—	—
Dividend Payout Ratio	54.0%	60.5%	110.1%	68.6%	60.2%	49.0%	50.5%	40.6%	—	—
Net Tangible Assets per Ordinary Share	154¢	140¢	128¢	126¢	123¢	128¢	121¢	115¢	113¢	111¢
Current Ratio	1.01	1.02	1.00	1.04	1.06	1.09	1.12	1.15	1.09	1.10
Shareholders Funds to Total Assets	30.1%	30.2%	29.9%	28.6%	32.1%	28.7%	28.6%	29.3%	27.5%	28.7%
Gross Borrowings to Shareholders Funds	0.81	0.89	0.97	0.82	0.56	0.82	0.75	0.72	1.02	1.15
Net Borrowings to Shareholders Funds	0.51	0.66	0.68	0.39	0.24	0.49	0.37	0.31	0.77	0.84
Number of Employees	7,346	7,382	7,175	6,048	6,361	5,810	5,451	5,594	5,980	4,950

+ Includes abnormal items.

\* Includes consolidation of controlled entities under AASB1024 from 1992.

<sup>a</sup> Prior to 1992, the Summary of Profit and Loss Statements reflected the equity accounted revenue and profit and loss of associated companies.

## Leighton Holdings Limited

### Head Office

472 Pacific Highway  
St Leonards NSW 2065  
Tel. (02) 9925 6666  
Fax. (02) 9925 6005

### Directory

#### Board of Directors

Morrish Alexander Besley, AO  
Wallace MacArthur King  
Dieter Siegfried Adamsas  
Keith Leslie Bennett  
Hans-Peter Keitel  
Peter John North  
Busso Peus  
Mark Richard Rayner  
David Paul Robinson  
Rodney Malcolm Wylie, OBE

#### Associate Directors

Martin Carl Albrecht  
John Faulkner  
Vynil Anthony Vella

#### Secretary

Ashley John Moir

#### Principal Registered Office in Australia

Level 5, 472 Pacific Highway  
St Leonards  
Sydney NSW 2065  
Tel. (02) 9925 6666

#### Principal Banker

Commonwealth Bank of Australia  
48 Martin Place  
Sydney NSW 2000

#### Financial Advisor

Centaurus Corporate Finance  
Pty Limited  
35 Pitt Street  
Sydney NSW 2000

#### Auditor

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

#### Share Register Office

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

## Leighton Contractors Pty Limited

### Head Office

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### Queensland

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### Western Australia

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West Perth WA 6005  
Tel. (09) 324 1166  
Fax. (09) 481 2449

## Leighton Asia Limited

### Head Office

Hong Kong  
49th Floor Hopewell Centre  
183 Queen's Road East  
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### Thai Leighton Limited

6th Floor, SPC Building  
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Sukhumvit 55 Road  
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Tel. (662) 381 3344  
Fax. (662) 391 4503

### Asia Regional

No 14.03, 14th Floor  
Menara Multi Purpose  
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No 8 Jalan Munshi Abdullah  
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Fax. (603) 293 5388

## Thiess Contractors Pty Limited

### Head Office

Environmental Services  
Process Engineering  
146 Kerry Road  
Archerfield QLD 4108  
Tel. (07) 3275 8500  
Fax. (07) 3275 8517

### New South Wales and Australian Capital Territory

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Fax. (02) 331 4264

### Queensland and Northern Territory

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Fax. (07) 3368 0250

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Melbourne VIC 3004  
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Fax. (03) 9820 9717

### Western Australia

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The Capital Centre  
256 St Georges Terrace  
Perth WA 6000  
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## PT Thiess Contractors Indonesia

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Building 412  
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Jakarta, Selatan 12560  
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Fax. (62-21) 780 0778

## Thiess Contractors (Malaysia) Sdn Bhd

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Damansara Utama  
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## Thiess Contractors International Pty Ltd

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Fax. (848) 210 637

## Leighton Properties Pty Limited

### Head Office & NSW Branch

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### Leighton Properties (Vic) Pty Limited

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### Leighton Properties (Qld) Pty Limited

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Fax. (07) 3805 3232

## Welded Mesh Pty Limited

### Head Office

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### Queensland

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Tel. (07) 3217 0700  
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## Technical Resources Pty Limited

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