why the focus on people?

The Leighton Group is renowned for its industry leading approach to business, its unique and diverse capabilities and its ethical and responsible approach to getting the job done. But there’s more to us than that and the foundation of our reputation, financial strength and continued growth is our people – all 15,236 of them.

In this year’s Annual Report we want to focus on our greatest asset, our people. We’ve done this for a number of reasons, primarily though to give our shareholders and stakeholders a glimpse of what goes on behind scenes within the Group. It’s a chance for us to highlight our people’s skills and expertise on some major projects. Rather than concentrate on the engineering outcome of those projects, we have instead focused on a selection of the unique individuals who help turn these projects into reality. They are only part of the team however, and it is this coming together of skills and personalities that drives our performance.

Our people operate in multi-skilled teams from strategic planning and financial management, right through to the physical design, construction and operations and maintenance of a completed project. We have a diverse and versatile pool of talent that overcomes complex challenges on a daily basis. Our people are loyal, hard working and honest and it is these characteristics which helps set our Group apart. The Group is powered by its people. They are the key to our success.
Who Are We?
Leighton Holdings Limited is the parent company of Australia’s largest project development and contracting group. Founded in Victoria in 1949, the organisation has grown from a small, privately owned civil engineering firm into a dynamic group that includes Thiess, Leighton Contractors, Leighton Asia, John Holland and Leighton Properties. With over 15,200 employees, the Group’s operations are spread all around the Asia-Pacific region on projects in Australia, Hong Kong, Indonesia, Malaysia, Singapore, the Philippines, Thailand, Vietnam, China, Taiwan, Sri Lanka and New Zealand. Leighton Holdings is listed on the Australian Stock Exchange and has its head office in Sydney.

What Do We Do?
Leighton Group companies offer a broad range of project development and contracting services and skills to public and private sector clients from a wide range of industries. Project development skills – community infrastructure, property or resources-based – and project management of construction and property developments complement the Group’s contracting activities. These activities include engineering and building construction, contract mining, environmental services, operations and maintenance, and facilities management. Key resources include an experienced, long-serving management team, a strong balance sheet and the largest fleet of mobile plant and equipment in Australia.

Leighton Holdings Limited
ACN 004 482 982
ABN 57 004 482 982
Notice of Annual General Meeting 2003
To: The Shareholders
Notice is hereby given that the Annual General Meeting of the members of Leighton Holdings Limited will be held at the Four Seasons Hotel Sydney at 199 George Street, Sydney, on Thursday 6 November 2003, at 10:00 am.
A separate Notice of Meeting and Proxy Form is enclosed.
During the course of the meeting, a short presentation on the Group’s operations will be given by Wal King AM, Chief Executive Officer. All present are invited to join the Directors for light refreshments after the meeting.
Having people with the right blend of skills and capabilities is vital in our industry, especially on highly complex projects such as Duta Plaza (Avenue K), a major retail, commercial and residential development in the heart of Kuala Lumpur, comprising two apartment towers, a seven-storey retail podium and six storeys of basement parking.

A team of almost 50 staff from Leighton Asia (Southern) are responsible for managing the construction of the first phase of the project, which includes the full retail podium and basement parking.

Engineers and designers, as well as key IT and administration support staff, form the core of the Leighton Asia team, combining their local knowledge and experience of the operating environment with their proven specialist skills.

The Duta Plaza (Avenue K) project required an experienced team to organise the construction financing, the construction program, and rehabilitation of existing abandoned structures at the site. Thanks to the team’s diverse experience and breadth of capability these major challenges were overcome and the project commenced quicker than anticipated, much to the delight of the client, City Properties Sdn Bhd.
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Duta Plaza (Avenue K)
Retail and Commercial Development, Malaysia, Leighton Asia (Southern)
- Strong underlying performance for the year
- Net profit after tax of $140 million including Nextgen write-off
- Dividend up by 5% to 44 cents per share
- Balance sheet remains strong with total assets of $2.2 billion
- Net cash of $371 million a source of competitive advantage
- Work in hand maintained at record $9.7 billion
- Number of large construction opportunities still emerging in Australia
- Workload to support revenue growth for next few years
- Expect improved result for shareholders in 2003/04
<table>
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<tr>
<th></th>
<th>2003</th>
<th>2002</th>
<th>% change</th>
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<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
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<tr>
<td>Operating Revenue - Group</td>
<td>4,848,540</td>
<td>4,979,581</td>
<td>-3</td>
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<tr>
<td>- Joint Ventures</td>
<td>597,327</td>
<td>240,612</td>
<td>+148</td>
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<tr>
<td>Other Revenue</td>
<td>174,369</td>
<td>55,264</td>
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<tr>
<td>Total Revenue</td>
<td>5,620,236</td>
<td>5,275,457</td>
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<tr>
<td>New Contracts, Extensions &amp; Variations</td>
<td>6,802,221</td>
<td>5,552,432</td>
<td>+23</td>
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<td>Value of Work in Hand#</td>
<td>9,662,240</td>
<td>8,371,040</td>
<td>+15</td>
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<td>Profit from ordinary activities before tax*</td>
<td>209,797</td>
<td>227,285</td>
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<tr>
<td>Income Tax</td>
<td>(71,565)</td>
<td>(59,450)</td>
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<tr>
<td>Profit from ordinary activities after tax</td>
<td>140,014</td>
<td>169,222</td>
<td>-17</td>
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<td>Total Capital and Reserves*</td>
<td>856,312</td>
<td>789,259</td>
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<td>Total Assets</td>
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<td>2,317,774</td>
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<td>Cash net of Borrowings</td>
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<td>524,017</td>
<td>-29</td>
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<td>Undrawn Facilities and Guarantees</td>
<td>421,969</td>
<td>435,281</td>
<td>-3</td>
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<tr>
<td>Earnings per Ordinary Share</td>
<td>51.7¢</td>
<td>63.1¢</td>
<td>-18</td>
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<tr>
<td>Dividends per Ordinary Share</td>
<td>44.0¢</td>
<td>42.0¢</td>
<td>+5</td>
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</table>

* Excludes outside equity interests
# Includes Joint Ventures
Overview
The Company has again demonstrated its financial strength, achieving a record construction profit, which was reduced after absorbing a significant write-off on Nextgen, producing a profit after tax of $140 million. This result represents a return on average shareholders’ funds of 17%, which puts Leighton in the upper quartile of listed Australian companies. Dividends have been increased by 5% to 44 cents per share fully franked.

The award of a number of high profile projects in the land transport, building, and civil engineering sectors, together with the acquisition of the Transfield Construction business by John Holland have provided a substantial boost to work in hand which stands at a record $9.7 billion. This workload provides a strong platform going forward and is testimony to the strategic approach of the Group.

Governance and the Board
The company is focused on being at the forefront of industry-best practice for corporate governance. The Board continually monitors issues such as risk management and ethics, and is intent on assessing and safeguarding the interests of the Group’s stakeholders, namely shareholders, clients, employees and the community.

We remain proactive in terms of corporate governance reporting, reviewing our existing systems and procedures, improving where required to allow us to move towards complying with the ASX Corporate Governance Council’s new best practice recommendations. To meet these recommendations, our Audit Committee has been restructured to exclude Executive Directors. The Chairman of the Audit Committee is a Non-executive Director, and as a qualified chartered accountant brings specialist skills and experience to the role. In accordance with the ASX reporting recommendations, the 2003 Leighton Holdings Statement of Corporate Governance Practices is mailed out with this Concise Annual Report and may also be viewed on our website at www.leighton.com.au.

In meeting regulatory reporting and continuous disclosure requirements, the Company made 55 announcements to the Australian Stock Exchange during the year. Nine scheduled Board meetings were held with directors visiting construction projects around Australia.

Outlook
The outlook for the next three years is a particularly strong one for the Group with a healthy long-term base of work spread across our diverse business units, both within Australia and Asia. We anticipate an increase in profit for the coming financial year, more in line with our historical growth trajectory.

I would like to extend my appreciation to my Board colleagues for their efforts during the year and the continued contribution of our management and employees who have produced a solid result for shareholders.

“The focus of this year’s Annual Report is our major asset, our people, their skills, experience and commitment.”

John Morschel Chairman
A professional approach by the Leighton Board is essential to ensure that the Group is strategically focused and meets its financial and corporate governance responsibilities.

Each director has significant experience in senior management positions or as a director in industries ranging from construction to mining, telecommunications, property, transport, chartered accountancy and finance. The Board is balanced in its composition, with each director bringing a range of complimentary skills and experience to the Group.

The Board is actively involved in overseeing the strategic direction of the Group, reviewing operations, visiting project sites, receiving briefings from senior management, meeting regularly with staff and monitoring monthly reports from management. Directors serve on committees such as Audit, Board Nominations, Remuneration and Ethics, which are an integral element of the Board’s corporate governance practices.

In order to encourage enhanced performance, the Board has adopted a self-evaluation process, which measures its own performance and that of its Committees. Significant issues identified, or changes recommended, are actioned in the Board’s ongoing development program.
At Leighton Holdings, a team of focused individuals possessing varied and complementary skills and experience support the Chief Executive. These individuals combine to strategically manage issues particular to the listed entity and its interaction with the wider Leighton Group.

Risk is monitored and handled through a risk management control framework, which is regularly updated to reflect current issues. Integral to the approach is a structured program of project reviews, coordinated by the team, which examine potential risks in major projects across the operating companies.

The executive team manages the annual business planning process, which sets the course of the organisation for the next three years. The business plan is developed in consultation with each operating company and frames the strategies and growth opportunities to be pursued by the organisation.

Other holding company responsibilities, such as management and statutory accounting, taxation, public reporting, and finance and treasury activities are managed by the executive team, as well as communication with shareholders and other stakeholders of the Group. Reputation and issues management are also a key focus, and our people work with external stakeholders and across the Group to manage these activities.
Overview
Leighton Holdings has navigated a challenging year to post a solid profit result despite the impact of the Nextgen write-off. Our underlying profitability is very strong and we have a record level of work in hand, which should support growth over the next few years.

Review of operations
Our traditional civil engineering and building construction markets in Australia are experiencing a strong upswing. Investment by governments and the private sector in road and rail infrastructure, such as the Parramatta Rail Link and WestLink M7 Motorway in Sydney, the Regional Fast Rail project in Victoria and the Alice Springs–Darwin railway are typical of these projects. Group companies are also short listed on a number of other road and rail projects to be awarded over the next 12 months.

We are pleased to report that our property development activities made a very good contribution this year, and with over $1.7 billion worth of developments underway, the Leighton Properties team is successfully implementing the strategy set out a number of years ago.

The Group has maintained a high level of work in the mining and resources sector, particularly in the contract mining of coal. However it is disappointing to note that as a consequence of projected cost over-runs, Australian Magnesium Corporation decided to halt the Stanwell project and Leighton Contractors’ engineering, procurement and construction contract was terminated.

Our Asian operations have made another good contribution in the face of a serious economic downturn across most markets in the region and an adverse currency impact. Thiess has withdrawn from the South American market to focus on opportunities in Australia and Indonesia.

People
As this Annual Report demonstrates, people power Leighton and we are very proud of the skilled, experienced, committed individuals who make up the Leighton Group. We encourage and empower our people to reach their full potential by making them accountable for the business or project they are managing and by rewarding their performance. Retaining our existing employees and recruiting the next generation of people is a high priority for us.

Outlook
The outlook for the Group’s contracting and development activities remains very positive with an unprecedented range of opportunities in Australia, the likes of which I have not seen in my time in the industry. The Group is ideally positioned to take advantage of these prospects given our broad footprint across the markets in which we operate and the capabilities of our people. Our financial position is a competitive strength and will continue to facilitate our investments, either in working capital, in plant and equipment, in bonds and guarantees or directly through equity stakes.

Our diversity is also creating new opportunities and we are strategically evaluating other growth areas that can carry the Group forward later in the decade. Operations and maintenance, defence contracting, oil and gas, and further expansions in Asia, are all being pursued.

The combination of our record order book, a major upswing in our core Australian markets and our dedicated people gives us confidence that we can deliver strong returns for shareholders over the next few years.
Overview
The Group’s financial strength has helped it ride through a challenging period and secure a record level of work in hand during the year. A solid after tax profit of $140 million was achieved while absorbing the impact of the Nextgen write-off.

Balance sheet
At year end, the Group was in a strong financial position with total assets of $2.2 billion, net assets of $871 million and net cash of $371 million. Borrowings have been reduced and our credit rating remains a very solid BBB+.

The balance sheet continues to be a source of competitive advantage allowing the Group to make strategic investments and support guarantee and bond facilities of around $1.2 billion. These facilities are an increasingly important part of our business and we are reviewing our balance sheet with the aim of providing more flexibility in order to support future levels of bonds and guarantees.

During the year, $307 million was invested, mainly to acquire plant and equipment for contract mining and rail activities. Plant and equipment remains the largest single investment for the Group and we expect expenditure to increase over the next year as we start a number of major projects. Our investment in property and property joint ventures of $113 million is driving a good contribution from Leighton Properties.

Acquisitions, investments and divestments
The acquisition of Transfield’s Australian construction assets and contracts provided John Holland with increased scale and some new, complimentary skills. Leighton Contractors also completed the acquisition of WA-based builder, Broad Construction Services.

Our funding commitment to Nextgen Networks was completed and some substantial property purchases were made including two development sites for homemaker centres in Melbourne, a Sydney CBD office building and a resort development site at Noosa in Queensland. Thiess has divested its stake in the North Goonyella coal mine in Queensland while Leighton Properties sold its stakes in the Star City Management Company and the Macarthur Central Retail Centre in Brisbane.

Risk management
We remain focused on risk management and Leighton Holdings plays a pivotal role in the management of financial risk across the Group. Established policies, guidelines, financial management systems and controls are monitored through a scheduled program of audits and reviews.

The strong performance of the Australian dollar has negatively impacted the Group’s financial results over the year but we remain committed to treating currency fluctuations as a normal part of our business. Hedging arrangements are generally limited to the acquisition of major plant for mining activities in Indonesia.

Dividends
The final dividend was increased to 27 cents per share, following an interim dividend of 17 cents. Both payments were fully franked and we expect to be able to maintain franking for the year ahead.

Outlook
The Group remains in a very solid position. Our companies continue to perform very well, have record levels of work in hand and some very promising prospects. We will continue to use our balance sheet to support the growth of the business and invest in some of the major transport infrastructure projects coming forward.

“We will continue to use our balance sheet to support the growth of the business and invest in some of the major transport infrastructure projects coming forward.”

Dieter Adams as Deputy Chief Executive Officer and CFO
As the Leighton Group expands its involvement in the provision of privatised infrastructure, Leighton Holdings’ investment and finance team is proving integral to the increasingly complex financial arrangements surrounding the business.

On major infrastructure projects, the Group’s operating companies are required to provide a bond or guarantee to secure a construction contract, negotiate substantial project finance arrangements and, where appropriate, take an equity investment stake. The investment and finance team use their industry knowledge, contacts and experience when working with the operating companies to negotiate competitive deals with our financiers.

Their aim is to ensure that the Group’s operating companies have the financial resources they need to be successful.

The team comprises specialists in the fields of commercial banking, project finance and investment analysis. Their role includes the management of relationships with banks and financial institutions, evaluation and negotiation of acquisitions, as well as the review of commercial risk in major projects.
Investments

Engineering Infrastructure

Asia Pacific Transport Consortium: John Holland has a 14.6% holding in the concession company for operation of the Alice Springs to Darwin railway. WestLink Motorway Limited: Leighton Contractors has 10% of the consortium to design, build, maintain and operate the M7 WestLink Motorway.

Mining and Resources

Southland Colliery: Thiess has a 10% share in the Southland Colliery underground coal mine in the NSW Hunter Valley. Gympie Gold holds 90%. Burton Coal Mine: Thiess retains a 5% investment in Burton Coal Mine in Queensland. The other 95% is owned by RAG.

Portman Mining Limited: Thiess holds 23.1 million shares in Portman.

Property Development

James Fielding Group: Leighton Holdings owns a 7.4% stake in the James Fielding Group.

MacArthur Chambers: Leighton Properties holds a 50% share in a Brisbane CBD property where a 16-storey commercial tower is currently being developed. Bayview Noosa: Leighton Properties holds a 50% share in a property at Noosa in Queensland where a residential/resort development is being developed. 100 Pacific Highway: Leighton Properties holds a 50% share in a development property in North Sydney. Parramatta: Leighton Properties holds a 50% share in a development property in the Parramatta CBD. 700 Collins Street: Leighton Properties holds a 50% share in a Melbourne CBD property where a 17-storey commercial office tower is currently being developed. Mulgrave: Leighton Properties owns a suburban office park in Melbourne. Thomastown: Leighton Properties is developing an office/industrial development on a 10-hectare site in Melbourne. Lyndhurst: Leighton Properties is developing a Homemaker Centre on a site in Lyndhurst, Melbourne. Mornington: Leighton Properties is developing a Homemaker Centre on a site in Mornington, Melbourne.

Operations Analysis

Group Operating Revenue 2003 $5446 million*

by Geographic Area

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<tr>
<td>81% Australia</td>
<td>4441</td>
<td>3915</td>
<td>3035</td>
<td>2659</td>
<td>2542</td>
</tr>
<tr>
<td>18% Asia</td>
<td>959</td>
<td>1219</td>
<td>1302</td>
<td>765</td>
<td>663</td>
</tr>
<tr>
<td>1% Americas/other</td>
<td>46</td>
<td>86</td>
<td>19</td>
<td>21</td>
<td>16</td>
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<tr>
<td>Total $million</td>
<td>5446</td>
<td>5220</td>
<td>4356</td>
<td>3445</td>
<td>3221</td>
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*Excludes other revenues such as plant and other asset sales

by Market Segment

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<tbody>
<tr>
<td>34% Engineering &amp; Infrastructure</td>
<td>1863</td>
<td>1846</td>
<td>1577</td>
<td>1099</td>
<td>1070</td>
</tr>
<tr>
<td>20% Building &amp; Property</td>
<td>1077</td>
<td>1163</td>
<td>1050</td>
<td>927</td>
<td>841</td>
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<tr>
<td>36% Mining &amp; Resources</td>
<td>1949</td>
<td>1406</td>
<td>1040</td>
<td>907</td>
<td>939</td>
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<tr>
<td>8% Telecommunications</td>
<td>419</td>
<td>619</td>
<td>503</td>
<td>307</td>
<td>229</td>
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<tr>
<td>2% Environmental Services</td>
<td>138</td>
<td>186</td>
<td>186</td>
<td>205</td>
<td>142</td>
</tr>
<tr>
<td>Total $million</td>
<td>5446</td>
<td>5220</td>
<td>4356</td>
<td>3445</td>
<td>3221</td>
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Group Work in Hand 2003 $9662 million

by Geographic Area

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<tr>
<td>83% Australia</td>
<td>8061</td>
<td>6164</td>
<td>5590</td>
<td>3898</td>
<td>3199</td>
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<tr>
<td>17% Asia</td>
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<td>2170</td>
<td>2191</td>
<td>2303</td>
<td>916</td>
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<tr>
<td>Americas/other</td>
<td>-</td>
<td>37</td>
<td>44</td>
<td>5</td>
<td>-</td>
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<tr>
<td>Total $million</td>
<td>9662</td>
<td>8371</td>
<td>7825</td>
<td>6206</td>
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by Market Segment

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<tr>
<td>39% Engineering &amp; Infrastructure</td>
<td>3714</td>
<td>3103</td>
<td>1938</td>
<td>1752</td>
<td>803</td>
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<tr>
<td>18% Building &amp; Property</td>
<td>1715</td>
<td>924</td>
<td>810</td>
<td>869</td>
<td>729</td>
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<tr>
<td>37% Mining &amp; Resources</td>
<td>3571</td>
<td>3393</td>
<td>3651</td>
<td>2808</td>
<td>2164</td>
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<tr>
<td>2% Telecommunications</td>
<td>234</td>
<td>552</td>
<td>1011</td>
<td>385</td>
<td>162</td>
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<tr>
<td>4% Environmental Services</td>
<td>428</td>
<td>399</td>
<td>415</td>
<td>392</td>
<td>257</td>
</tr>
<tr>
<td>Total $million</td>
<td>9662</td>
<td>8371</td>
<td>7825</td>
<td>6206</td>
<td>4115</td>
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</table>
Total Shareholder Return (TSR) combines share price appreciation and dividends paid to show the total return to the shareholder for the period. The data shown has been sourced from IRESS.
Corporate Governance

Corporate governance is a topical issue for business, government and the community at present, driven in part by some of the spectacular corporate collapses that have occurred in Australia and overseas. While corporate governance is often used to describe what has failed when companies collapse, it is much more difficult to describe what corporate governance is or how it should be actioned.

The ASX Corporate Governance Council (Council) recognises corporate governance as “the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed and how performance is optimised. There is no single model of good corporate governance. What constitutes good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet those circumstances.”

The Leighton Group has published a Statement of Corporate Governance Practices, which sets out the 10 core principles identified by the Council as underlying good corporate governance. The statement, which is mailed out with this Concise Annual Report and is also available on the website at www.leighton.com.au, outlines the main corporate governance practices of the Leighton Group.

Leighton Group companies pride themselves on the quality of their projects and of the people who deliver them. Our reputation as both a successful service provider and employer of choice has its foundation in the Group’s core values. Key amongst these values is a belief in robust corporate governance, ethical behaviour, effective communication to stakeholders, respect for the environment, and work practices that keep people safe, as well as enthusiastic about their work. These values are integral to each Group company’s culture and are brought to life every day by our people.
Environment

The Group’s management and control framework incorporates the maintenance of comprehensive policies, procedures, guidelines and management practices at various levels of management that span the Group’s diverse contracting and project development activities.

The Group manages environmental risk through an Environmental Policy, which aims to maintain high standards and encourage continual improvement of our environmental management systems. All subsidiaries within the Group are obliged to adopt policies and environmental management systems that facilitate the least possible disruption to the environment and a project’s surroundings.

Environmental management systems are fully integrated with project management and reporting systems and play a vital role in ensuring our projects meet all the necessary environmental objectives and regulations. Quarterly environmental reports to the Leighton Holdings Board detail any incidents and the corrective action taken.

Regular training programs and initiatives are held to ensure staff are fully aware of the Group’s environmental policies and principles. Group companies continue to maintain certification to the international management system standard ISO 14001, and regular audits of projects help ensure that both legislative and contractual standards are met with respect to environmental risk.
Ethics

Acting with integrity is at the centre of a framework of shared values that guide how we operate. Our public commitment to ethics was first set out in 1995 when the Leighton Board adopted a Code of Ethics that set out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions. Under the Code our people are expected to comply with the law; act honestly and with integrity; not place themselves in situations which result in divided loyalties; use Leighton’s assets responsibly and in the interests of Leighton; and, be responsible and accountable for their actions.

In November 1998, the Board established an Ethics Committee whose principle function is to review and make recommendations to the Board regarding the maintenance of ethical standards and practices generally within the Leighton Group. Subsequently, each of the Group’s main operating subsidiaries established Ethics Committees which coordinate with the Board’s Ethics Committee in monitoring and formulating the Group’s ethical policy direction and reporting.

In the period from December 2001 to June 2003, the Group, with the assistance of the St James Ethics Centre, completed the rollout of its Ethical Dimension Reporting (EDR) system across all of its main operating subsidiaries. The implementation of the EDR system involves the submission of quarterly reports to the Board to ensure the maintenance of ethical practices within the Group and the achievement of continual improvement in this area. This system is helping to further develop an ethical culture at the Leighton Group.
Communication

Timely and balanced disclosure of financial information is integral to respecting the rights of shareholders. Leighton Holdings enjoys an open, honest and transparent relationship with its shareholders and key stakeholders. The Group shares information in a variety of ways and is continually innovating to find better, faster and more responsive forms of communication.

Our website (www.leighton.com.au) has become a central source of information about the Group, its people, performance and projects. Regularly updated, it includes a media release section featuring all of the Group's... in many of our projects across Australia and Asia. Registered users receive regular email alerts notifying them of updates to the website, as well as Stock Exchange announcements, to ensure that market sensitive information is distributed.

Leighton Holdings publishes four quarterly updates detailing its performance and the progress of its projects each year, as well as a Preliminary Final Report, Half-Yearly Report and, of course, this Annual Report.

The company also hosts a range of events, such as the Annual General Meeting, which are broadcast live via the Leighton website for interested parties who are unable to attend in person. These webcasts have been well received by viewers and are another way in which we are pushing the traditional communication boundaries and respecting the needs of our shareholders, clients, staff and the community.

Safety

The Group's core values guide our actions and include, amongst other things, a commitment to creating a safe, challenging and fun workplace and ensuring employees return home each day in the same health and condition as when they arrived at work.

The health and safety of our workforce is more than a compliance issue. For us it is about developing and maintaining a safety-conscious culture throughout each operating company. It is with this in mind that Safety Management Committees, consisting of senior managers, have been formed to help establish safety policies in all operating companies. An emphasis on training and awareness programs, including regular safety workshops and reviews, helps improve performance and supports the development of safer working environments. It is an ongoing requirement that each employee undergoes a safety induction course before beginning work on any Group project.

Monthly safety audits occur on all Leighton Group projects, both in Australia and offshore. These audits ensure compliance with our rigorous health and safety policies.

The Board oversees the Group's safety performance, reviewing quarterly performance reports. These reports contain detailed statistics and management analysis of work-related incidents, all based on reporting criteria and targets that are standardised across the Group. The reports also include any remedial action taken or planned, as well as the specific outcomes of such action.

Our website (www.leighton.com.au) has become a central source of information about the Group, its people, performance and projects. Regularly updated, it includes a media release section featuring all of the Group's key announcements and latest news, project descriptions, video footage and photographic images of many of our projects across Australia and Asia. Registered users receive regular email alerts notifying them of updates to the website, as well as Stock Exchange announcements, to ensure that market sensitive information is distributed.

Leighton Holdings publishes four quarterly updates detailing its performance and the progress of its projects each year, as well as a Preliminary Final Report, Half-Yearly Report and, of course, this Annual Report.

The company also hosts a range of events, such as the Annual General Meeting, which are broadcast live via the Leighton website for interested parties who are unable to attend in person. These webcasts have been well received by viewers and are another way in which we are pushing the traditional communication boundaries and respecting the needs of our shareholders, clients, staff and the community.
With a project as significant as the $1.5 billion WestLink M7, the need to maintain an exceptional level of commitment to each stage of the project is vital.

As part of a joint venture, Leighton Contractors is responsible for designing and constructing the 40km long WestLink M7. The project involves construction of 17 interchanges, more than 170 bridges and Australia’s longest combined pedestrian and bicycle path, which will run directly alongside the motorway. When complete in 2007, the new road will take 60,000 vehicles – including 10,000 heavy vehicles – off western Sydney’s roads.

Leighton Contractors is fully committed to bringing this important new piece of Sydney’s road network to a successful outcome, well aware that commitment must go beyond the motorway’s physical construction. Ensuring a positive relationship is maintained with the local community whilst being sensitive to and minimising the impact of construction on the environment are key issues being addressed on a daily basis. And once construction is complete, Leighton will continue a long-term relationship with the project through a 34-year operation and maintenance commitment.
the group’s operating companies
thiess
leighton contractors
john holland
leighton asia (northern)
leighton asia (southern)
leighton properties
### Focus and Activities

<table>
<thead>
<tr>
<th>Thies</th>
<th>Leighton Contractors</th>
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</table>
| Integrated engineering and services company specialising in:  
- Building  
- Civil engineering  
- Mining  
- Process engineering  
- Environmental services  
- Utilities services  
- Telecommunications  
- Facilities O&M | Project development, construction and services contractor specialising in:  
- Civil engineering  
- Major infrastructure development  
- Building  
- Contract mining  
- Process engineering  
- Telecommunications services  
- Facilities management |

### Management & Key Statistics

#### Thies
- Managing Director: Roger Trundle  
- Percentage Ownership: 100%  
- No. of Employees: 791  
- Established: 1935  
- A member of the Leighton Group since 1983  
- Head Office: Brisbane  
- Operates in Australia, South-East Asia, near-Pacific region  
- www.thiess.com.au

#### Leighton Contractors
- Managing Director: Bob Merkenhof  
- Percentage Ownership: 100%  
- No. of Employees: 1774  
- Established: 1949  
- Head Office: Sydney  
- Operates in Australia  
- www.leightoncontractors.com.au

### Key Operating Subsidiaries & Joint Ventures

#### Thies
- PT Thiess Contractors Indonesia  
- Thiess Services  
- Thiess Services Earthmoving Co  
- BOS Australia  
- Silcar Maintenance Services (50% JV with Siemens)  
- STCJV Services (50% JV with Siemens)  
- Sedgman (50% interest)  
- Thiess Roche Linfox JV (44% JV with Roche 44% and Linfox 12%)  
- Thiess Roche Linfox JV (44% JV with Roche 44% and Linfox 12%)

#### Leighton Contractors
- Leighton Services  
- Visionstream  
- LSE Technology  
- Infocus  
- Broad Construction Services (70% interest)  
- Abigroup Leighton Joint Venture (50% JV with Abigroup)

### Activity by Industry

#### Thies
- **Total Operating Revenue**
  - 57% $1339m  
  - 30% $716m  
  - 5% $179m  
  - 6% $143m  
  - 2% $39m

- **Total Work in Hand**
  - 63% $3009m  
  - 26% $1248m  
  - 8% $378m  
  - 1% $66m  
  - 2% $108m

#### Leighton Contractors
- **Total Operating Revenue**
  - 23% $324m  
  - 22% $304m  
  - 17% $243m  
  - 38% $533m

- **Total Work in Hand**
  - 39% $933m  
  - 2% $51m  
  - 42% $1018m  
  - 16% $392m  
  - 1% $17m

Note: Leighton Contractors and its key subsidiaries have the benefit of the Leighton Holdings ASIC class order 98/1418
John Holland
Multi-disciplined construction and services contractor specialising in:
- Civil engineering
- Building
- Structural mechanical process
- Rail
- Water
- Tunnelling and underground mining
- Telecommunications, and power transmission
- Facilities management
Managing Director:
Bill Wild
Percentage Ownership: 70%*
No. of Employees: 2368
Established: 1949
A member of the Leighton Group since January 2000
Head Office: Melbourne
Operates in Australia and Pacific region
www.johnholland.com.au
*30% owned by Heytesbury Pty Ltd

Leighton Asia (Northern)
Multi-disciplined contractor specialising in:
- Civil engineering and infrastructure
- Building
- Rail
- Mining and resources
- Process engineering
- Marine engineering
- Telecommunications
Managing Director:
Will Hamilton
Percentage Ownership: 100%
No. of Employees: 1714
Head Office: Hong Kong
Operates in Hong Kong, China, Taiwan, the Philippines, Thailand, Vietnam, Laos and Cambodia
www.leightonasia.com

Leighton Asia (Southern)
Multi-disciplined contractor specialising in:
- Civil engineering and infrastructure
- Building
- Rail
- Mining and resources
- Process engineering
- Marine engineering
- Telecommunications
Managing Director:
David Savage
Percentage Ownership: 100%
No. of Employees: 1353
Head Office: Kuala Lumpur
Operates in Malaysia, Brunei, Indonesia, Singapore, Sri Lanka and India
www.leightonasia.com

Leighton Properties
Provides specialist services in:
- Property development
- Development management
Managing Director:
Vyrrl Vella
Percentage Ownership: 100%
No. of Employees: 24
Established: 1972
Head Office: Sydney
Operates along the east coast of Australia
www.leightonproperties.com.au

Note:
Leighton Properties and its key subsidiaries have the benefit of the Leighton Holdings ASIC class order 98/1418
Board
M C Albrecht AC Chairman
R S Trundle Managing Director
D J Argent, E F Finger AO,
R J Flew, A C Hardy,
Hon R J Kelly, W M King AM
Secretary
D J Argent

Senior Executives
R S Trundle Managing Director
L E Ainsworth Executive General Manager Thiess Services
D J Argent Director, Finance & Administration
M F Connell General Manager, Human Resources
M L Fox Executive General Manager, Qld, NT & Pacific
N J Jukes Executive General Manager, Operations
R H Wilson Executive General Manager, Development & Corporate Services
R P Buratto General Manager WA
C Forsterling General Manager, Vic/SA/Tas/NZ
D J Overall General Manager, Process Engineering

Above left
Cairns Cityport North Project,
Queensland

Above right
Hail Creek Coal Handling and Preparation Plant,
Queensland
Overview
Thiess’ performance, based on the diversity of our operations and the strength of our client relationships, was again strong with revenue up by 5% to $2.4 billion and work in hand of $4.8 billion.

A year of consolidation has allowed us to pursue a number of new transport and resources-based opportunities in Australia and South-East Asia. These opportunities and our large workload across the resources, infrastructure and services sectors position us well for the future.

The year in review
Thiess’ mining operations in Australia have performed strongly and we have enhanced our position in this market. Highlights for the year included the award of an extension at the South Walker Creek coal mine in Queensland, the commencement of an alliance contract at the Mount Keith nickel mine in Western Australia, extensions to the Liddell and Westside coal mines in New South Wales and new work at the Yallourn and Hazelwood coal mines in Victoria.

In resources related work, we completed the Hail Creek coal preparation plant in Queensland and were awarded major civil and mechanical works on ConocoPhillips’ new Darwin LNG project.

During the year we withdrew from South America to allow us to focus on growth markets in Australia and South-East Asia. We are now better positioned to build on Thiess’ reputation and presence in Indonesia where our operations are performing strongly.

The commencement of the $878 million Parramatta Rail Link contract in New South Wales, the largest single publicly funded infrastructure contract in Australia, was a highlight for the year. This project is being undertaken in joint venture with HOCHTIEF.

Thiess Services has provided another healthy contribution and secured new waste services contracts in suburban Melbourne valued at $100 million.

We remain committed to further developing long-term relationships with our clients and business associates, operating in the spirit of value adding partnerships. We have a high level of repeat business and are proud of the growth in alliance-based relationship contracting.

Outlook
Based on our existing workload and the number of significant opportunities emerging in the engineering infrastructure and resources sectors, we are anticipating a sustained period of organic growth for the company.

We are short-listed on a number of large transport projects, including the Lane Cove Tunnel in Sydney and have expressed an interest in developing the Mitcham-Frankston Freeway in Victoria. There are several exciting resources based opportunities, particularly in coal, iron ore and oil and gas, and our services business is expected to maintain a steady flow of good work in the environmental, utilities and telecom sectors.

The continued development of our people and capabilities will be a major factor in our ongoing success. We have a highly skilled and committed workforce that is focused on meeting and exceeding stakeholder expectations. With a strong financial base and high levels of work in hand across our diverse business, we are well positioned to provide a sound performance in the year ahead.

“With a strong financial base and high levels of work in hand across our diverse business, we are well positioned to provide a sound performance in the year ahead.”

Roger Trundle
Managing Director
Sometimes, getting the best out of a project takes more than engineering know-how and technical capability. Simone Wetzlar, the former Operations Manager at Mount Owen coal mine and the current Operations Manager at the Southland underground mine (another of Thiess’ long-term mining projects) has been credited with breathing a new lease of life into both mines, utilising her skills and experience in Human Resources to lead a more effective and long-term focused workforce.

Thiess has a $2 billion contract for all mining operations until October 2011 at Mount Owen, producing in excess of seven million tonnes of coal per year at peak output, after the removal of some 35 million bank cubic metres of overburden per year.

“I’ve been with Thiess for seven years and I don’t come from an engineering or mining background – my studies and earlier career were in human resources,” says Simone. She joined Thiess in 1996 as HR Manager, Mount Owen and before returning to Mount Owen as Operations Manager, Simone was HR Manager for all of Thiess’ operations in NSW.

“Basically, the Ops Manager is responsible for all the mining and processing activities at site. It was a massive challenge, particularly as Mount Owen is Thiess’ largest mining contract and was then about to expand its output by 50 percent.” Simone realised the importance of delivering continuous improvement to our clients and that for this to happen, the philosophy and culture of the site had to change. Simone changed the focus of the team to look towards the long-term development of the mine, rather than merely the achievement of hourly mining rates.

“In addition to being production driven, we increased our efforts in planning and maintenance,” she says. “Within 12 months we’d reached the 50 percent expansion production targets and achieved a significantly higher financial return to stakeholders. The mine continues to go from strength to strength.” Simone’s approach may have been non-traditional – in an engineering sense at least – but her endeavours have recently been recognised by her peers in May of this year when she was awarded a coveted Innovation Award by the National Association of Women in Construction.

fresh approach ›› with a non-engineering background, Simone Wetzlar’s approach to managing operations at the Mt Owen coal mine in the Hunter Valley took a fresh look at how to increase productivity.
Overview
Leighton Contractors has again performed well, growing revenue to $1.4 billion and closing the year with a record $2.4 billion worth of work in hand, up from $900 million last year.

We have built on our reputation as a leading provider of complex infrastructure projects, winning a number of significant new contracts that should underwrite our financial performance over the coming years.

The year in review
A highlight was the award of a $1.5 billion joint venture contract to design, construct, operate and maintain the 40Km WestLink M7 Motorway in Sydney. We have also been short-listed to design and construct the $815 million Lane Cove Tunnel in Sydney and are in one of the two consortia that have expressed an interest in developing the $1.8 billion Mitcham to Frankston Motorway in Victoria. We are also proud that our work on the Brisbane Inner City Bypass was recognised by the 2003 Australian Construction Achievement Award.

In the Southern Region, good progress has been made on the new Spencer Street Station redevelopment. We are expanding Amcor’s new glass bottling facility in Gawler, South Australia, only a year after the completion of the initial plant, and are progressing the 700 Collins Street development in the heart of Melbourne’s Docklands precinct.

In Sydney, we have commenced work on two projects in the CBD – refurbishment of the Sydney Hilton Hotel and Leighton Properties’ $630 million KENS commercial office tower development.

In the minerals and resources sector, we have continued to build a diverse spread of work, including gold, coal, and iron ore. At the Yarrie-Nimingarra iron ore mine in Western Australia, BHP Billiton awarded a significant extension to our existing contract mining work, while in Queensland, we were awarded a new $240 million mining contract at Macarthur Coal’s Moorvale coal mine.

In Western Australia, a number of major projects are expected to come on line over the next year and we are short listed on all three packages of the Perth-Mandurah rail line.

We have recently launched a specialist services division – Leighton Services – to be managed by Dave Wilson, formerly General Manager Strategic Development, which will coordinate our existing facilities management and operations and maintenance contracts. We will also pursue other opportunities, either internally generated, flowing on from the construction work that we undertake, or externally from clients who are outsourcing this type of activity.

Peter McMorrow, formerly the General Manager Western Australia, has been promoted to Deputy Managing Director and will be responsible for overseeing all of our construction activity across the regions.

Outlook
Our ability to offer a total solution for clients on complex projects and the skills we have in community relations, environmental management and occupational health and safety mark us as a bankable, market-leading provider of complex infrastructure. With a number of large projects of this type currently underway or being tendered, we anticipate significant growth for the company over the next few years.
Transforming an old and outdated railway station into a world-class transport hub, while maintaining full services for upwards of 50,000 people per day, is a big challenge. Leighton Contractors is doing just that, however, as it redevelops Melbourne’s Spencer Street Station for the Civic Nexus consortium. The $300 million project requires exceptional teamwork both on- and off-site, particularly when it comes to ensuring disruption to commuters and pedestrians is kept to an absolute minimum.

One of the most striking features of the new station is the innovative ‘wave-form’ roof, which will stand 23 metres at its highest point and span 35,000 square metres, covering an area almost twice the playing surface of the Melbourne Cricket Ground. This roof is being constructed over an operating rail environment and any impact on the station’s operations must be minimised. A 600-tonne crawler crane will be used to install pre-fabricated columns, trusses and pre-assembled segments of the roof domes with lifts undertaken on nights and weekends.

“This project is all about teamwork,” comments Gary Briggs, Leighton Contractors’ project director at the site. “We have a highly capable and experienced construction and engineering team on-site that is more than up to the job. Integral to the construction is our community relations team, which is keeping the public up-to-date with our progress, liaising with them on a daily basis, and allowing the project to continue smoothly. Without these skilled communicators the project would be very difficult to progress,” adds Gary.

Community relations are vital on such a large-scale and high profile project. Trinity O’Rourke, Leighton Contractors’ communications manager for the project explains: “Our key role is to work with stakeholders such as commuters, pedestrians, local residents and business owners, as well as the client, to ensure that they are fully aware of what we are doing at all stages of this development.”

The project has its own website which is constantly updated with progress reports, photographs and video footage of the new station’s evolution. In addition, a public display gallery, located in the existing Spencer Street Station, has been constructed and includes 3D models of the completed project, video footage of the works and up-to-date information on the project’s progress.

“The community are the key stakeholders in this project,” adds Trinity. “Keeping them informed and being open and honest with them is crucial to our construction activity.”

one team >> working together, combining engineering and construction skills with community relations expertise to ensure that the daily challenges at Spencer Street Station are efficiently managed.

Gary Briggs
Project Director, Leighton Contractors

Gary has wide-ranging industry experience, having worked as a project director, project manager, construction engineer and project engineer on some of Leighton Contractors’ most significant recent projects. He has been involved in the engineering and construction industry for 20 years and has spent almost half of that time with Leighton. Prior to his involvement at Spencer Street Station, Gary was the project manager for the Nextgen project, responsible for overseeing construction of the 8,400Km national fibre-optic cable network.
Board
J L Holmes à Court Chairman
W J Wild Managing Director
E A Gaines, P W Holmes à Court, I R Johnson, W M King AM, H J Ohff, N W Stump
Secretaries
G W Coffey, J C Horsley

Senior Executives
W J Wild Managing Director
D G Stewart Deputy Managing Director – Construction
R J Bennett General Manager, Southern Region
G M Palin General Manager, Northern Region
R S Mickle General Manager, Western Region
V K Chudacek General Manager, Major Projects
D C Brewer General Manager, NSW/ACT Region
D W Golightly General Manager, Technical & Corporate Services
J C Horsley General Manager, Commercial
G W Coffey General Manager, Development & Investment
D A Ray Group Financial Controller

D R Tasker General Manager, Rail
R F Grosvenor Executive Director, Property, Facilities Management and Building Services
R U Serventi General Manager, GridComm Pty Ltd
A S Conte General Manager, Structural Mechanical Process
G P Taylor General Manager, Water
P N Kessler General Manager, Tunnelling & Underground Mining
S M Sasse General Manager, Human Resources, Industrial Relations & Safety
T W Noetel Director, Strategic Projects
D J Gleeson General Manager Communications & Corporate Affairs

Above left
Mount Arthur North Coal Preparation Plant, New South Wales

Above right
CSIRO International Energy Facility, New South Wales
Overview
John Holland has again made a significant contribution to the Group, in what has been both a challenging and rewarding year for the company. Revenue was up 26% per cent to $922 million.

We achieved several key strategic milestones: a $1.2 billion workload comprising an 80:20 mix of hard dollar and management and alliance contracts, and completion of an acquisition program aimed at diversifying the company’s construction activities and expanding the services business.

The year’s most significant event was the purchase of selected contracts and resources of Transfield Construction, and the transfer of its employees.

Through the acquisition John Holland has enhanced its specialist national businesses in the telecommunications and power transmission, structural mechanical process, tunnelling and underground mining, and water sectors. We have strengthened our position in the marketplace and are now one of Australia’s most diversified construction contractors.

The year in review
Across all of our businesses there has been a focus on alliance contracting and we currently have in excess of $400 million in such contracts, in water, tunnelling, dam refurbishment and mechanical infrastructure projects.

Regionally, our NSW business had a very strong year with a range of work across the civil engineering, building and resource sectors. It goes into 2004 with a record order book.

In June, a consortium including John Holland was shortlisted for Sydney’s Lane Cove Tunnel project.

Partly off the back of the acquired Transfield projects, the Western Region also goes forward with record levels of work in hand. Southern Region has major work on the Victorian Fast Rail project and a broad range of projects in Victoria, South Australia and Tasmania. We are part of one of two consortiums short-listed for the $1.8 billion Mitcham to Frankston Motorway. The Northern Region has a strong and varied building and engineering workload going forward.

Our major projects are performing very well: construction of the 1420Km Alice Springs to Darwin Railway project is due for completion several months ahead of schedule. We are undertaking major fabrication and site erection works at Comalco’s Alumina Refinery at Gladstone. The Lucas Heights Replacement Research Reactor project is progressing on schedule.

Our services business has also grown strongly, with long-term contracts for maintenance and facilities management in the defence, rail, building and telecommunications sectors now representing 20 percent of our total business.

Outlook
John Holland’s extensive capabilities will underpin the further development of our construction and services businesses. We go into 2004 with a record workload and prospects for further growth remain very positive.

Our immediate focus is to consolidate recent acquisitions, to convert a number of outstanding opportunities, and to ensure that with the larger and more diverse business we continue to perform to our clients’ highest expectations.

“We have strengthened our position in the marketplace and are now one of Australia’s most diversified construction contractors.”

Bill Wild Managing Director
Angelo Conte, General Manager of John Holland’s Structural Mechanical Process (SMP) Division, manages a diverse team of professionals helping to deliver the Comalco Alumina Refinery (CAR).

Located 10km north-west of Gladstone in central Queensland, Comalco’s new $1.4 billion refinery will produce some 1.4 million tonnes per annum of alumina when complete in October 2004. John Holland is responsible for the structural and mechanical erection of the majority of the refinery process area involving some 30,000 tonnes of equipment, steelwork and piping.

The company is also fabricating, coating and galvanising 10,000 tonnes of the steelwork and assembling 12,000 tonnes of construction modules for barging to Gladstone as part of the project modularisation strategy.

“Our team has been working closely with the client since day one,” says Angelo. “We have developed an open and beneficial relationship, which has definitely been key to the project’s positive progress.

“The team working on the CAR project have specialised experience and teamwork through being together at Transfield’s SMP business,” adds Angelo. “When selected Transfield projects were acquired in January 2003, some staff wondered whether the strong teamwork might be impacted. But that has not been the case as John Holland saw the value in maintaining the SMP team and the SMP business is growing throughout Australia. Our specialist skills were seen as strategically important by John Holland and a critical element of the acquisition.”

This smooth transition has benefited the project and assisted the client-contractor relationship. On a project of this size and scope, where logistics are often challenging, maintaining a positive relationship with the client is imperative.

John Holland has worked hard on developing relationships with its clients over the years, with a focus on understanding the added value that this brings both to a project and the organisation.

“Our team is well known to the client, we know how one another works and more importantly we know how to work together to overcome challenges to ensure the project is completed successfully,” says Angelo. “Our investment of time and energy into the relationship is a critical part of our total performance.”

establishing new capability » Angelo Conte, general manager of John Holland’s structural mechanical process division spearheads the enhancement of specialist skills.

Angelo Conte
General Manager, Structural Mechanical Process, John Holland

Since graduating with a Bachelor of Engineering Degree, Angelo has built a career that has seen him work on a range of projects throughout Queensland, the Northern Territory and Papua New Guinea, in roles as diverse as contracts and project engineer, project manager and general manager. Angelo has over 27 years engineering experience and has been involved on the Comalco Alumina Refinery Project for almost five years, having been a key contributor during its feasibility study stage.
Senior Executives
W K Hamilton Managing Director
P G Pollard Finance and Administration Manager, Asia
J Dujmovic General Manager, Hong Kong
P F Gomm General Manager, Philippines
G N Francis General Manager, Thailand/Indochina
D G Pestridge Commercial Manager
M Wong Group Financial Controller
C I Gordon Communications Manager

Above left
Penny’s Bay Site Remediation
Hong Kong
Above right
Central Reclamation Phase III
Hong Kong
Overview
Leighton Asia (Northern) delivered a solid result in its first year as a stand-alone operating entity, achieving revenue of $399 million. Work in hand stood at $844 million at 30 June.

Our challenge during the forthcoming year will be to maximise returns from our current projects, whilst securing sufficient new work to maintain our healthy level of work in hand. Our existing workload provides us with a good base going forward and sees us well positioned for further growth.

The year in review
The strong performance of our rail projects in Hong Kong was a major factor in our success this year. We successfully completed the KCRC West Rail permanent way, and the MTR Lantau and Airport Railway projects. Both delivered outstanding returns.

A highlight of the year was the award of our largest-ever project – the $650 million Central reclamation project in Hong Kong. This high profile project involves the reclamation of 18 hectares of Hong Kong’s harbour and the relocation of the city’s famous Star Ferry.

In February we received the final construction notice to proceed on the North Luzon Expressway (also known as Manila North Tollway) project in the Philippines and the project is currently well ahead of schedule.

We successfully completed the Philip Morris manufacturing facility in the Philippines and the Phu My 3 power station in Vietnam, and we commenced track work on the Taiwan High Speed Rail project.

Our reputation as an industry leader in safety was reinforced by our exceptional safety performance on a number of projects. We achieved 11.5 million man-hours without a lost-time injury on the Philip Morris project, and exceeded two million injury-free man-hours on both the North Luzon Expressway and the Phu My 3 power station.

In the Philippines we achieved OHSAS18001 health and safety accreditation, making us the first company in that country to do so. We are now the only company in the Philippines to hold internationally recognised certification in quality, health and safety and environmental management.

Outlook
Despite the subdued nature of most of Asia’s economies, we have identified a number of good prospects in our key markets. We remain confident of converting our fair share of these prospects.

Hong Kong will continue to offer opportunities, most notably in government-funded infrastructure such as roads and rail. The Central Reclamation project will gain momentum and construction of the Permanent Aviation Fuel Facility for the Hong Kong airport should commence during the year.

We expect to complete the North Luzon Expressway ahead of schedule next year and this will make an important contribution to our result. We are poised to secure the EPC contract for the process plant at the Rapu Rapu polymetallic mine in the Philippines, and hope to commence mining operations when this is completed.

The markets in Thailand and Vietnam are showing signs of recovery and increased activity. We have identified a number of medium-sized opportunities in these countries where we enjoy relatively limited competition.

Prospects in other areas, such as Taiwan and China, will be limited this year. However, we intend to maintain a presence in Vietnam to capitalise on opportunities as they arise.
Upgrading and expanding one of the Philippines’ busiest roadways while it remains open to traffic, including widening it with an additional 110 kilometres of extra lanes, provides Leighton Asia with a number of challenges on the $200 million North Luzon Expressway project (also known as Manila North Tollway).

For project director Bruce Neave and his team, overcoming complex engineering issues is all par for the course. Doing this in a foreign environment, where cultural differences are key issues, requires a special type of team, however.

“This is a huge project, on one of the most heavily trafficked roads in the world,” comments Bruce, who has over 30 years experience in the industry and has worked in and around Asia for well over a decade. “We’re working on many fronts throughout the site and, while this is a challenge in itself, what is often more challenging is ensuring that everyone, no matter their background, works to the high quality and safety standards that we expect at Leighton on all of our projects.”

To make this happen, expatriate staff like Bruce bring systems and construction methodologies used and proven in Australia to countries throughout Asia. They then train the local workforce to use them to deliver the type of high quality and world-class project outcome that has become synonymous with the Leighton name.

“We’re contributing to the industry knowledge in the region,” he says. “Doing this, and being innovative in the way we do it, has been key to our success here on the North Luzon Expressway.”

A large part of the project requires the Leighton team to rehabilitate some 88Km of roadway. To achieve this in the short 24-month timeframe, Bruce and his team have built one of the world’s largest asphalt recycling plants, capable of recycling 360 tonnes of asphalt per hour.

“In addition to this we’re using volcanic sand which is in abundance in the area following an eruption in 1991 of the nearby Pinatubu volcano,” says Bruce. “This deposit is known locally as Lahar and we have spent a considerable amount of time investigating the possibility of using this raw product on the road. By mixing it with cement and fly-ash, we have incorporated countless tonnes of this unique material into the first layer of the road. It has made the expressway stronger and is a great example of how innovative our people are, with Australian and local know-how contributing to this project’s success.”

Bruce Neave
Project Director, Leighton Asia (Northern)
A qualified civil engineer, Bruce’s substantial industry experience has been gained via a number of major engineering projects including roads, bridges, dams, tunnelling and harbour works. He has been in the engineering and construction industry for over 30 years – more than 26 years with the Group – and has spent well over a decade working in South-East Asia in countries as diverse as China, Thailand, Malaysia and the Phillipines.
Senior Executives
D Savage Managing Director
R D Hodgson President, Director, Indonesia
H Tyrwhitt General Manager, Malaysia and Brunei
E Wardle General Manager, Singapore, Sri Lanka & India
M Irwin General Manager – Finance & Administration
J Russell Finance & Administration Manager, Indonesia
C P Wong Manager, Finance & Administration, Malaysia and Brunei
Tjoeng Hing Kok New Business, Indonesia
K G Plumbe New Business, Malaysia and Brunei
S Heath New Business, Singapore, Sri Lanka & India

ABK Loa Janan Coal Mine
East Kalimantan, Indonesia
Overview
Leighton Asia (Southern) enjoyed a successful year, achieving our profit objective on revenue of $228 million. Considering the adverse economic conditions we experienced in our key markets, this was an excellent performance.

Our focus this year will be on securing quality new work across the region to strengthen our workload and reduce our dependence on any one geographic market.

The year in review
We introduced a new organisational structure during the year and now operate through three divisions covering specific geographic areas – Malaysia and Brunei, Indonesia, and, Singapore, Sri Lanka and India.

Malaysia again produced an outstanding result on the back of the Teachers’ Housing project. We continued our phenomenal safety record on this project, reaching a company record 17 million man-hours without a lost-time injury. We are now under consideration for an award from the World Safety Organisation.

Our telecommunications project for Maxis, which involves the installation of a series of base transceiver stations across Malaysia, progressed well. During the year we secured the Duta Plaza (Avenue K) retail and commercial development in Kuala Lumpur, and the Asia Rare Earths decontamination project. Both projects are advancing smoothly.

Indonesia made a strong contribution to the result. The Cikampek to Cirebon double-tracking rail project in Java is ahead of schedule and we continued work on our three coal mining projects in Kalimantan.

We successfully completed our first project in Sri Lanka, handing over the 7.5Km pipeline to Ceylon Petroleum Corporation in May. In Singapore we completed the Pan United cement silo, our first project in that country in more than 10 years.

We became the first construction and mining contractor in Indonesia to be awarded OHSAS18001 health and safety certification. Our operations in Indonesia, Singapore and Sri Lanka achieved ISO9001:2000 quality certification during the year.

Outlook
Our challenge in the coming year will be to further grow our work in hand.

Malaysia remains our most important market. We are well placed on a number of large civil engineering prospects there, and hope to secure at least two of these during the year. Our ability to provide innovative structured finance options will continue to be a key competitive advantage.

Several foreign-funded rail and civil engineering prospects have been identified in Indonesia, and our performance on our existing rail project should position us well on these projects. We are hopeful of securing work associated with the Tangguh LNG processing plant in West Papua, and will continue to pursue opportunities in mine infrastructure and contract mining.

Leighton Asia (Southern) is committed to developing a profitable and sustainable business in Singapore, Sri Lanka and India. In Singapore we intend to pursue opportunities in specialist areas such as marine and process engineering. There will also be prospects in major infrastructure projects. Our focus in Sri Lanka will be on government-funded infrastructure, and in India we plan to further develop relationships with selected local contractors in order to secure work.

“Our focus this year will be on securing quality new work across the region to strengthen our workload and reduce our dependence on any one geographic market.”

David Savage  Managing Director
Overview
Leighton Properties has provided the Group with a greater contribution, based on the progression of a number of projects and the sale of some completed development properties. The company has worked hard over the year to secure a number of longer-term development opportunities in the industrial and commercial markets along the eastern seaboard, which are contributing to the results.

The year in review
A highlight of the year was the initiation of the $630 million KENS (Kent, Erskine, Napoleon and Sussex Streets) project, a commercial office tower development in the heart of the Sydney CBD. In what will be one of Australia’s largest commercial office complexes, the company has pre-leased and pre-sold the entire 74,000 square metre development to Westpac.

New South Wales has posted a very good performance over the year, securing a development application for a $120 million office tower development at 100 Pacific Highway in North Sydney and is progressing an A-grade commercial office development in Parramatta. We have also purchased a Sydney CBD office tower, in joint venture with Lend Lease, which is being refurbished and will be sold.

In Brisbane, we have sold the retail portion of the MacArthur Central development and secured a substantial level of pre-leasing to allow a 16-storey commercial office tower to proceed. This development is being undertaken in joint venture with the Seymour Group. We have also acquired the Bayview Noosa property, in joint venture with Ariadne, and have commenced development of an integrated resort and residential development on the site, to be known as Viridian.

In Victoria, we have pre-leased 12 of the 13 floors in an office tower development at 700 Collins Street in Melbourne’s Docklands precinct and construction is progressing well. This development is being undertaken in joint venture with Folkestone Limited. Our business park development at Mulgrave has developed well with some land sales being achieved, including a parcel to the James Fielding Group. We have continued to be successful with our homemaker centre developments, securing the purchase of development sites at Lyndhurst and Mornington, the latter being pre-sold to the James Fielding Group.

Our relationship with the James Fielding Group has been strengthened during the year. We are continuing to pursue a number of joint development opportunities, broadening our focus to include other sectors such as retail and residential.

Outlook
Despite the global economic uncertainty we remain positive about the Australian property market and believe commercial and industrial markets will not peak for another couple of years. Leighton Properties is currently progressing developments worth in excess of $1.7 billion and this level of work will support good contributions for the next few years. Developing positive relationships with clients and business partners remains a key focus and is reflected in our ability to generate repeat business with organisations such as Ariadne, Seymour, ISPT, James Fielding Group, Lend Lease and Folkestone. We will continue to pursue this strategy of undertaking projects in joint ventures and alliances so as to maximise the potential of our available funds. Due to the successful implementation of our existing projects, approaches from potential partners have increased and this will help to further develop our business.

“Leighton Properties is currently progressing developments worth in excess of $1.7 billion and this level of work will support good contributions for the next few years.”

Vyrii Vella
Managing Director
Located over an entire city block, the KENS Commercial Office Tower Development is named after the streets surrounding it — Kent, Erskine, Napoleon and Sussex. Commanding an impressive access to the Sydney CBD and within walking distance of King Street Wharf and Wynyard Station, KENS will feature twin commercial towers with some 74,000 square metres of office space. In so doing KENS will be one of the largest and most significant property developments in Australia.

Leighton Properties saw the potential of the site in the late 90s, and according to Senior Development Manager, Andrew Cooper, this ability to spot sites and rapidly understand their potential is key to the company’s ongoing success.

“Add to this a healthy dose of industry experience and you have the essence of the Leighton Properties team,” Andrew comments. “We’re a very focused, experienced and highly versatile bunch and this is what sets us apart.”

Andrew has been with the Leighton Group for over 20 years and with degrees in Civil Engineering, Architecture and Law, he is well qualified for his role, which sees him involved in every aspect of Leighton Properties’ core business.

“As soon as a potential development is identified, I manage the purchase of the site, including concept development and then follow that through to liaising with stakeholders/potential tenants/end owners with regards to contractual and legal issues and finally delivery of the development,” he says.

“My prime concern, particularly with the KENS development, is ensuring that close relationships are formed between Leighton Properties and key stakeholders. Typically these include the client, design and construction contractors, architects and local council planning authorities. Maintaining these relationships is vital if we are to achieve what we set out to do.”

According to Andrew this background work often goes unnoticed once construction on the site commences.

“We believe we are quiet achievers” he says. “We all work hard to bring the project to life and it is then my ongoing role to make sure the design and construction contractors deliver their best service to us and, by extension, to the client. It’s never easy, but it is a job which we are good at and will continue to grow our expertise in over the coming years.”

seeing the potential >> the combination of industry experience and property development sector knowledge enables the Leighton Properties team to realise the potential of many would-be projects sites for clients around Australia.
Completed in May 2003, the Edith Cowan University’s (ECU) Campus West is part of a major educational precinct that includes the University’s Head Office, the West Coast College of TAFE and the Western Australian Police Academy.

Campus West, located in the Perth suburb of Joondalup, is characterised by a series of timber masts and struts that follow sweeping curves to form a colonnade through which public facilities open onto a new quadrangle.

Using 3D drafting and modelling technology, John Holland’s management and engineering team were able to customise the design and ensure that all aspects of the overall design – from the angles of elevation to heights of the completed structure – fitted the site perfectly.

John Holland’s talent for using innovative techniques and the latest engineering technology to get the job done has resulted in a highly distinctive structure that is one of the city’s most architecturally complex buildings. It has received as much praise for its stunning looks as it has for the expertise and talent of the team that helped construct it.
The Directors of Leighton Holdings Limited present their report for the financial year ended 30 June 2003 in respect of the consolidated entity constituted by the Company and the entities it controlled during the financial year (referred to in this report as either the ‘Consolidated Entity’ or the ‘Group’). This report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the Corporations Act 2001.

Review of operations
A review of the operations of the Consolidated Entity during the financial year and of the results of those operations is contained on pages 1 to 44 of this Concise Annual Report.

Significant changes
Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:
- The Group’s investment in Nextgen was revalued from $47m to zero. (pages 5, 7, 10, 11 and 58)
- The Group recognised a revaluation of $49m for its 15% interest in the Star City Casino management company, which was subsequently sold to Tabcorp Holdings Limited for $53m. (page 11)
- Leighton Contractors completed the acquisition of a 70% interest in the Western Australian based builder Broad Constructions which brought $60m of new work. (page 11)
- John Holland acquired Transfield’s construction assets, contracts and employees at a cost of $32.3m which brought $470m of new work. (pages 7, 11, 32, 33 and 58)
- Following the appointment of a Receiver to Nextgen in June 2003 the Group wrote off $58m of funding which it had made to Nextgen. (pages 5, 7, 10, 11 and 58)
- Thiess took action to close its operations in South America which had incurred a loss of $17m. (pages 10, 24 and 58)

Financial results
Total revenue for the Consolidated Entity for the financial year was up by 7% to $5.6 billion. Operating profit after tax attributable to members of the Company decreased by 17% to $40.0 million.

Dividends
A final ordinary dividend of 27 cents per share, franked to the extent of 100%, was announced on 14 August 2003 and will be paid on 30 September 2003. Together with the interim ordinary dividend of 17 cents per share, franked to the extent of 100% which was paid on 31 March 2003, the total dividend payment out of the profits for the financial year will be 44 cents per share and will amount to $199.4 million.

The 2002 final ordinary dividend of 26 cents per share, franked to the extent of 70%, referred to in the Directors’ statutory report for the financial year ended 30 June 2002 and payable out of the profits for that financial year, was paid on 30 September 2002.

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

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

Future developments
Likely developments in the operations of the Consolidated Entity in future financial years and their anticipated results are referred to in pages 7 to 12. Further information on likely developments in the operations of the Consolidated Entity, including the expected results of those operations in future financial years, would in the Directors’ opinion result in unreasonable prejudice to the Company and has therefore not been included in this report.

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

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

To ensure consistency in the reporting and management of environmental incidents the Group has maintained a standard Environmental Incident Severity Classification, which categorises incidents into 12 types of impacts, including measurable limits where suitable. The severity of the impact is reported as high, medium or low, according to the following classification:

**Incident Classification:**

**Level 1:** (High Severity) refers to pollution or degradation, which has (or may have) irreversible detrimental effects on the environment and/or community. The effects extend to a wide scale beyond the site.

**Level 2:** (Medium Severity) refers to pollution or degradation with a persistent (greater than three months) but reversible detrimental effect on the environment and/or community. The effects extend to a wide scale beyond the site.

**Level 3:** (Low Severity) refers to pollution or degradation, which has a short-term (less than three months) and reversible detrimental effect on the environment and/or community. The event affects the ability of people off-site to enjoy their normal environment, such as a minor noise disturbance. It may result in Level 1 or 2 damage if it continues to occur.

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

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<th>Level 3</th>
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The circumstances which led to the above Level 2 and 3 incidents have all been remedied as at the date of this report.
Relevant provisions are raised in the accounts each year in regard to the expected financial benefit to be derived under retention arrangements and annual bonus and incentive arrangements.

Executive Directors and senior executives may be invited by the Board to participate in the Leighton Executive Share Option Plan, which currently provides share option incentives where specified performance criteria are met.

In determining remuneration, regard is given to comparable companies and advice is periodically taken from leading independent remuneration consultants.

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

Directors’ and Senior Executives’ remuneration

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

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

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

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Directors’ and Executives’ benefits

Details of the nature and amount of each element of the emoluments paid or accrued in the 2003 financial year for each Director of the Company and each of the five named executives receiving the highest remuneration are:

#### Consolidated and Company

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<tr>
<th>Name</th>
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<th>No. of options over unissued ordinary shares</th>
<th>Remuneration Package(a)</th>
<th>Annual Bonus(b)</th>
<th>Deferred Incentive(c)</th>
<th>Superannuation Contributions(d)</th>
<th>Annual Compensation</th>
<th>Retirement Benefits(e)</th>
<th>Other Benefits(e)</th>
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(a) Reflects the annual compensation package consisting of payroll salary, benefits and retention payments.
(b) Annual performance based bonus payable within 12 months of financial year-end.
(c) Deferred performance based incentives normally payable to executives on completion of certain conditions after 3 years or upon retirement.
(d) The bands reported for directors’ and executives’ remuneration and total remuneration shown in Notes 36 and 37 of the Full Financial Report 2003 exclude the deferred incentives which are payable upon completion of certain conditions. The deferred incentives are however detailed separately in Notes 36 and 37 and interest accrued thereon is detailed in Note 40.
(e) Retirement and other benefits includes amounts contractually due to employees on retirement, overseas accommodation and living costs.
(f) The value of options required by ASIC to be disclosed in the Directors’ Report is based on the theoretical Black Scholes valuation model. These amounts are not required to be expensed in the consolidated financial statements and are not included in the bands or the total remuneration of Directors and Executives in Notes 36 and 37 of the 2003 Full Financial Report. No options over the unissued capital of the Company have been issued during or since the end of the year. The options valued in the above table have an exercise price of $10.96 per option. The market price of Leighton shares at 30 June 2003 was $10.96 per share.
(g) Mr Faulkner was based in Hong Kong until 1 February 2003 with compensation paid in Hong Kong dollars. After 1 February 2003 Mr Faulkner was based in Sydney and paid in Australian dollars.

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Directors and Directors’ interests

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

John Powell Morschel
Wallace MacArthur King AM
Dieter Siegfried Admas
Martin Carl Albrecht AC
Geoffrey John Ashton
Geoffrey James Dixon
Achim Drescher
Ian Rutledge Johnson
Hans-Peter Keitel
David Allen Mortimer
Busso Peus
David Paul Robinson

*Non-beneficially held

Details of Directors’ qualifications, experience, special responsibilities and interest in shares in the Company are set out on pages 48, 51 and 52 of this Concise Annual Report.

Directors’ and Executives’ benefits

Details of the nature and amount of each element of the emoluments paid or accrued in the 2003 financial year for each Director of the Company and each of the five named executives receiving the highest remuneration are:
## 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:

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<thead>
<tr>
<th>Director</th>
<th>No. of Directors' Meetings Attended</th>
<th>No. of Audit Committee Meetings Attended</th>
<th>No. of Remuneration Committee Meetings Attended</th>
<th>No. of Ethics Committee Meetings Attended</th>
<th>No. of Review Committee Meetings Attended</th>
<th>No. of Special Tender Review Committee Meetings Attended</th>
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<td></td>
</tr>
<tr>
<td>D A Mortimer</td>
<td>9</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Peus</td>
<td>9</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D P Robinson</td>
<td>9</td>
<td>6</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

---

### Indemnity for Group Officers and Auditors

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

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

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

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

The current Directors and Secretary of the Company are named at pages 51 to 52 and the Company’s current auditors are KPMG.

### Deeds of Indemnity

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

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

### Director’s Deed

The Company has entered into a Deed of Indemnity, Insurance and Access ("Director’s Deed") with each current and former Director of the Company who has held office since 4 November 1999. These Deeds formalise the arrangements between the Company and the Directors as to indemnities, insurance and access to Board records and replaced any existing Deeds of Indemnity previously executed by the Company in favour of those Directors. Under each Director’s Deed the Company indemnifies the Director to the extent permitted by law against any liability (including liability for legal defence costs) incurred by the Director as an officer or former officer of the Company or any subsidiary or while acting at the request of the Company or any subsidiary as an officer of a non-controlled entity. In approving each Director’s Deed the Board relied on the resolution approved by shareholders at the Annual General Meeting of the Company on 4 November 1999 and on sections 195(1A)(b) and 212 of the Corporations Act 2001.

No claims under the indemnities have been made against the Company during or since the end of the financial year.
Insurance for Group Officers
During and since the financial year the Company has paid or agreed to pay premiums in respect of contracts insuring persons who are or have been a Group Officer against certain liabilities incurred in that capacity. ‘Group Officer’ for this purpose means any Director or Secretary of the Company or any subsidiary and includes any other person who is concerned, or takes part, in the management of the Company or of any subsidiary.

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

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

Share options
Leighton Executive Share Options Plan (“LESOP”)
The LESOP was approved by shareholders at the 1998 AGM. The total number of options over unissued ordinary shares in the Company outstanding under LESOP at the date of this report are detailed as follows:

<table>
<thead>
<tr>
<th>Calendar Year of Grant</th>
<th>1999 Options</th>
<th>2002 Options</th>
<th>2002 Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Executives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participating</td>
<td>274</td>
<td>276</td>
<td>1</td>
</tr>
<tr>
<td>Date of Grant</td>
<td>5 August 1999</td>
<td>27 March 2002</td>
<td>12 April 2002</td>
</tr>
<tr>
<td>Exercise Price</td>
<td>$5.84</td>
<td>$10.96</td>
<td>$10.44</td>
</tr>
<tr>
<td>(Market Price at date of grant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of options</td>
<td>6,965,000</td>
<td>5,980,000</td>
<td>90,000</td>
</tr>
<tr>
<td>On Issue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 July 2002</td>
<td>3,873,450</td>
<td>5,980,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Exercised since</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 July 2002</td>
<td>3,593,587</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lapsed since</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 July 2002</td>
<td>5,000</td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td>On Issue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 September 2003</td>
<td>274,863</td>
<td>5,855,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>5 August 2004</td>
<td>27 March 2007</td>
<td>12 April 2007</td>
</tr>
</tbody>
</table>

The exercise of the 1999 Options and the 2002 Options is subject to the following conditions:
(i) the options may only be exercised on or after the second and no later than the fifth anniversary of the date of grant;
(ii) not more than 50% of the options held by an option holder and having the same date of grant may be exercised before the third anniversary of the date of grant (the “First Tranche”);
(iii) (performance hurdle) no option is exercisable unless the percentage increase in Leighton’s total shareholder returns (that is, growth in share price plus dividends reinvested) during the period of the two years ending 28 days before the proposed exercise of the option equals or exceeds the percentage increase in either the ASX All Industrials Accumulation Index or the ASX 100 Industrials Accumulation Index during the same two year period.

No options have been issued during or since the end of the financial year over unissued shares in the Company. Independent verification received by the Company from Egan Associates confirmed that the performance hurdle has been continuously achieved in respect of the 1999 Options. The first assessment of the performance hurdle in respect to the First Tranche of the 2002 Options will occur in February 2004.

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

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

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

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

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

Rounding off of amounts
As the Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, the Directors have chosen to round off amounts in this report and the accompanying Concise Financial Report to the nearest thousand dollars, unless otherwise indicated.

Signed at Sydney this 5th day of September 2003 in accordance with a resolution of the Directors.

J P Morschel
Chairman

W M King AM
Chief Executive Officer
The Directors during or since the end of the year are:

**W M King AM,** (59)
BE, MEngSc, Hon DSc, Hon FIEAust, CP Eng, FAICD, FAIM, FAIB, FTSE

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

**D S Adamsas,** (60)
BComm, FAICD


**M C Albrecht AC,** (64)
B.Tech (Civil), FTSE, FIEAust, FAICD, FAIM, DUniv (QUT)

A Non-executive Director since 2001. Chairman of Thiess Pty Ltd and Geodynamics Ltd. A Non-executive Director of Portman Limited, Queensland Gas Company Limited and Siemens Limited Advisory Board. He is a member of the Queensland Premiers Business Round Table. A director of the Wesley Medical Research Institute. Chairman of the International River Foundation. Director of the Australian Prospectors and Miners Hall of Fame. Patron of the Brisbane Regional Youth Orchestra and the Lifestream Foundation for people with intellectual disabilities. He is the former managing director of Thiess Pty Ltd, a position he held for 15 years before retiring in October 2000.

**J P Morschel,** (60)
DipQS, FAICD


**G J Ashton,** (65)
FAICD, FAIM

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

**G J Dixon,** (63)
FAICD, FAIM

An Independent Non-Executive Director since 1999. Appointed to the Board of Qantas Airways Limited in August 2000. Appointed Chief Executive Officer of Qantas Airways Limited in March 2001. Before joining Qantas held senior commercial positions with both Australian Airlines and Ansett Airlines and has served on the Commercial Board of the International Air Transport Association. A Director of Air Pacific Limited and a Member of the Boards of Mission Australia and the Starlight Foundation of Australia.
A Drescher, (63)
BSc

A graduate in economics from Hamburg University, Germany. An Independent Non-executive Director since 1996. Chairman of Columbus Line Australia Pty Limited, Non-executive Director of Leighton Contractors Pty Limited, Austal Limited, Adsteam Marine Limited and Sword Securitisation Limited. He is also a director of the Sydney Maritime Museum Limited and the Young Endeavour Youth Scheme. In 1997 Mr Drescher was awarded the "Cross of the Order of Merit" by the Federal Republic of Germany.

I R Johnson, (62)
BSc(Hons), FAICD


Dr H-P Keitel, (56)
Dr.-Ing.E.h.

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

D A Mortimer, (58)
BEC(Hons), FCPA


Dr B Peus, (61)
Dr of Law

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

D P Robinson, (47)
MCom, BEc, FCA, FTIA

Information as to shareholdings on 4 September 2003 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOCHTIEF Australia Limited</td>
<td>136,342,759</td>
</tr>
</tbody>
</table>

The following companies hold a relevant interest in these shares:

- HOCHTIEF Australia Holdings Limited, (the parent company of HOCHTIEF Australia Limited)
- HOCHTIEF Asia Pacific GmbH, (the parent company of HOCHTIEF Australia Holdings Limited)
- HOCHTIEF Aktiengesellschaft, (“HOCHTIEF AG”), (the ultimate holding company of HOCHTIEF Australia Limited.)
- RWE Aktiengesellschaft, (a major shareholder in HOCHTIEF AG.)

Number of holders of the Company’s ordinary shares (which have equal voting rights*).

<table>
<thead>
<tr>
<th>Distribution Schedule Category</th>
<th>No. of Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 1,000</td>
<td>12,454</td>
</tr>
<tr>
<td>1,001 - 5,000</td>
<td>10,496</td>
</tr>
<tr>
<td>5,001 - 10,000</td>
<td>1,318</td>
</tr>
<tr>
<td>10,001 - 100,000</td>
<td>703</td>
</tr>
<tr>
<td>100,001 and over</td>
<td>54</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,025</td>
</tr>
</tbody>
</table>

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

## Twenty Largest Shareholders

The percentage of the total holding of the 20 largest shareholders, as shown in the Company’s Register of Members, is 76.17% and their names and numbers of shares are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number</th>
<th>% of Total Shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOCHTIEF Australia Limited</td>
<td>136,538,894</td>
<td>50.12</td>
</tr>
<tr>
<td>Westpac Custodian Nominees Limited</td>
<td>19,683,178</td>
<td>7.22</td>
</tr>
<tr>
<td>JP Morgan Nominees Australia Limited</td>
<td>14,990,783</td>
<td>5.50</td>
</tr>
<tr>
<td>National Nominees Limited</td>
<td>11,331,042</td>
<td>4.16</td>
</tr>
<tr>
<td>Citicorp Nominees Pty Limited</td>
<td>3,766,299</td>
<td>1.38</td>
</tr>
<tr>
<td>AMP Life Limited</td>
<td>3,459,860</td>
<td>1.27</td>
</tr>
<tr>
<td>HOCHTIEF Asia Pacific GmbH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HOCHTIEF Aktiengesellschaft, (“HOCHTIEF AG”),</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(the ultimate holding company of HOCHTIEF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia Limited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWE Aktiengesellschaft, (a major shareholder in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HOCHTIEF AG.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of holders of the Company’s ordinary</td>
<td>25,025</td>
<td></td>
</tr>
<tr>
<td>shares (which have equal voting rights*)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Company has no other class of shares on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>issue as at 4 September 2003.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There were 144 shareholders with less than a marketable parcel (51 shares).
Burton Coal Mine
Queensland, Thiess

concise financial report
## Statement of Financial Performance

For the year ended 30 June 2003

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Revenues from ordinary activities</td>
<td>5,022,909</td>
<td>5,034,845</td>
</tr>
<tr>
<td>Expenses from ordinary activities</td>
<td>(4,845,551)</td>
<td>(4,817,566)</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(9,284)</td>
<td>(6,817)</td>
</tr>
<tr>
<td>Share of net profits of associates and joint venture entities</td>
<td>54,466</td>
<td>23,201</td>
</tr>
<tr>
<td><strong>Profit from ordinary activities before income tax expense</strong></td>
<td>222,540</td>
<td>233,663</td>
</tr>
<tr>
<td>Income tax expense relating to ordinary activities</td>
<td>(71,565)</td>
<td>(59,450)</td>
</tr>
<tr>
<td><strong>Profit from ordinary activities after income tax expense</strong></td>
<td>150,975</td>
<td>174,213</td>
</tr>
<tr>
<td>Net profit attributable to outside equity interests</td>
<td>(10,961)</td>
<td>(4,991)</td>
</tr>
<tr>
<td><strong>Net profit attributable to members of the parent entity</strong></td>
<td>140,014</td>
<td>169,222</td>
</tr>
</tbody>
</table>

### Other changes in equity attributable to members of the parent entity

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in asset revaluation reserve</td>
<td>1,138</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in retained profits on initial adoption of revised Accounting Standard AASB 1028 - Employee Benefits</td>
<td>(829)</td>
<td>-</td>
</tr>
<tr>
<td>Net exchange difference on translation of financial statements of self-sustaining foreign operations</td>
<td>(42,133)</td>
<td>(27,351)</td>
</tr>
<tr>
<td><strong>Total other changes in equity attributable to members of the parent entity</strong></td>
<td>(41,824)</td>
<td>(27,351)</td>
</tr>
<tr>
<td><strong>Total changes in equity from non-owner transactions attributable to members of the parent entity</strong></td>
<td>98,190</td>
<td>141,871</td>
</tr>
</tbody>
</table>

### Earnings per share

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings – cents per share</td>
<td>51.7</td>
<td>63.1</td>
</tr>
<tr>
<td>Diluted earnings – cents per share</td>
<td>51.6</td>
<td>62.8</td>
</tr>
<tr>
<td>Dividends – cents per share – Interim</td>
<td>17.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Dividends – cents per share – Final</td>
<td>27.0</td>
<td>26.0</td>
</tr>
</tbody>
</table>

The statement of financial performance is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 58 to 62.

---

**statement of financial performance**
**Consolidated Statement of Financial Position**

as at 30 June 2003

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>408,266</td>
<td>588,363</td>
</tr>
<tr>
<td>Receivables</td>
<td>852,562</td>
<td>804,268</td>
</tr>
<tr>
<td>Inventories</td>
<td>49,385</td>
<td>53,596</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>85,979</td>
<td>49,217</td>
</tr>
<tr>
<td>Investments in other entities</td>
<td>63,484</td>
<td>84,691</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>99,290</td>
<td>88,697</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>574,736</td>
<td>644,249</td>
</tr>
<tr>
<td>Goodwill</td>
<td>28,824</td>
<td>34,693</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,162,526</td>
<td>2,317,774</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>997,198</td>
<td>1,182,861</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>5,208</td>
<td>18,525</td>
</tr>
<tr>
<td>Provisions</td>
<td>236,827</td>
<td>251,764</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>37,131</td>
<td>64,346</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>15,518</td>
<td>5,732</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,291,882</td>
<td>1,523,228</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>870,644</td>
<td>794,546</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>414,798</td>
<td>399,391</td>
</tr>
<tr>
<td>Reserves</td>
<td>(66,043)</td>
<td>(25,048)</td>
</tr>
<tr>
<td>Retained profits</td>
<td>507,557</td>
<td>414,916</td>
</tr>
<tr>
<td><strong>Total parent entity interest</strong></td>
<td>856,312</td>
<td>789,259</td>
</tr>
<tr>
<td>Outside equity interests</td>
<td>14,332</td>
<td>5,287</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>870,644</td>
<td>794,546</td>
</tr>
</tbody>
</table>

The statement of financial position is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 58 to 62.
statement of cash flows
for the year ended 30 June 2003

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts in the course of operations</td>
<td>4,982,574</td>
<td>4,875,965</td>
</tr>
<tr>
<td>Cash payments in the course of operations</td>
<td>(4,618,680)</td>
<td>(4,122,205)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>4,011</td>
<td>2,020</td>
</tr>
<tr>
<td>Interest received</td>
<td>9,972</td>
<td>17,556</td>
</tr>
<tr>
<td>Borrowing costs paid</td>
<td>(7,988)</td>
<td>(7,130)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(88,037)</td>
<td>(108,949)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>281,852</strong></td>
<td><strong>657,257</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for investments in controlled entities and businesses</td>
<td>(38,149)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from investments in controlled entities</td>
<td>23,439</td>
<td>-</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(306,897)</td>
<td>(446,212)</td>
</tr>
<tr>
<td>Proceeds from sale of assets</td>
<td>84,254</td>
<td>37,465</td>
</tr>
<tr>
<td>Payments for investments in other entities</td>
<td>(54,611)</td>
<td>(21,429)</td>
</tr>
<tr>
<td>Loans to executives repaid</td>
<td>220</td>
<td>497</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(291,744)</strong></td>
<td><strong>(429,679)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from share issues</td>
<td>15,407</td>
<td>20,793</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>236,160</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(263,375)</td>
<td>(27,867)</td>
</tr>
<tr>
<td>Loans to related entities</td>
<td>(16,250)</td>
<td>-</td>
</tr>
<tr>
<td>Distributions to outside equity interests</td>
<td>(1,916)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(116,443)</td>
<td>(109,971)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td><strong>(146,417)</strong></td>
<td><strong>(117,045)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase/(decrease) in cash held</th>
<th>2003 $'000</th>
<th>2002 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash at the beginning of the financial year</td>
<td>(156,309)</td>
<td>110,533</td>
</tr>
<tr>
<td>Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the year</td>
<td>588,363</td>
<td>500,333</td>
</tr>
<tr>
<td><strong>Net cash at reporting date</strong></td>
<td><strong>408,266</strong></td>
<td><strong>588,363</strong></td>
</tr>
</tbody>
</table>

The statement of cash flows is to be read in conjunction with the discussion and analysis and the notes to the concise financial statements set out on pages 58 to 62.
Revenue from ordinary activities for the Group (including joint ventures) of $5.6 billion was an increase of 7% on the previous year. The revenue from ordinary activities within the Group was similar to 2002 at $5.0 billion whilst revenue from Leighton's participation in joint ventures increased from $240 million to $600 million. The major sources of revenue including joint ventures during the year were:

<table>
<thead>
<tr>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering and infrastructure</td>
</tr>
<tr>
<td>Building and property development</td>
</tr>
<tr>
<td>Mining and resources</td>
</tr>
</tbody>
</table>

The revenue reflects increased contributions from the Australian operations whilst the Asian operations have reduced during the current year.

Group operating profit after tax was $140 million after a write-down on the Nextgen Networks project of $40 million. The Australian operations recorded an increased profit for the year after absorbing the Nexgen write-off. The Asian operations' contribution to the Group for the year was $81 million. A loss was recorded in the closing of the South American operations of $17 million.

Australia produced an improved profit over 2002. Leighton Properties increased its contribution to the Group in 2003 on an increased level of activity. John Holland continued its recovery plan and again increased its contribution to the Group and has increased its size and scope of operations with the acquisition of the construction activities of Transfield Construction during the year. Mining remained a good contributor particularly for Thiess.

The performance in Asia was affected by the appreciation of the Australian dollar. As a majority of contracts in Asia are in US dollars or currency linked to US dollars the appreciation of the Australian dollar contributed to the reduced revenue.

Profitable contributions were reported in all major Asian countries including Malaysia, Hong Kong, Indonesia and the Philippines, in particular mining operations in Indonesia and road projects in Hong Kong and the Philippines.

The Group has a record level of work in hand of $9.7 billion and this large workload will translate into increased revenue in 2003/04.

The Group's total equity stands at $871 million compared to $795 million at June 2002. The $76 million increase is primarily due to a change in Accounting Standard AASB 1044 relating to the provision of dividends where the dividend for 2003 has not been provided against the total equity on the balance sheet.

Cash from customers was $5 billion reflecting the Group's level of revenue. Net cash compared to 2002 was affected by the funding of Nexgen and a decrease in payables. The Group repaid borrowings of $43 million in the year in accordance with loan agreements entered into with third parties. Short-term borrowings were required during certain periods of the financial year but were repaid by year-end.

Dividends paid during the financial year were $116 million compared to $110 million in the corresponding year.

The appreciation of the Australian dollar during the financial year has also had the effect of reducing the Australian dollar value of the Group's opening cash balance for overseas currencies by $24 million. The Group's undrawn facilities have remained strong at $422 million.
notes to the concise financial report

for the year ended 30 June 2003

1 Basis of Preparation of Concise Financial Report
The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 “Concise Financial Reports” and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the Consolidated Entity’s full financial report for the financial year. Other information included in the concise financial report is consistent with the Consolidated Entity’s full financial report. The concise financial report does not, and can not be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of assets. These accounting policies have been consistently applied by each entity in the Group and except where there has been a change in accounting policy as detailed in Note 6, are consistent with those in the previous year. A full description of the accounting policies adopted by the Consolidated Entity may be found in the Consolidated Entity’s full financial report.

Consolidated

<table>
<thead>
<tr>
<th></th>
<th>2003 $’000</th>
<th>2002 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction contracting services</td>
<td>4,578,317</td>
<td>4,585,413</td>
</tr>
<tr>
<td>Other contracting services</td>
<td>181,571</td>
<td>186,241</td>
</tr>
<tr>
<td>Income from investment in coal mines</td>
<td>5,123</td>
<td>12,182</td>
</tr>
<tr>
<td>Sale of development properties</td>
<td>18,935</td>
<td>129,064</td>
</tr>
<tr>
<td>Other development property revenue</td>
<td>64,594</td>
<td>66,681</td>
</tr>
<tr>
<td>Revenues from operating activities</td>
<td></td>
<td>4,848,540</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related parties</td>
<td>471</td>
<td>264</td>
</tr>
<tr>
<td>Other parties</td>
<td>9,194</td>
<td>15,204</td>
</tr>
<tr>
<td>Dividends/distributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other parties</td>
<td>4,011</td>
<td>2,331</td>
</tr>
<tr>
<td>Proceeds from sale of other assets</td>
<td>160,693</td>
<td>37,465</td>
</tr>
<tr>
<td>Other revenues</td>
<td>174,369</td>
<td>55,264</td>
</tr>
<tr>
<td>Revenues from ordinary activities</td>
<td>5,022,909</td>
<td>5,034,845</td>
</tr>
</tbody>
</table>

The Consolidated Entity’s share of revenues from joint ventures is excluded from Revenues noted above and from the Statement of Financial Performance in accordance with Accounting Standards. The delivery of major projects by the Consolidated Entity is increasingly in the form of joint ventures. Details of the Consolidated Entity’s share of joint ventures’ revenues is provided as additional information below as Revenues - Group and joint ventures. Revenue from operating activities - joint ventures, represents the Group’s share of the operations of the joint venture or associated entity where the operations are primarily construction or property development.

Revenues - Group and joint ventures

<table>
<thead>
<tr>
<th></th>
<th>2003 $’000</th>
<th>2002 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from operating activities - Group</td>
<td>4,848,540</td>
<td>4,979,581</td>
</tr>
<tr>
<td>Revenues from operating activities - joint ventures</td>
<td>597,327</td>
<td>240,612</td>
</tr>
<tr>
<td>Total revenues from operating activities - Group and joint ventures</td>
<td>5,445,867</td>
<td>5,220,193</td>
</tr>
<tr>
<td>Other revenues</td>
<td>174,369</td>
<td>55,264</td>
</tr>
<tr>
<td>Total revenues - Group and joint ventures</td>
<td>5,620,236</td>
<td>5,275,457</td>
</tr>
</tbody>
</table>
### Consolidated Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
<td>1,034,699</td>
<td>1,308,727</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>1,659,780</td>
<td>1,516,979</td>
</tr>
<tr>
<td>Plant costs and amortisation</td>
<td>766,392</td>
<td>751,911</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>927,452</td>
<td>803,076</td>
</tr>
<tr>
<td>Insurance</td>
<td>29,889</td>
<td>22,262</td>
</tr>
<tr>
<td>Amortisation of goodwill</td>
<td>8,280</td>
<td>6,037</td>
</tr>
<tr>
<td>Operating leases – minimum lease payments</td>
<td>58,498</td>
<td>58,441</td>
</tr>
<tr>
<td>Professional fees</td>
<td>90,297</td>
<td>96,911</td>
</tr>
<tr>
<td>Foreign exchange (gains)/losses</td>
<td>2,004</td>
<td>(1,952)</td>
</tr>
<tr>
<td>Book value of assets sold</td>
<td>133,832</td>
<td>30,880</td>
</tr>
<tr>
<td>Cost of development properties sold</td>
<td>17,219</td>
<td>118,821</td>
</tr>
<tr>
<td>Nextgen Networks project written off</td>
<td>58,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Other expenses</td>
<td>59,209</td>
<td>60,473</td>
</tr>
<tr>
<td><strong>Expenses from ordinary activities</strong></td>
<td><strong>4,845,551</strong></td>
<td><strong>4,817,566</strong></td>
</tr>
</tbody>
</table>
## Segment Information

<table>
<thead>
<tr>
<th></th>
<th>Australia/ Pacific $'000</th>
<th>South-East Asia $'000</th>
<th>Americas $'000</th>
<th>Eliminations $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues – Group and joint ventures</td>
<td>4,577,591</td>
<td>996,335</td>
<td>46,310</td>
<td>-</td>
<td>5,620,236</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>3,995,180</td>
<td>967,484</td>
<td>46,305</td>
<td>-</td>
<td>5,009,233</td>
</tr>
<tr>
<td>Other unallocated revenue</td>
<td>13,676</td>
<td></td>
<td></td>
<td></td>
<td>13,676</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,022,909</td>
</tr>
<tr>
<td>Segment result</td>
<td>103,339</td>
<td>77,975</td>
<td>(16,699)</td>
<td>-</td>
<td>164,615</td>
</tr>
<tr>
<td>Share of net profit of equity accounted investments</td>
<td>50,499</td>
<td>3,967</td>
<td>-</td>
<td>-</td>
<td>54,466</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(8,602)</td>
<td>(682)</td>
<td>-</td>
<td>-</td>
<td>(9,284)</td>
</tr>
<tr>
<td>Profit/(loss) attributable to members before income tax expense</td>
<td>145,236</td>
<td>81,260</td>
<td>(16,699)</td>
<td>-</td>
<td>209,797</td>
</tr>
<tr>
<td><strong>Profit from ordinary activities before income tax expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>222,540</td>
</tr>
<tr>
<td>Profit attributable to outside equity interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,743</td>
</tr>
<tr>
<td><strong>Profit from ordinary activities after income tax expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>150,975</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,859,224</td>
<td>535,192</td>
<td>176</td>
<td>(232,066)</td>
<td>2,162,526</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,050,427</td>
<td>325,724</td>
<td>25,494</td>
<td>(109,763)</td>
<td>1,291,882</td>
</tr>
</tbody>
</table>

|                        |                          |                        |                |                   |             |
| **2002**               |                          |                        |                |                   |             |
| Total revenues – Group and joint ventures  | 3,964,987                | 1,224,540              | 85,930         | -                 | 5,275,457   |
| Segment revenue        | 3,706,576                | 1,224,540              | 85,930         | -                 | 5,017,046   |
| Other unallocated revenue | 17,799                  |                        |                |                   | 17,799      |
| **Revenues from ordinary activities** |                        |                        |                |                   | 5,034,845   |
| Segment result         | 124,021                  | 77,692                 | 9,188          | -                 | 210,901     |
| Share of net profit of equity accounted investments | 23,207                  | (6)                    | -              | -                 | 23,201      |
| Borrowing costs        | (6,222)                  | (595)                  | -              | -                 | (6,817)     |
| Profit/(loss) attributable to members before income tax expense | 141,006                  | 77,091                 | 9,188          | -                 | 227,285     |
| **Profit from ordinary activities before income tax expense** |                        |                        |                |                   | 233,663     |
| Profit attributable to outside equity interests |                        |                        |                |                   | 6,378       |
| **Profit from ordinary activities after income tax expense** |                        |                        |                |                   | 174,215     |
| Total assets           | 1,789,691                | 565,345                | 25,759         | (63,021)          | 2,317,774   |
| Total liabilities      | 1,247,697                | 387,094                | 26,875         | (138,438)         | 1,523,228   |
5

Dividends

2003 Final dividend announced

Subsequent to reporting date the Company announced a final ordinary dividend in respect of the financial year ended 30 June 2003 of 27 cents per share fully franked at a tax rate of 30%. The dividend is payable on 30 September 2003. These dividends have not been provided in the Statement of Financial Position.

2003 Interim dividend paid

A fully franked interim ordinary dividend of 17 cents per share (2002: 16 cents per share 70% franked) was paid on 31 March 2003.

2002 Final dividend paid

A partially franked (70% franked) final ordinary dividend of 26 cents per share was paid on 30 September 2002.

2002 Final dividend provided

– 69,899

2001 Final dividend paid on shares issued post reporting date

– 670

Dividends paid (2002 paid and provided)

116,443 113,575

6

Changes in accounting policies

(i) The Consolidated Entity has applied revised Accounting Standard AASB 1028 Employee Benefits for the first time. The current portion of employee benefits provisions has been calculated using the remuneration rates the Consolidated Entity expects to pay at each reporting date, previously the provisions were calculated using rates which were current at the reporting date. The effect of this change has been to reduce opening retained earnings by $819, to increase opening provisions by $1,170 and to increase opening deferred tax assets by $351. There has been no material impact in the current year to warrant further disclosures.

(ii) The Consolidated Entity has applied Accounting Standard AASB 1044 – Provisions, Contingent Liabilities and Contingent Assets for the first time. Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the reporting period to which they related, even though the dividends were announced after the end of that reporting period. This change has resulted in an increase to opening retained earnings of $69,899. Had the accounting policy always been applied the restated payables total as at 30 June 2002 would have been $1,112,962.

(iii) The carrying value of “unlisted investments – other”, has been stated on a fair value basis, in the previous reporting period those assets were stated at the lower of cost and recoverable amount. This change in accounting policy results in more reliable and relevant information to the users of the financial report. This change has had no impact on the retained earnings of the current or previous reporting periods. This change has resulted in a net credit to the asset revaluation reserve of $1,138. It is not practicable to restate the comparative information as at 30 June 2002 as the fair value of this class of assets was not determined at that date.

(iv) In accordance with Urgent Issues Group Abstract 53 - Pre-Completion Contracts for the Sale of Residential Development Properties, the Consolidated Entity has adopted the following accounting policy. Where the outcome of the project can be reliably estimated, revenue and expenses are recognised by applying the percentage of completion method to that proportion of the project represented by the individual units of property sold. The proportion of the project to which the percentage of completion method is applied is determined as the ratio of the total expected revenue from the units sold to the total expected project revenue. This has had no impact on the financial report for the current or previous year as there were no sales of residential development properties.
Directors’ Declaration
In the opinion of the Directors of Leighton Holdings Limited the accompanying concise financial report of the Consolidated Entity, comprising Leighton Holdings Limited and its controlled entities for the year ended 30 June 2003 set out on pages 55 to 62:
(a) has been derived from or is consistent with the full financial report for the financial year; and
(b) complies with Accounting Standard AASB 1039 “Concise Financial Reports”.
Signed in accordance with a resolution of the Directors.

J P Morschel
Chairman

W M King AM
Chief Executive Officer

Dated at Sydney this 5th day of September, 2003.

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

Scope
We have audited the concise financial report of Leighton Holdings Limited and its controlled entities for the financial year ended 30 June 2003 consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 6 and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows in order to express an opinion on it to the members of the Company. The Company’s Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Leighton Holdings Limited and its controlled entities for the year ended 30 June 2003.

Our audit report on the full financial report was signed on 5 September 2003 and was not subject to any qualification.

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

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

Audit Opinion
In our opinion the concise financial report of Leighton Holdings Limited and its controlled entities for the year ended 30 June 2003 complies with AASB 1039 “Concise Financial Reports” issued in Australia.

KPMG
K Jukes
Partner

Dated at Sydney this 5th day of September, 2003.
2003 Financial report
A copy of the Group's 2003 Financial Report, including the independent Audit Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Financial Report can be requested by telephone from our Public Information Manager on (02) 9925 6612 and is available from the Leighton website www.leighton.com.au

Enquiries
If you have any questions about your shareholding, dividend payments, tax file number, change of address etc, you should contact the Company's Shareholder Enquiry Line at Computershare Investor Services Pty Limited:
by phone on 1300 855 080 (local) or 61 3 9615 5970 (international); or
by fax on 02 8234 5050 (local) or 61 2 8234 5050 (international); or
by email at sydney.services@computershare.com.au
Or write to:
Computershare Investor Services Pty Limited
GPO Box 7045
Sydney NSW 1115

Dividend payment
The final dividend of 27 cents per share will be paid on 30 September 2003 and will be franked to the extent of 100%.

Direct dividend deposit into bank accounts
If you choose, your Leighton dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Details of the dividend payment will be confirmed by an advice mailed to you on that date.
Application forms are available from our share registrar, Computershare Investor Services Pty Limited.
If you subsequently change your bank account, please promptly notify the registrar in writing quoting your old bank account number as an added security check.

Tax file numbers
Since 1 July 1991, all companies have been obliged to deduct tax at the top marginal rate from unfranked dividends paid to investors, resident in Australia, who have not supplied them with a tax file number or exemption particulars. Tax will not be deducted from the franked portion of a dividend.
If you have not already done so, a Tax File Number Notification form or Tax File Number Exemption form should be completed for each holding and returned to our Registrars, Computershare Investor Services Pty Limited at the above address. Please note you are not required by law to provide your tax file number if you do not wish to.

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

Share information
Information regarding Substantial Shareholders, the 20 largest holders and shareholding distribution is on page 53.

Audit committee
As at 5 September 2003, the Company has a formally constituted Audit Committee of the Board of Directors.

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

Other available publications
In addition to the Annual Report, the Company distributes the Chairman's Address, the Half Yearly and Preliminary Final Reports and quarterly Corporate Updates to all shareholders. Should you wish to be put on the mailing list, please contact the Public Information Manager on (02) 9925 6612.
Leighton Holdings is pleased to offer shareholders a complimentary copy of the special commemorative book “Leighton: 50 years of achievement 1949-1999”. Copies can be obtained by contacting the Public Information Manager on (02) 9925 6612 or via email at leighton@leighton.com.au

Removal from annual report mailing list
If you do not wish to receive an Annual Report, please advise the Company in writing.

Financial Calendar *
2003
8 September Shares begin trading ex Dividend
12 September Books close for Final Dividend
30 September Final Dividend paid
6 November Annual General Meeting
31 December Half-year end

2004
10 February Half-year Results announced
5 March Shares begin trading ex Dividend
12 March Books close for Interim Dividend
31 March Interim Dividend paid
30 June Year end
19 August Preliminary Final Results announced
13 September Shares begin trading ex Dividend
17 September Books close for Final Dividend
30 September Final Dividend Paid
11 November Annual General Meeting

*Note timing of events can be subject to change
### Summary of Financial Position

<table>
<thead>
<tr>
<th>Year</th>
<th>2003 $'000</th>
<th>2002 $'000</th>
<th>2001 $'000</th>
<th>2000 $'000</th>
<th>1999 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td>414,798</td>
<td>399,391</td>
<td>378,598</td>
<td>363,891</td>
<td>361,884</td>
</tr>
<tr>
<td>Total parent entity interest</td>
<td>856,312</td>
<td>789,259</td>
<td>740,170</td>
<td>660,580</td>
<td>612,339</td>
</tr>
<tr>
<td>Total equity</td>
<td>870,644</td>
<td>794,546</td>
<td>740,289</td>
<td>684,890</td>
<td>632,878</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,291,882</td>
<td>1,523,228</td>
<td>1,309,871</td>
<td>1,044,431</td>
<td>943,116</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,162,526</td>
<td>2,317,774</td>
<td>2,050,160</td>
<td>1,729,321</td>
<td>1,575,994</td>
</tr>
</tbody>
</table>

### Summary of Financial Performance

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total revenues - Group and joint ventures</td>
<td>5,620,236</td>
<td>5,275,457</td>
<td>4,476,271</td>
<td>3,577,364</td>
<td>3,327,878</td>
</tr>
<tr>
<td>Profit from ordinary activities before interest and income tax expense</td>
<td>231,824</td>
<td>240,480</td>
<td>214,878</td>
<td>206,827</td>
<td>188,497</td>
</tr>
<tr>
<td>Profit from ordinary activities before income tax expense</td>
<td>222,540</td>
<td>233,663</td>
<td>202,240</td>
<td>201,374</td>
<td>181,818</td>
</tr>
<tr>
<td>Income tax expense relating to ordinary activities</td>
<td>71,565</td>
<td>59,450</td>
<td>42,312</td>
<td>43,371</td>
<td>50,424</td>
</tr>
<tr>
<td>Profit from ordinary activities after income tax expense</td>
<td>150,975</td>
<td>174,213</td>
<td>159,928</td>
<td>158,003</td>
<td>131,394</td>
</tr>
<tr>
<td>Net profit attributable to members of the parent entity</td>
<td>140,014</td>
<td>169,222</td>
<td>156,156</td>
<td>134,080</td>
<td>121,809</td>
</tr>
</tbody>
</table>

### Financial Statistics

- **Earnings per ordinary share**
  - Basic: 51.7c, 63.1c, 59.2c, 51.1c, 46.6c
  - Diluted: 51.6c, 62.8c, 59.1c, 50.7c, 46.1c
- **Dividends per ordinary share**: 44.0c, 42.0c, 39.0c, 33.0c, 30.0c
- **Return on equity attributable to members**: 16.4%, 21.4%, 21.1%, 20.3%, 19.9%
- **Return on total assets**: 6.5%, 7.3%, 7.6%, 7.8%, 7.7%
- **Profit before interest and tax to total revenue**: 4.3%, 4.6%, 4.8%, 5.8%, 5.7%
- **Net profit attributable to members to total revenue**: 2.5%, 3.2%, 3.5%, 3.7%, 3.7%
- **Dividend times covered**: 1.2, 1.5, 1.5, 1.5, 1.6
- **Dividend payout ratio**: 85.3%, 67.1%, 66.3%, 64.7%, 64.5%
- **Interest times covered**: 25.0, 35.3, 17.0, 18.7, 28.2
- **Net tangible assets per ordinary share**: $3.10, $2.83, $2.64, $2.52, $2.42
- **Current ratio**: 1.2, 1.1, 1.2, 1.3, 1.2
- **Total equity to total assets**: 40.3%, 34.3%, 36.1%, 39.6%, 40.2%
- **Total equity to total liabilities**: 67.4%, 52.2%, 56.5%, 65.6%, 67.1%
- **Gross borrowings to total equity**: 4.3%, 8.1%, 13.5%, 14.3%, 14.7%
- **Number of employees**: 15,236, 15,228, 12,615, 12,698, 10,502