



THIESS SERVICES PTY LTD
SPECIAL PURPOSE FINANCIAL REPORT
YEAR ENDED 30 JUNE 2007



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INCOME STATEMENT

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Revenues	2	479,768	319,073
Expenses		(453,682)	(319,702)
Finance costs	3	(3,394)	(1,834)
Share of net profits of associates and joint venture entities		10,163	6,779
Profit before tax		32,855	4,316
Income tax (expense)/benefit	5	(6,784)	690
Profit for the year		26,071	5,006

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 9 to 19.

BALANCE SHEET

as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash assets	6	59,487	43,965
Receivables	7	80,499	79,813
Inventories	8	5,676	4,462
Derivative financial instruments	9	-	51
TOTAL CURRENT ASSETS		145,662	128,291
NON-CURRENT ASSETS			
Investments in associates	10	16,273	9,499
Property, plant and equipment	11	95,823	70,299
Derivative financial instruments	9	-	16
Deferred tax assets	12	13,804	10,118
TOTAL NON-CURRENT ASSETS		125,900	89,932
TOTAL ASSETS		271,562	218,223
CURRENT LIABILITIES			
Payables	13	109,170	83,833
Provisions	14	6,935	5,810
Derivative financial instruments	9	726	-
TOTAL CURRENT LIABILITIES		116,831	89,643
NON-CURRENT LIABILITIES			
Payables	15	215	142
Interest-bearing liabilities	16	41,155	42,974
Provisions	17	14,123	12,190
Derivative financial instruments	9	23	-
TOTAL NON-CURRENT LIABILITIES		55,516	55,306
TOTAL LIABILITIES		172,347	144,949
NET ASSETS		99,215	73,274
EQUITY			
Contributed equity	18	25,000	25,000
Reserves	19	(83)	47
Retained profits	20	74,298	48,227
TOTAL EQUITY		99,215	73,274

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 9 to 19.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		525,295	320,458
Cash payments in the course of operations		(466,547)	(316,774)
Income taxes (paid)/refund		2,513	(6,674)
Finance costs paid		(3,394)	(1,834)
Net cash (used)/provided by operating activities	23	57,867	(4,824)
Cash flows from investing activities			
Payments for property, plant and equipment		(47,930)	(33,140)
Proceeds from sale of non-current assets		466	5,570
Decrease in associates and joint venture entities		3,389	2,915
Net cash used in investing activities		(44,075)	(24,655)
Cash flows from financing activities			
Loans from related entities		1,730	45,901
Net cash from financing activities		1,730	45,901
Net increase in cash held		15,522	16,422
Cash at the beginning of the financial year	6	43,965	27,543
Cash at the end of the financial year	6	59,487	43,965

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 19.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Total equity at beginning of the financial year		73,274	68,221
Net movement in cash flow hedges net of tax	19	(130)	47
Profit for the year		26,071	5,006
Total equity at the end of the financial year		99,215	73,274

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 19.



SIGNIFICANT ACCOUNTING POLICIES AND METHODS

The Australian Securities and Investment Commission (ASIC) has granted Thiess Services Pty Ltd the accounting and audit relief provided under ASIC Class Order 98/1418 for financial year ended 30 June 2000 and subsequent financial years. As a result, Thiess Services Pty Ltd is not required to prepare a general purpose financial report comprising of an income statement, balance sheet, statement of cash flow, statement of changes in equity and notes to the financial statements. Also, the application of the requirements of the Corporations Act 2001, Australian Accounting Standards and other professional reporting requirements are not mandatory.

In the opinion of the Director's, the Company is not a reporting entity. Accordingly only consolidated financial statements comprising of an income statement, balance sheet, statement of cashflows and notes have been prepared for the Company and its subsidiary. This special purpose financial report has been prepared on the basis of historical costs, and does not take into account changing money values, except where stated, current valuations of assets. Except where noted, the accounting policies have been consistently applied. The financial report has been prepared in accordance with the recognition measurement aspects of all applicable Accounting Standards and other mandatory professional requirements that have a material effect.

The financial report does not include the disclosure requirements of the following pronouncements having a material effect:

AASB101: Presentation of Financial Statements

AASB108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB114: Segment Reporting

AASB124: Related Party Disclosures

AASB128: Investment in Associates

AASB131: Interests in Joint Ventures

AASB132: Financial Instruments: Disclosures and Presentation

(a) Revenue recognition

Revenue comprises revenues earned from the provision of services to entities outside Thiess Services Pty Ltd net of the amount of goods and services tax (GST). Revenue is recognised when the fee in respect of services provided is receivable.

(b) Income Tax

Income tax on the profit or loss for the year is comprised of both current and deferred tax. Income tax is recognised in the income statement, unless it relates to equity items, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year at the applicable tax rate. Adjustments are made for under or over provisions in prior years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Tax consolidation

Leighton Holdings Limited is the head entity in the tax consolidated group comprising all Australian wholly-owned subsidiaries. The implementation date for the tax consolidated group was 1 July 2002.

All tax balances are calculated on a "stand-alone basis" by each member of the tax consolidated group.

The head entity recognises the current tax liabilities (or assets) of the tax consolidated group (after elimination of intra-group transactions).

Each member of the tax consolidated group recognises current tax expense, deferred tax assets and deferred tax liabilities.

Under the tax funding agreement, the contribution for current tax liability (or asset) is payable as set out in the agreement and reflects the timing of the head entity's obligation to the relevant tax authorities.

(c) Cash assets

Cash assets include cash at bank, cash on hand, and funds on deposit. For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank and short term deposits at call, net of outstanding overdrafts.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Receivables

Trade and other receivables are normally to be settled within two months of billing. The collectibility of trade and other receivables is assessed at balance date for any impairment.

(f) Inventories

Raw materials and stores are carried at the lower of cost and net realisable value. Cost is determined using a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Investments

Associates and joint venture entities

Investments in associates and joint venture entities are accounted for using equity accounting principles. The consolidated entity's share of profits or losses are recognised in the income statement, and the share of movement in reserves is recognised in reserves in the balance sheet.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs may include transfers from equity of any gains/losses on qualifying cash flows and hedges of foreign currency purchases of plant and equipment.

Depreciation and amortisation is calculated so as to write off the net book value of property, plant and equipment over their estimated effective useful lives. The depreciation period and methods for each class of asset for current and prior years are as follows:

- buildings – straight line method over 40 years;
- leasehold improvements – straight line method over 10 years;
- major plant and equipment – the current cumulative number of hours worked typically over 5 to 8 years;
- other equipment – straight line method typically over 1 to 5 years; and
- waste management assets – straight line method typically over 20 years.

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

(i) Restoration provisions

Provision for restoration represents restoration obligations in respect of landfills. The provisions are best estimates of the expenditure required to settle the restoration at reporting date. The amount for future restoration costs is capitalised as a waste management asset.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within two months.

(k) Employee entitlements

Annual leave

The provisions for employee entitlements to annual leave represent the amount the consolidated entity has a present obligation to pay resulting from employee's services provided up to the balance date. The provision has been calculated using remuneration rates the consolidated entity expects to pay at each reporting date including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represent the present value of the estimated future cash outflows to be made by the employer resulting from employee's services provided up to the balance date. Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates and the consolidated entity experience with staff departures. Related on-costs have also been included in the liability.

Superannuation

The consolidated entity contributes to various employee defined contribution superannuation funds. Such contributions are charged against the income statement.

(l) Rounding off

The amounts shown in the financial reports, where appropriate, have been rounded to the nearest thousand dollars per ASIC Class Order 98/100.

	2007 \$'000	2006 \$'000
2 Revenues		
Waste management, remediation, utilities and communication services revenue	479,534	316,875
Net gain on the disposal of property, plant and equipment	234	2,198
Total revenues	479,768	319,073

The consolidated entity's share of revenues from associates and joint venture entities are excluded from Revenues noted above and from the income statement in accordance with Australian Accounting Standards. Details of the consolidated entity's share of associates and joint ventures revenues is provided as additional information below.

Revenues	479,768	319,073
Revenues from associates and joint venture entities	247,908	186,941
Total revenues	727,676	506,014

3 Profit before income tax expense		
Profit before income tax expense includes the following specific expenses:		
Finance costs:		
- Related entities	3,394	1,834
Depreciation and amortisation expenses of:		
- Plant and equipment	19,222	13,157
- Waste management assets	3,085	2,254
- Leasehold improvements	738	519
	23,045	15,930
Gross amount charged to provisions:		
- Employee entitlements	12,912	16,739
Operating lease rental expense:		
- Minimum lease payments	10,095	7,724
4 Auditors remuneration	\$	\$
Audit services:		
Auditors of the company – KPMG	25,300	23,000
Other services:		
Auditors of the company – KPMG	25,775	74,609

Other services includes assurance, taxation services and due diligence.

	2007	2006
	\$'000	\$'000
5 Income tax expense/(benefit)		
Recognised in the income statement:		
Current tax	10,800	783
Deferred tax	(3,686)	153
Over provided in prior years	(330)	(1,626)
Income tax expense/(benefit)	6,784	(690)
Reconciliation between tax expense and pre-tax net profit		
Profit before income tax	32,855	4,316
Income tax using the domestic corporate tax rate of 30% (2006:30%)	9,857	1,295
- Depreciation and amortisation	293	220
- Sundry items	13	1,455
- Income not subject to tax	(3,049)	(2,034)
Current period income tax	7,114	936
Over provision in prior years:		
- Research and development allowance	(1,520)	(1,484)
- Sundry	1,190	(142)
Income tax expense/(benefit)	6,784	(690)

	2007	2006
	\$'000	\$'000
6 Current assets – cash assets		
Cash at bank and on hand	59,487	43,965
7 Current assets – receivables		
Trade debtors receivable	73,926	69,713
Other receivables	4,118	6,774
Prepayments	2,455	899
Immediate parent entity	-	2,427
	80,499	79,813
8 Current assets – inventories		
Raw materials and stores - at cost	5,676	4,462
9 Derivative financial instruments		
Current assets		
Derivative financial instruments - net of tax	-	51
Non current assets		
Derivative financial instruments - net of tax	-	16
Current liabilities		
Derivative financial instruments - net of tax	726	-
Non current liabilities		
Derivative financial instruments - net of tax	23	-
10 Non-current assets - investments in associates		
Associates	16,273	9,499

	2007 \$'000	2006 \$'000
11 Non-current assets – property, plant and equipment		
Leasehold improvements		
Cost	2,416	1,440
Accumulated amortisation	(1,638)	(899)
	778	541
Waste management assets		
Cost	48,808	43,083
Accumulated amortisation	(23,814)	(20,729)
	24,994	22,354
Plant and equipment		
Cost	128,035	93,273
Accumulated depreciation	(57,984)	(45,869)
	70,051	47,404
Total property, plant and equipment	95,823	70,299

Plant and equipment includes motor vehicles and office furniture and equipment.

Reconciliation of property, plant and equipment carrying values

	Leasehold improvements \$'000	Waste management assets \$'000	Plant and equipment \$'000	Total property, plant and equipment \$'000
Carrying amount at the beginning of the financial year	541	22,354	47,404	70,299
Additions	975	5,725	42,101	48,801
Disposals	-	-	(232)	(232)
Depreciation / amortisation expense	(738)	(3,085)	(19,222)	(23,045)
Carrying amount at the end of the financial year	778	24,994	70,051	95,823

	2007	2006
	\$'000	\$'000
12 Deferred tax assets		
Deferred tax assets are attributable to the following:		
Property, plant and equipment	5,794	5,826
Joint Venture temporary differences	332	335
Employee benefits	5,924	4,106
Sundry items	1,754	(149)
	13,804	10,118
13 Current liabilities – payables		
Trade creditors and accruals	82,941	71,652
Loan from parent entity	10,498	-
Loan from associates	15,731	12,181
	109,170	83,833
14 Current liabilities – provisions		
Employee entitlements	6,935	5,810
15 Non-current liabilities – payables		
Trade and other creditors	215	142
16 Non-current liabilities – interest bearing liabilities		
Unsecured loan - parent entity	41,155	42,974
17 Non-current liabilities – provisions		
Restoration		
Balance at beginning of year	4,315	4,402
Change in estimate	871	(87)
Balance at end of year	5,186	4,315
Employee entitlements	8,937	7,875
	14,123	12,190
18 Contributed equity		
Issued		
25,000,000 (2006:25,000,000) ordinary shares, fully paid	25,000	25,000
Ordinary shares		
Balance at beginning of year	25,000	25,000
Balance at end of year	25,000	25,000

	Note	2007 \$'000	2006 \$'000
19 Reserves			
Hedging reserve - cash flow hedges			
Balance at beginning of year		47	-
Revaluation - gross		(236)	67
Deferred tax		70	(20)
Transfer to net profit - gross		51	-
Deferred tax		(15)	-
Balance at end of year		(83)	47

The hedging reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

20 Retained profits			
Balance at beginning of year		48,227	43,221
Net profit for the year		26,071	5,006
Balance at end of year		74,298	48,227
21 Employee entitlements			
Aggregate employee entitlements			
- Current	14	6,935	5,810
- Non-Current	17	8,937	7,875
		15,872	13,685
Number of employees at year end		1,476	1,359
22 Commitments			
Capital expenditure commitments			
Plant and equipment payable:			
- Within one year		56,512	24,563
Cancellable operating lease commitments			
Future operating lease rentals of property, plant and equipment payable:			
- Within one year		10,061	7,365
- Later than one year and not later than five years		20,985	14,039
- Later than five years		6,260	60
		37,306	21,464

	Note	2007 \$'000	2006 \$'000
23 Notes to the statements of cashflows			
(a) Reconciliation of operating profit from ordinary activities after income tax to net cash provided by operating activities			
Operating profit after income tax		26,071	5,006
Add/(less) non cash items:			
Depreciation	3	19,222	13,157
Amortisation	3	3,823	2,773
Profit on sale of non-current assets	2	(234)	(2,198)
Amounts set aside to provisions		12,912	16,739
Share of associates and joint venture entities' net profit		(10,163)	(6,779)
Derivative financial instruments		631	-
Net cash provided by operating activities before change in assets and liabilities		52,262	28,698
Change in assets and liabilities			
(Increase)/decrease in receivables		(1,557)	(33,589)
(Increase)/decrease in inventories		(1,214)	(700)
(Increase)/decrease in prepayments		(1,556)	(192)
Increase/(decrease) in provisions		(10,726)	(14,648)
Increase/(decrease) in accounts payable		11,362	22,970
Increase/(decrease) in taxes payable		9,296	(7,363)
Net cash (used)/provided by operating activities		57,867	(4,824)

(b) Financing facilities

The Company and the consolidated entity are subject to a group treasury facility and all financing arrangements are dealt with by Leighton Holdings Limited (refer notes 24 and 25)

24 Contingent liabilities

Leighton Holdings Limited is required from time to time to guarantee and indemnify to third parties the performance of companies within the group. The Company and other members of the Leighton economic entity are also required from time to time to guarantee and indemnify to third parties the performance of companies within the group.

Under the terms of the ASIC Class Order 98/1418 the Company has entered into approved deeds of indemnity for the cross guarantee of liabilities with participating Australian related companies. The effect of the deeds is that the Company guarantees to each creditor payment in full of any debt of a Thiess Pty Ltd Class Order Company in the event of its winding up under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The Thiess Pty Ltd Class Order Companies have also given similar guarantees in the event that the Company or other Thiess Pty Ltd Class Order Companies party to the Deed of Cross Guarantee are wound up.

As at the end of the financial year, the assets of the Thiess Pty Ltd Class Order Companies exceeded their liabilities by \$545,831,000.

The Company has entered into various joint venture arrangements under which the Company may be jointly and severally liable for the liabilities of the joint ventures. The assets of the joint ventures are sufficient to meet the liabilities.

The Company has given indemnities in respect of bank guarantees for \$41,442,816 (2006:\$40,852,155).

The Company, together with other members of the Leighton Group, has indemnified various banks for all monies owing from time to time by the Leighton Group of companies, in respect of various credit agreements entered into with these banks.

No liability was recognised in respect to these guarantees as the fair value is immaterial.

25 Related party disclosures

The Thiess Services consolidated entity is part of the Thiess Pty Ltd consolidated entity and as such enters into various transactions with other companies in the consolidated entity and related parties. These transactions give rise to various intercompany receivables and borrowings (refer Notes 7, 13 and 16). All related party transactions are at normal commercial terms and conditions.

Ultimate parent entity

The immediate and parent entity of Thiess Services Pty Ltd is Thiess Pty Ltd.

The immediate parent entity of Thiess Pty Ltd is Leighton Holdings Limited.

The ultimate Australian parent entity is Hochtief Australia Limited.

The ultimate parent entity is Hochtief AG.

Controlled entities

Thiess Services Ltd, incorporated in New Zealand is a wholly owned subsidiary of Thiess Services Pty Ltd.

This entity was established during the year.

26 Principal activity

The principal activities of the consolidated entity are the provision of services in the Waste Management, Remediation, Utilities and Communications industries.

27 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

DIRECTOR'S DECLARATION

1. The directors have determined that the Company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in the notes to the financial statements.
2. In the opinion of the directors of Thiess Services Pty Ltd:
 - (a) The financial report, set out on pages 4 to 19 presents fairly the financial position of the consolidated entity as at 30 June 2007 and its performance for the year ended on that date.
 - (b) At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
 - (c) The financial report has been made out in accordance with applicable Accounting Standards on the basis referred to in the notes to the financial statements.

Dated at Brisbane this 31st day of August 2007.

Signed in accordance with a resolution of the directors.



DK Saxelby
Director



LE Ainsworth
Director

**Scope**

Thiess Services Pty Ltd and Thiess Services Ltd (the Group) are subsidiaries of Thiess Pty Ltd, a large proprietary company under the Corporations Act 2001 which prepares and lodges an audited financial report with the Australian Securities and Investments Commission.

We have audited the consolidated financial report of Thiess Pty Ltd for the year ended 30 June 2007 in accordance with Australian Auditing Standards and we expressed an unqualified opinion in our report to the members dated 31 August 2007. We received sufficient information and explanations concerning the Group to enable us to form an opinion on the consolidated financial report of Thiess Pty Ltd.

As detailed in Note 1 to these financial statements, Thiess Services Pty Ltd has the benefit of ASIC Class Order 98/1418 and pursuant to the Class Order, Thiess Services Pty Ltd was granted relief from the Corporations Act 2001 requirements for preparation, audit and publication of a financial report. Accordingly, we do not express any assurance on the Group's special purpose financial report as we did not perform a statutory audit or review in accordance with Australian Auditing Standards.

This special purpose financial report has been prepared at the request of the directors of the Group. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the directors, or for any purpose other than that for which it was prepared.

Statement

We confirm that the information presented in the special purpose financial report of the Group set out on pages 4 to 19 has been extracted from the consolidated workpapers used to form the basis of the Thiess Pty Ltd 30 June 2007 consolidated financial report on which we expressed an unqualified audit opinion on 31 August 2007.

KPMG

KPMG

Brisbane

31 August 2007

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