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financial report | 2013

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# contents

**FINANCIAL REPORT 31 DECEMBER 2013**

**JOHN HOLLAND PTY LTD ABN 11 004 282 268**

**THIS FINANCIAL REPORT CONTAINS THE FINANCIAL STATEMENTS OF THE CONSOLIDATED ENTITY CONSISTING OF JOHN HOLLAND PTY LTD AND ITS CONTROLLED ENTITIES.**

**JOHN HOLLAND PTY LTD IS A COMPANY LIMITED BY SHARES, INCORPORATED AND DOMICILED IN AUSTRALIA.**

**ITS REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IS:**

**LEVEL 5, 380 ST KILDA ROAD, MELBOURNE VICTORIA 3004**

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[johnholland.com.au](http://johnholland.com.au)

# directors' report

## FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report on the consolidated entity consisting of John Holland Pty Ltd ('the Company') and the entities it controlled at the end of, or during, the year ended 31 December 2013.

### DIRECTORS

The following persons were Directors of John Holland Pty Ltd during the whole of the year and up to the date of this report unless otherwise indicated:

#### **G.M. Palin, BAppSc, GradDipBuild, GradDipAppFin&Invest, MAICD (Chairman and Group Managing Director)**

Mr Palin is Group Managing Director and has held various senior management roles in Queensland, Victoria and New South Wales since joining the Company in 1993, with both regional and national responsibility. He was appointed Group Managing Director in July 2009.

#### **D.A. Ray, BCom, CA, CMA, MAICD**

Mr Ray is Chief Financial Officer of John Holland Group Pty Ltd and has over 19 years experience in the construction industry. Initially in the chartered accounting profession, he joined the Company in 1994. He has responsibility for finance and tax, payroll, infrastructure finance and investments, information and communication technology (ICT), legal, global business services and company secretarial matters.

#### **R.J. Cuttler, Diploma of Engineering**

Mr Cuttler is Executive General Manager - Safety and Operational Support with over 30 years experience in the construction and engineering industry. He has held various senior management

roles on major projects and operating business units, as well as national and international responsibility since joining the Company in 1992.

#### **G. Cain, Certificate of Technology - Mechanical Design**

Mr Cain is Executive General Manager - Risk Management and has over 30 years experience in the construction industry both in Australia and overseas. He has held a number of positions during his 25 years service with John Holland.

The following persons were Directors of John Holland Pty Ltd from the beginning of the financial year until their resignation on 8 April 2013:

C.J. Evans  
D.C. Brewer  
K.H. Mociak  
B.C. Petersen

### PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the consolidated entity included construction contracting for long-term construction and engineering projects and operation and maintenance of rail infrastructure (through investments in associates).

Geographically, the consolidated entity operates primarily in the Australian and New Zealand markets, with expansion into South East Asia and the Middle East underway.

Refer to the "Significant changes in the state of affairs" section for recent developments in respect of the consolidated entity's principal activities.

directors' report (continued) for the year ended 31 december 2013

## CONSOLIDATED RESULTS

The consolidated profit for the year attributable to the owner of John Holland Pty Ltd was:

### REVIEW OF OPERATIONS

	Year ended December 2013 \$'000	(Restated)# Year ended December 2012 \$'000
<b>Continuing operations</b>		
Profit before income tax expense	126,316	24,731
Income tax (expense) benefit	(14,245)	9,552
Profit for the year from continuing operations	112,071	34,283
<b>Discontinued operations</b>		
Profit before income tax expense from discontinued operations	-	33,670
Income tax expense from discontinued operations	-	(10,112)
Profit for the year from discontinued operations	-	23,558
Profit attributable to the owner of John Holland Pty Ltd	112,071	57,841

#Restated following the adoption of new and revised Accounting Standards, specifically the relevant transitional provisions set out in AASB11 *Joint Arrangements*.

The consolidated entity has reported a profit after tax of \$112,071,000 for the year ended 31 December 2013 on revenue of \$4,282,737,000. The current year financial result includes a contribution from the acquisition of selected Macmahon Holdings Ltd construction contracts (effective 1 January 2013) and does not include any contribution from the Mining division which was sold to Leighton Contractors Pty Limited (effective 1 January 2013). The consolidated entity also disposed of its Communications division during the year, this business being sold to Leighton Contractors Pty Limited (effective 1 April 2013). The prior year financial result was significantly impacted by a write-down in respect of the Airport Link project. The underlying business remains strong and profitable with substantial levels of work in hand and a strong pipeline of projects being tendered.

The balance sheet continues to be a source of strength for the consolidated entity with current period operating cashflows of \$84,995,000 and net cashflows from investing activities of \$82,428,000 (reflecting proceeds from the disposal of the Mining and Communications divisions). The consolidated entity's strong balance sheet will enable investment in the business, including plant and equipment, to support future growth in the rail and infrastructure sectors. Prior period operating cash flows were significantly impacted by contributions to the Airport Link project as a result of project write-downs.

Net cash at balance date is \$878,169,000, net current assets are \$375,825,000 and net assets are \$593,738,000.

### DIVIDENDS

Dividends paid, declared or determined by the Company to the owner since the end of the previous financial year were:

	\$ per share	Total amount	Date of payment
Dividends declared in respect of the financial year ended 31 December 2013	0.27	80,000,000	28/02/14

No dividends were paid, declared or determined by the Company to owners in respect of the previous financial year.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 21 December 2012, Leighton Holdings Limited announced its intention to move the open cut coal mining contracts of John Holland Group Pty Ltd and its controlled entities to Leighton Contractors Pty Limited, after an in-principle agreement between the two operating companies and the clients. Effective 1 January 2013, the consolidated entity disposed of its Mining operations to Leighton Contractors Pty Limited who, through its Mining Division, took over management of the Isaac Plains and Jellinbah contract mining and mine services arrangements for clients Isaac Plains Coal Management and Jellinbah Mining, respectively. This initiative is consistent with Leighton Holdings Limited's move to realign its portfolio and to deliver on its strategy of developing distinctive, core competencies within its operating companies - and to add value for clients. As a result, the Mining business of the consolidated entity is disclosed as a discontinued operation in the financial statements for the year ended 31 December 2012 and all of the associated assets and liabilities of the business disclosed as being 'held for sale'. No gain or loss was made on the disposal.

On 24 December 2012, Leighton Holdings Limited announced that it had executed an Asset Purchase Agreement in relation to the acquisition of selected Macmahon Holdings Ltd construction projects. Effective 1 January 2013, following approval of the Asset Purchase Agreement by Macmahon Holdings Ltd shareholders on 26 February 2013 and consent of their clients, seven existing projects were acquired by John Holland Group Pty Ltd and its controlled entities. The transaction brings volume (approximately \$700,000,000 of work in hand at date of acquisition) and scale while building on John Holland Group Pty Ltd's specialist expertise in road, rail, water, marine and resource projects, and expanding the presence of the consolidated entity in the Northern Territory.

On 14 March 2013, Leighton Holdings Limited announced an in-principle agreement to transfer John Holland Group Pty Ltd's Communications business unit, and most of its contracts, to Visionstream Pty Ltd (a wholly owned subsidiary of Leighton Contractors Pty Limited). This initiative represents a further strategic realignment of Leighton Holdings Limited's portfolio. The transaction had an effective date of 1 April 2013 and no gain or loss was made on the disposal. The Communications business has not been

disclosed as a discontinued operation in the financial statements as it does not represent a separate major line of business to the consolidated entity.

There were no other significant changes in the state of affairs of the consolidated entity that occurred during the year under review.

## EVENTS SUBSEQUENT TO BALANCE DATE

A dividend of 27 cents per share was declared by John Holland Pty Ltd on 4 February 2014 in respect of the financial year ended 31 December 2013.

There are no other items, transactions or events 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.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the consolidated entity and the expected results of the operations have not been included in this report because the Directors believe it would result in unreasonable prejudice to the consolidated entity.

## ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation in respect of its principal activities. Most sites require certain licence(s) to be obtained in respect of these regulations. To the best of the Directors' knowledge, all activities have been undertaken in compliance with these regulations in all material respects.

A John Holland Pty Ltd alliance project incurred a warning letter under the NSW Environment Planning and Assessment Act 1979 and a John Holland Pty Ltd project incurred a warning letter under the NSW Environment Operations Act 1997.

Since 1995, the consolidated entity has implemented environmental practices on all its sites to Australian and International Standards AS/NZS ISO14001:2004 'Environmental Management Systems'. The activities of all business units of the consolidated entity are certified as complying with the requirements of AS/NZS ISO14001:2004 by third party certifier Davis Langdon Certification Services (DLCS).

The scope of certification is reviewed at each audit to ensure it remains current and comprehensive.

All project operations produce monthly reports on environmental performance covering issues such as environmental incidents, non-compliances, infringements and complaints. Reported issues remain on record until declaration that they are rectified and/or resolved. Each quarter, an Environmental Compliance Report is compiled, signed off by the Group Managing Director and submitted to the Board. To date, no conviction for an environmental offence has been incurred by John Holland Group Pty Ltd or its controlled entities.

Regular environmental audits are planned and conducted by personnel independent of the operations and third party auditors to evaluate the effectiveness of environmental practices. The audits examine the environmental issues and their potential impacts on operations, compliance with legislative requirements and the effectiveness of established environmental controls. Items identified for actions and improvements are reported to senior management, and each issue is addressed and closed out.

The consolidated entity is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007, which requires it to report its annual greenhouse gas emissions and energy use. The consolidated entity has implemented systems and processes for the collection and calculation of the data required and submitted its 2012/13 report to the Department of Climate Change prior to 30 October 2013.

The consolidated entity is subject to the assessment and reporting requirements of the Energy Efficiency Opportunities Act 2006, which requires the identification, evaluation and implementation of cost-effective energy saving opportunities. The consolidated entity completed an assessment of energy use across its operations, reported publicly and submitted a report to the Department of Industry prior to 31 December 2013 in accordance with its approved Assessment Plan.

## INSURANCE OF DIRECTORS AND OFFICERS

During the year, John Holland Group Pty Ltd paid a premium to insure the Directors and Officers of the controlled entity for the 12 months to 31 December 2013.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Directors and Officers or the improper use of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The consolidated entity is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor of the consolidated entity is Deloitte Touche Tohmatsu.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the Directors.



G.M. Palin  
Chairman



D.A. Ray  
Director

Melbourne, 20 March 2014

# auditor's independence declaration

**Deloitte.**

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The Board of Directors  
John Holland Pty Ltd  
Level 5, 380 St Kilda Rd  
Melbourne VIC 3004

20 March 2014

Dear Board Members

**John Holland Pty Ltd**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of John Holland Pty Ltd.

As lead audit partner for the audit of the financial statements of John Holland Pty Ltd for the financial year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*S Pelusi*

S Pelusi  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

# consolidated statement of profit or loss

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Year ended December 2013 \$'000	(Restated)# Year ended December 2012 \$'000
<b>Continuing operations</b>			
Revenue	3	<b>4,282,737</b>	3,736,627
Expenses	5	<b>(4,174,314)</b>	(3,726,525)
Operating profit before other income, finance costs, the share of profits of associates and joint venture entities and income tax expense		<b>108,423</b>	10,102
Other income	4	<b>4,931</b>	1,059
Finance costs	5	<b>(274)</b>	(717)
Share of net profits of associates and joint venture entities accounted for using the equity method*	28, 29	<b>13,236</b>	14,287
<b>Profit before income tax expense</b>		<b>126,316</b>	24,731
Income tax (expense) benefit	6	<b>(14,245)</b>	9,552
<b>Profit for the year from continuing operations</b>		<b>112,071</b>	34,283
<b>Discontinued operations</b>			
Profit before income tax from discontinued operations	3, 4, 5	-	33,670
Income tax expense from discontinued operations		-	(10,112)
Profit for the year from discontinued operations		-	23,558
<b>PROFIT FOR THE YEAR</b>		<b>112,071</b>	57,841
<b>Profit attributable to the owner of John Holland Pty Ltd</b>		<b>112,071</b>	57,841

#Restated following the adoption of new and revised Accounting Standards as disclosed in Note 1.

\*Indirect overheads of the consolidated entity have not been allocated to share of associates' and joint venture entities' profits.

The consolidated statement of profit or loss is to be read in conjunction with the accompanying notes.

# consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2013

Note	Year ended December 2013 \$'000	(Restated)# Year ended December 2012 \$'000
	<b>112,071</b>	57,841
<b>Profit for the year</b>		
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Share of joint venture entities' cash flow hedge reserve	-	9
Exchange difference on translation of foreign operations	<b>23</b>	-
Income tax relating to components of other comprehensive income	<b>(7)</b>	(3)
<b>Other comprehensive income for the year, net of tax</b>	<b>16</b>	6
<b>Total comprehensive income for the year</b>	<b>112,087</b>	57,847
<b>Total comprehensive income for the year is attributable to:</b>		
<b>Owner of John Holland Pty Ltd</b>	<b>112,087</b>	57,847

#Restated following the adoption of new and revised Accounting Standards as disclosed in Note 1.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

# consolidated statement of financial position

AS AT 31 DECEMBER 2013

Notes	December 2013 \$'000	(Restated)# December 2012 \$'000
<b>Current assets</b>		
Cash assets	7	878,169
Receivables	8	899,755
Inventories	9	5,676
Prepayments		2,555
Assets held for sale	10	3,851
<b>Total current assets</b>		<b>1,790,006</b>
<b>Non-current assets</b>		
Receivables	11	29,750
Investments accounted for using the equity method	12	11,555
Property, plant and equipment	13	182,326
Goodwill	15	9,200
Intangible assets	16	19,486
<b>Total non-current assets</b>		<b>252,317</b>
<b>Total assets</b>		<b>2,042,323</b>
<b>Current liabilities</b>		
Payables	17	1,365,381
Provisions	18	15,030
Tax-related amounts payable to the head of tax consolidated group		33,473
Current tax liability		296
Liabilities directly associated with assets held for sale	10	-
<b>Total current liabilities</b>		<b>1,414,181</b>
<b>Non-current liabilities</b>		
Payables	21	667
Deferred tax liabilities	19	20,676
Provisions	20	13,061
<b>Total non-current liabilities</b>		<b>34,404</b>
<b>Total liabilities</b>		<b>1,448,585</b>
<b>Net assets</b>		<b>593,738</b>
<b>Equity</b>		
Contributed equity	22	300,000
Reserves		16
Retained profits		293,722
<b>Total equity</b>		<b>593,738</b>

#Restated following the adoption of new and revised Accounting Standards as disclosed in Note 1.

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

# consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2013

Note	Contributed equity \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>Balance at 1 January 2012</b>	<b>300,000</b>	<b>(6)</b>	<b>-</b>	<b>123,810</b>	<b>423,804</b>
Payment of dividends	-	-	-	-	-
Profit for the year	-	-	-	57,841	57,841
Other comprehensive income for the year, net of income tax	-	6	-	-	6
Total comprehensive income for the year	-	6	-	57,841	57,847
<b>Balance at 31 December 2012</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>181,651</b>	<b>481,651</b>
Payment of dividends	-	-	-	-	-
Profit for the year	-	-	-	112,071	112,071
Other comprehensive income for the year, net of income tax	-	-	16	-	16
Total comprehensive income for the year	-	-	16	112,071	112,087
<b>Balance at 31 December 2013</b>	<b>300,000</b>	<b>-</b>	<b>16</b>	<b>293,722</b>	<b>593,738</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

# consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2013

Notes	Year ended December 2013 \$'000	(Restated)# Year ended December 2012 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	<b>4,510,815</b>	4,458,658
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(4,439,652)</b>	(4,436,181)
Receipts from (payments to) joint venture entities	<b>5,075</b>	(1,936)
Dividends received from associates	<b>15,191</b>	8,822
Interest received	<b>2,519</b>	4,769
Interest paid	<b>(274)</b>	(4,747)
Amounts received (paid) under tax consolidation arrangements	<b>(8,679)</b>	41,316
<b>Net cash inflow from operating activities</b>	<b>84,995</b>	70,701
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(21,919)</b>	(78,857)
Payments for intangible assets	<b>(7,499)</b>	(10,279)
Proceeds from sale of property, plant and equipment	<b>9,443</b>	6,237
Payments for acquisition of business (net of cash acquired)	<b>3,182</b>	-
Proceeds from sale of businesses	<b>99,221</b>	-
<b>Net cash inflow (outflow) from investing activities</b>	<b>82,428</b>	(82,899)
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	-	(19,629)
Proceeds from sale and finance leaseback of property, plant and equipment	-	87,284
Intercompany cash advances	<b>99,348</b>	16,086
<b>Net cash inflow from financing activities</b>	<b>99,348</b>	83,741
Net increase in cash and cash equivalents held	<b>266,771</b>	71,543
Cash and cash equivalents at the beginning of the period	<b>611,398</b>	539,855
<b>Cash and cash equivalents at reporting date</b>	<b>878,169</b>	611,398
<b>Discontinued operations (net cash flows included above)</b>		
Net cash inflow from operating activities from discontinued operations	-	62,312
Net cash outflow from investing activities from discontinued operations	-	(52,435)
Net cash inflow from financing activities from discontinued operations	-	79,320

#Restated following the adoption of new and revised Accounting Standards as disclosed in Note 1.

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of John Holland Pty Ltd and its controlled entities. For the purposes of preparing the consolidated financial statements, the consolidated entity is a for-profit entity. All amounts are presented in Australian dollars, unless otherwise noted.

### (a) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001* and comply with other requirements of law.

The consolidated financial statements were approved by the Board of Directors on 20 March 2014. The Directors have the power to amend and reissue the financial statements.

*Compliance with Australian Accounting Standards - Reduced Disclosure Requirements*

The consolidated financial statements of John Holland Pty Ltd comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

*Early adoption of standards*

The Directors have elected under s.344(5) of the *Corporations Act 2001* to apply the following pronouncements in advance of their effective dates:

- AASB 1053 *Application of Tiers of Australian Accounting Standards*

- AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

- AASB 2011-2 *Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project - Reduced Disclosure Regime*

The adoption of these standards allowed the entity to remove a number of disclosures. There was no other impact on the current year or prior year financial statements.

*Historical cost convention*

These consolidated financial statements have been prepared under the historical cost basis except for derivative financial instruments which are measured at fair value.

*Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

*Rounding of amounts*

The consolidated entity is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the consolidated financial

notes to the consolidated financial statements (continued) for the year ended 31 december 2013

statements have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

*Financial statement presentation*

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied consistently to all periods presented in the financial report.

Certain comparative amounts have been reclassified to conform with the current year's presentation, with a view to providing more clarity to the users of this financial report.

*Adoption of new and revised accounting standards*

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current financial year. New and revised Standards and amendments thereof and Interpretations effective for the current financial year include:

- AASB 10 *Consolidated Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*

- AASB 11 *Joint Arrangements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*

- AASB 12 *Disclosure of Interests in Other Entities* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*

- AASB 127 *Separate Financial Statements (2011)* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*

- AASB 128 *Investments in Associates and Joint Ventures (2011)* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*

- AASB 119 *Employee Benefits (2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011)*

- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

- AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments*

Aside from the adoption of AASB 11, the new and revised Standards has not resulted in any changes to the consolidated entity's accounting policies and has not affected the amounts reported for the current or prior periods.

*Impact of the application of AASB 11 Joint Arrangements*

AASB 11 replaces AASB 131 *Interests in Joint Ventures* and the guidance contained in a related interpretation, Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, has been incorporated in AASB 128 *Investments in Associates and Joint Ventures* (as revised in 2011). AASB 11 deals with how two or more parties who have joint control of a joint arrangement, should classify and account for the arrangement. Under AASB 11 there are only two types of joint arrangements - joint operations and joint ventures. The classification of a joint arrangement under AASB 11 is determined based on the rights and obligations of parties to the joint arrangement by considering the structure and legal form of the arrangement, the contractual terms agreed by the parties to the arrangement, and, where relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (for example, a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting treatment of joint ventures and joint operations is different. The interests in joint ventures are accounted for using the equity method. The interests in joint operations are accounted for such that each joint operator recognises in its financial statements its share of assets, liabilities, revenue and expenses of the joint operation, in accordance with applicable Accounting Standards.

The Directors have reviewed the classification of the consolidated entity's investments in joint arrangements in accordance with the requirements of AASB 11 and concluded that the consolidated entity's investment in the following joint arrangements, which were classified as joint ventures under AASB 131 and accounted for using the equity method, should be classified as joint operations under AASB 11 and accounted for accordingly.

Abigroup Contractors Pty Ltd & Coleman Rail Pty Ltd & John Holland Pty Ltd (Integrate Rail)

BGC Contracting John Holland Macmahon Contractors (Roy Hill)

BJB

Coleman Rail John Holland & York Civil (Tracksure Rail Upgrade)

GHD John Holland (Perth City Link Rail Alliance)

John Holland Abigroup Contractors (Bulk Water Alliance)

John Holland Coleman Rail (Activate)

John Holland Fairbrother (Uni Tas, Risdon, IMAS)

John Holland Laing O'Rourke (RGP5 Rail - Track and Signals)

John Holland Laing O'Rourke & NRW (RGP5 South Works)

John Holland Leed Engineering and Construction (NIAW)

John Holland Leed Engineering and Construction Macmahon (Urban Superway)

John Holland Leighton Asia, India and Offshore (South East Asia)

John Holland Tenix Alliance (Mackay Water)

John Holland UGL Infrastructure (Murrumbidgee Irrigation Alliance)

John Holland Veolia Water Australia (Sydney Desalination Plant)

John Holland Veolia Water Australia (Gold Coast Desalination Plant)

Leighton Asia, India and Offshore John Holland (Hong Kong South Island Line Project)

Leighton Asia, India and Offshore John Holland (Singapore LTA Project)

Leighton Contractors John Holland (Browse LNG)

Thiess John Holland (Airport Link)

Thiess John Holland (EastLink)

Thiess John Holland (Lane Cove Tunnel)

Veolia Water Leighton John Holland (Hong Kong Sludge Treatment Facility)

The change in accounting treatment of the consolidated entity's investment in joint operations has been applied in accordance with the relevant transitional provisions set out in AASB 11. Comparative amounts for 2012 and 31 December 2012, which was previously equity accounted, has been restated to reflect the consolidated entity's investment in joint operations. The investment in each joint operation as at 31 December 2011 and 31 December 2012, which was previously equity accounted, has been restated to reflect the consolidated entity's share of the carrying amounts of the assets and liabilities of the joint operation. In addition, the Directors performed an impairment assessment in respect of the investment in each joint operation as at each of these dates and concluded that no impairment loss was required to be recorded in respect of any joint operation.

Impact on the comparative amounts presented in the Consolidated Statement of Profit or Loss from the application of AASB 11 is detailed below:

	Year ended December 2012 (as per December 2012 Financial Report) \$'000	Impact of application of AASB 11 \$'000	Year ended December 2012 (as per December 2013 Financial Report) \$'000
<b>Continuing operations</b>			
Revenue	2,897,049	839,578	3,736,627
Expenses	(2,805,916)	(920,609)	(3,726,525)
Operating profit before other income, finance costs, the share of profits of associates and joint venture entities and income tax expense	91,133	(81,031)	10,102
Other income	1,059	-	1,059
Finance costs	(717)	-	(717)
Share of net (losses) profits of associates and joint venture entities accounted for using the equity method	(66,319)	80,606	14,287
<b>Profit before income tax expense</b>	<b>25,156</b>	<b>(425)</b>	<b>24,731</b>
Income tax benefit	9,127	425	9,552
<b>Profit for the year from continuing operations</b>	<b>34,283</b>	<b>-</b>	<b>34,283</b>
<b>Discontinued operations</b>			
Profit before income tax from discontinued operations	33,670	-	33,670
Income tax expense from discontinued operations	(10,112)	-	(10,112)
Profit for the year from discontinued operations	23,558	-	23,558
<b>PROFIT FOR THE YEAR</b>	<b>57,841</b>	<b>-</b>	<b>57,841</b>
<b>Profit attributable to the owner of John Holland Pty Ltd</b>	<b>57,841</b>	<b>-</b>	<b>57,841</b>

**Impact on the comparative amounts presented in the Consolidated Statement of Financial Position, and on the comparative amounts as presented in the Consolidated Statement of Financial Position in the December 2012 Financial Report, from the application of AASB 11 is detailed below:**

	December 2011 (as per December 2012 Financial Report) \$'000	Impact of application of AASB 11 \$'000	December 2011 (restated) \$'000	December 2012 (as per December 2012 Financial Report) \$'000	Impact of application of AASB 11 \$'000	December 2012 (as per December 2013 Financial Report) \$'000
<b>Current assets</b>						
Cash assets	518,645	21,210	539,855	600,240	11,158	611,398
Receivables	533,397	76,319	609,716	499,726	145,554	645,280
Inventories	24,369	7,967	32,336	6,760	54	6,814
Prepayments	3,993	-	3,993	2,062	1,077	3,139
Tax-related amounts receivable from the head of tax consolidated group	8,844	-	8,844	-	-	-
Assets held for sale	4,193	-	4,193	208,287	-	208,287
<b>Total current assets</b>	<b>1,093,441</b>	<b>105,496</b>	<b>1,198,937</b>	<b>1,317,075</b>	<b>157,843</b>	<b>1,474,918</b>
<b>Non-current assets</b>						
Receivables	9,750	196	9,946	9,750	20,335	30,085
Investments accounted for using the equity method	12,376	-	12,376	13,396	-	13,396
Property, plant and equipment	313,756	7,313	321,069	180,593	5,636	186,229
Goodwill	15,491	-	15,491	3,491	-	3,491
Intangible assets	-	-	-	10,279	-	10,279
<b>Total non-current assets</b>	<b>351,373</b>	<b>7,509</b>	<b>358,882</b>	<b>217,509</b>	<b>25,971</b>	<b>243,480</b>
<b>Total assets</b>	<b>1,444,814</b>	<b>113,005</b>	<b>1,557,819</b>	<b>1,534,584</b>	<b>183,814</b>	<b>1,718,398</b>
<b>Current liabilities</b>						
Payables	971,777	111,423	1,083,200	865,929	180,874	1,046,803
Interest bearing liabilities	11,665	-	11,665	-	-	-
Provisions	18,554	-	18,554	13,231	53	13,284
Tax-related amounts payable to the head of tax consolidated group	-	-	-	17,792	1,528	19,320
Current tax liability	-	1,515	1,515	-	937	937
Liabilities directly associated with assets held for sale	-	-	-	113,977	-	113,977
<b>Total current liabilities</b>	<b>1,001,996</b>	<b>112,938</b>	<b>1,114,934</b>	<b>1,010,929</b>	<b>183,392</b>	<b>1,194,321</b>

	December 2011 (as per December 2012 Financial Report) \$'000	Impact of application of AASB 11 \$'000	December 2011 (restated) \$'000	December 2012 (as per December 2012 Financial Report) \$'000	Impact of application of AASB 11 \$'000	December 2012 (as per December 2013 Financial Report) \$'000
<b>Non-current liabilities</b>						
Payables	134	92	226	-	466	466
Deferred tax liabilities	9,354	(26)	9,328	30,292	(44)	30,248
Provisions	9,526	-	9,526	11,712	-	11,712
<b>Total non-current liabilities</b>	<b>19,014</b>	<b>67</b>	<b>19,081</b>	<b>42,004</b>	<b>422</b>	<b>42,426</b>
<b>Total liabilities</b>	<b>1,021,010</b>	<b>113,005</b>	<b>1,134,015</b>	<b>1,052,933</b>	<b>183,814</b>	<b>1,236,747</b>
<b>Net assets</b>	<b>423,804</b>	<b>-</b>	<b>423,804</b>	<b>481,651</b>	<b>-</b>	<b>481,651</b>
<b>Equity</b>						
Contributed equity	300,000	-	300,000	300,000	-	300,000
Reserves	(6)	-	(6)	-	-	-
Retained profits	123,810	-	123,810	181,651	-	181,651
<b>Total equity</b>	<b>423,804</b>	<b>-</b>	<b>423,804</b>	<b>481,651</b>	<b>-</b>	<b>481,651</b>

**Impact on the comparative amounts presented in the Consolidated Statement of Cash Flows from the application of AASB 11 is detailed below:**

	Year ended December 2012 (as per December 2012 Financial Report) \$'000	Impact of application of AASB 11 \$'000	Year ended December 2012 (as per December 2013 Financial Report) \$'000
Net cash inflow from operating activities	80,832	(10,131)	70,701
Net cash outflow from investing activities	(82,978)	79	(82,899)
Net cash inflow from investing activities	83,741	-	83,741
Net increase in cash and cash equivalents held	81,595	(10,052)	71,543

## (b) PRINCIPLES OF CONSOLIDATION

### (i) Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of John Holland Pty Ltd ('parent entity') as at 31 December 2013, and the results of all controlled entities for the reporting period. John Holland Pty Ltd and its controlled entities together are referred to in this financial report as the 'consolidated entity'.

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities. The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional application guidance. Under AASB 10, the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has reassessed its consolidation conclusions in light of the new control principles in AASB 10 and concluded that no changes are required. Accordingly, the adoption of AASB 10 has not resulted in any adjustments to the carrying amounts in the financial statements.

Controlled entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the consolidated entity.

The effects of all transactions between entities in the consolidated entity are eliminated in full.

### (ii) Associates

Associates are all entities over which the consolidated entity exercises significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement and its share of post-acquisition movements is adjusted against the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains and losses from transactions between the consolidated entity and associates are eliminated to the extent of the consolidated entity's interest.

### (iii) Joint arrangements

Investments in joint arrangements are accounted for as set out in note 1(n).

## (c) INCOME TAX

The income tax expense or benefit for the year is the tax payable or receivable on the current year's taxable income or loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia, where the consolidated entity's controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### Tax consolidation legislation

On 27 June 2008, the consolidated entity joined the Leighton Holdings Limited tax consolidated group, with Leighton Holdings Limited as the head entity. Under this arrangement, the head entity and the group members continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continued to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (assets) and the deferred tax liabilities (assets) arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. In the books of John Holland Pty Ltd and its controlled entities, the current income tax liability (asset) is recognised as a payable to (receivable from) the head entity of the Leighton Holdings Limited tax consolidated group.

Assets or liabilities arising under tax funding agreements with the head entity of the Leighton Holdings Limited tax consolidated group are recognised as amounts receivable from or payable to the head entity of the Leighton Holdings Limited tax consolidated group. Details about the Leighton Holdings Limited tax funding agreement are disclosed in note 6.

Before joining the Leighton Holdings Limited tax consolidated group, John Holland Pty Ltd and its wholly-owned Australian controlled entities had implemented the tax consolidation legislation through their own tax consolidated group with John Holland Group Pty Ltd as the head entity of the tax consolidated group.

## (d) FOREIGN CURRENCY TRANSLATION

### (i) Functional currency and presentation currency

Items included in the financial statements of the consolidated entity's controlled entities, associates and joint ventures are measured

using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is John Holland Pty Ltd's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

### (iii) Foreign operations

The results and financial position of all the consolidated entity's controlled entities (which do not have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for the balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for the income statement and the statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

All resulting exchange differences are recognised in other comprehensive income.

## (e) DERIVATIVES AND HEDGING ACTIVITIES

The consolidated entity holds derivative financial instruments to hedge its foreign currency risk exposure. Derivatives are initially recognised at fair value on the date the derivative contract is entered into. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value at the end of each reporting period and changes therein are accounted for as described below. The consolidated entity only enters into hedges of the cash flows of recognised assets and liabilities, firm commitments and highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of hedging transactions the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the cash flows of hedged items.

Movements in the hedge reserve in other comprehensive income are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

#### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are reclassified in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast purchase that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging foreign denominated expenses or receipts is recognised in the income statement within expenses. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging income is recognised in the income statement within revenue. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets) or a non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. The deferred amounts are ultimately recognised in the income statement as expenses in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains

in equity and is recognised when the forecast transaction is ultimately recognised in the income statement, or upon the initial recognition of a non-financial asset or liability. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the income statement.

### **(f) INVESTMENTS AND OTHER FINANCIAL ASSETS**

The consolidated entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months from the end of the reporting period, which are classified as non-current assets. Loans and receivables are included in receivables (note 8) and non-current receivables (note 11) in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

#### *Impairment*

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

### **(g) CONTRIBUTED EQUITY**

#### **(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **(ii) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

### **(h) REVENUE RECOGNITION**

Revenue is recognised at the fair value of the consideration received or receivable net of the amount of goods and services tax (GST).

#### **(i) Construction work in progress**

Refer to note 1(i).

#### **(ii) Mining services**

The provision of mining services is recognised in the accounting period in which the services are rendered.

#### **(iii) Other services**

The provision of other services is recognised in the accounting period in which the services are rendered.

#### **(iv) Interest income**

Interest income is recognised as it accrues.

#### **(v) Dividends**

Dividends are recognised as revenue when the right to receive payment is established.

### **(i) CONSTRUCTION WORK IN PROGRESS**

#### **(i) Valuation**

Construction work in progress is carried at cost plus profit recognised to date based on the value of work completed, less progress billings and less provision for foreseeable losses, allocated between amounts due from customers and amounts due to customers.

Cost includes variable and fixed costs directly related to specific contracts, costs related to contract activity in general which can be allocated to specific contracts on a reasonable basis and other costs specifically chargeable under the contract. Costs expected to be incurred under penalty clauses and rectification provisions are also included. Costs incurred in securing contracts are included when they can be separately identified and measured reliably, and where it is probable that the contract will be obtained.

#### **(ii) Recognition of profit**

Contract revenue and expenses are recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined,

costs to date can be clearly identified, and total contract revenue and costs to complete can be reliably estimated.

Stage of completion is measured by reference to an assessment of total costs incurred to date as a percentage of estimated total costs for each contract.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

### **(j) GOODS AND SERVICES TAX**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

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 financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### **(k) IMPAIRMENT OF ASSETS**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events and circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

**(l) CASH ASSETS**

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

**(m) RECEIVABLES**

Receivables includes all net receivables, costs incurred in securing contracts and the progressive valuation of work completed on construction contracts represented by amounts billed to and receivable from clients less cash received. Costs incurred in securing contracts are included when they can be separately identified and measured reliably, and it is probable that the contract will be obtained. The valuation of work completed is made after bringing to account a proportion of the estimated contract profits available and after recognising all known losses. Invoiced debtors are normally settled within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

**(n) JOINT ARRANGEMENTS**

Under AASB 11 there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint

arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure and legal form of the arrangement, the contractual terms agreed by the parties to the arrangement, and, where relevant, other facts and circumstances.

**(i) Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

The interests in joint venture entities are accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profit or loss of the joint venture entities is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Amounts owing from (to) joint venture entities at balance date are expected to be settled within 12 months and, as a result, are presented as current assets (liabilities) in the balance sheet. Details relating to the joint venture entities are set out in note 28.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale.

**(ii) Joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The interests in joint operations are accounted for such that each joint operator recognises in its financial statements its share of assets, liabilities, revenue and expenses of the joint operation in accordance with applicable Accounting Standards. Details relating to the joint operations are set out in note 27.

**(o) INVENTORIES**

Inventories comprising consumable stores and finished goods are valued at the lower of cost and net realisable value. The cost of inventory is assigned by using the weighted average cost formula.

**(p) NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**(q) PROPERTY, PLANT AND EQUIPMENT****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Costs may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

**(ii) Depreciation**

Depreciation is recognised in the income statement on a straight-line basis to allocate the cost net of the residual value over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the consolidated entity will retain ownership by the end of the lease term. Land is not depreciated.

**Buildings**

Straight-line method, useful life of 40 years.

**Plant and equipment**

Straight-line method, useful life of 3-10 years.

**Leased plant and equipment**

Straight-line method, useful life of 3-10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement as other income or other expenses.

**(iii) Leasehold improvements**

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over periods ranging from three to ten years.

**(iv) Leased assets**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets; and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Upon initial recognition, of a finance lease, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases, and the leased assets are not recognised on the consolidated entity's balance sheet.

Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

#### (r) INTANGIBLE ASSETS

##### *Goodwill*

Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Each of those cash-generating units represents the consolidated entity's operational divisions.

##### *Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment loss.

##### *IT systems*

Costs incurred in developing systems and costs incurred in acquiring software and licenses that will provide future period economic benefits are capitalised to other intangibles. Costs capitalised include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the projects. IT systems are amortised over their estimated useful lives of up to 10 years.

IT systems are carried at cost less accumulated amortisation and any impairment losses.

##### *Customer contracts*

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment

losses. Where customer contracts' useful lives are assessed as indefinite, the customer contract is not amortised but is tested for impairment annually, or more frequently whenever there is an indication that it might be impaired. Where customer contracts' useful lives are assessed as finite, the customer contracts are amortised over their estimated useful lives.

##### *Amortisation*

Amortisation is charged to the profit or loss either on a straight line basis over the estimated useful lives of the intangible assets or over the life of the contract on a percentage of completion basis, unless such lives are indefinite.

Other intangible assets are amortised from the date that they are available for use or when acquired. The estimated useful lives in current and comparative periods are as follows:

##### **Software**

Straight-line method, useful life of 2-10 years

##### **Customer contracts**

Life of the contract on a percentage of completion basis.

#### (s) TRADE AND OTHER CREDITORS

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (t) INTEREST BEARING LIABILITIES

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the interest bearing liabilities using the effective interest method.

#### (u) FINANCE COSTS

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings; and
- finance lease charges.

#### (v) PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when

the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense in the income statement.

##### *Workers' compensation*

The parent entity self-insures for risks associated with workers' compensation. Outstanding claims are recognised for incidents that have occurred that may give rise to a claim and are measured at the cost that the entity expects to incur in settling the claims, discounted using a government bond rate with a maturity date approximating the terms of the obligation.

#### (w) EMPLOYEE BENEFITS

##### (i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

##### (ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above.

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### (iii) Retention arrangements

Retention arrangements are in place for certain key employees and are payable upon completion of the retention period. The provisions are accrued on a pro-rata basis during the retention period and have been calculated based on current salary rates, including related on-costs. Amounts which are not expected to be settled within 12 months are discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities.

##### (iv) Annual bonus and deferred incentive arrangements

Annual bonuses and deferred incentives are provided for at reporting date and include related on-costs. The consolidated entity recognises a provision where there is a contractual or constructive obligation. Amounts which are not expected to be settled within 12 months are discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities.

##### (v) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

#### (x) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, John Holland Pty Ltd, disclosed in note 32, has been prepared on the same basis as the consolidated financial statements.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

### (a) ACCOUNTING FOR CONSTRUCTION CONTRACTS

The consolidated entity accounts for construction contracts in accordance with AASB 111 Construction Contracts. The detailed accounting policy can be found in note 1(i).

Accounting for construction contracts involves the continuous use of prudently assessed estimates based on a number of detailed assumptions consistent with the project scope and schedule, and contract and risk management processes. These contracts may span several accounting periods, requiring estimates and assumptions to be updated on a regular basis.

Details of the estimation procedures followed in accounting for the consolidated entity's construction contracts are shown below:

#### Forecast costs at completion

The estimates of the forecast costs at completion of all construction contracts are regularly updated in accordance with the agreed work scope and schedule under the respective contracts. Forecast costs are based on rates expected to apply when the related activity is expected to be undertaken. Appropriate contingencies are included in the forecast costs to completion in order to cover risks inherent in these forecasts.

Any additional contractual obligations, including liquidated damages, are also assessed to the extent that these are due and payable under the contract recognising the contractual status from the consolidated entity's and client's viewpoints.

#### Revenues

Revenues reflect the contract price agreed in the contract and variations where it is probable that the client will approve those variations or they are due under the contract. Claims are included in contract revenue only when negotiations have reached an advanced stage such that it is probable that the client will accept the claim, and recovery of the amount involved is probable.

### (b) CONTRACT CLAIMS AND DISPUTES

Certain claims arising out of construction contracts have been made by or against certain controlled entities in the ordinary course of business, some of which involve litigation or arbitration.

Estimates and assumptions regarding the likely outcome of these claims have been made and these have been recognised in the carrying value of assets and liabilities recorded in the financial report. In making these estimates and assumptions, legal opinions have been obtained as appropriate.

Although the Directors do not consider that the outcome of these claims will have a material adverse effect on the financial position of the consolidated entity, there remains uncertainty until the final outcome of the litigation or arbitration is determined.

## 3. REVENUE

	Year ended December 2013 \$'000	(Restated) Year ended December 2012 \$'000
<b>From continuing operations</b>		
Construction contracting services	4,142,048	3,628,152
Other services	138,170	103,706
	<b>4,280,218</b>	3,731,858
<b>Other revenue</b>		
Interest		
- Other entities	522	-
- Related entities	1,997	4,769
	<b>2,519</b>	4,769
<b>Total revenue (excluding share of revenue of equity accounted associates and joint venture entities)</b>	<b>4,282,737</b>	3,736,627
<b>From discontinued operation</b>		
Mining contracting services	-	333,787
	-	333,787
Share of operating revenue from ongoing construction operations conducted through entities which the consolidated entity does not control, and which is not included above:		
- Associates	232,689	216,750
- Joint venture entities	217	12,210
	<b>232,906</b>	228,960

## 4. OTHER INCOME

<b>From continuing operations</b>		
Net gain on disposal of property, plant and equipment	4,931	1,059
<b>From discontinued operation</b>		
Net gain on disposal of property, plant and equipment	-	828

## 5. EXPENSES

	Notes	Year ended December 2013 \$'000	(Restated) Year ended December 2012 \$'000
<b>From continuing operations</b>			
Materials		1,677,404	1,532,068
Subcontractors		1,425,638	1,216,271
Plant costs		64,230	79,296
Operating lease costs		35,184	31,287
Depreciation		35,738	37,385
Amortisation		1,882	-
Personnel costs		713,784	639,273
Defined contribution superannuation expense		71,034	61,836
Other expenses		149,419	129,109
<b>Total expenses</b>		<b>4,174,314</b>	<b>3,726,525</b>
<b>Profit before income tax from continuing operations includes the following specific items:</b>			
Other charges against assets			
- Provision for inventory obsolescence		(101)	68
- Impairment of property, plant and equipment - held for sale	10	1,000	-
Total other charges against assets		899	68
Net foreign exchange (gain) loss		(143)	231
Finance costs			
- Interest and finance charges paid/payable to:			
- Related entities		274	585
- Finance charges relating to finance leases - related entity		-	132
Finance costs expensed		274	717
<b>From discontinued operation:</b>			
Materials		-	79,802
Plant costs		-	87,112
Operating lease costs		-	9,108
Depreciation		-	50,516
Personnel costs		-	59,756
Defined contribution superannuation expense		-	6,434
Other expenses		-	4,187
<b>Total expenses</b>		<b>-</b>	<b>296,915</b>
<b>Profit before income tax from discontinued operations includes the following specific items:</b>			
Other charges against assets			
- Provision for inventory obsolescence		-	5
Total other charges against assets		-	5
Finance costs			
- Finance charges relating to finance leases		-	4,030
Finance costs expensed		-	4,030

## 6. INCOME TAX EXPENSE

	Notes	Year ended December 2013 \$'000	(Restated) Year ended December 2012 \$'000
<b>From continuing operations</b>			
<b>(a) INCOME TAX EXPENSE (BENEFIT)</b>			
Current tax		45,762	(15,040)
Deferred tax		(10,082)	17,674
Adjustments for current and deferred tax of prior years		(21,435)	(12,186)
		14,245	(9,552)
Deferred income tax expense included in income tax expense comprises:			
(Increase) decrease in deferred tax assets of continuing operations	14	(2,486)	42,987
Decrease in deferred tax liabilities of continuing operations	19	(7,085)	(22,084)
		(9,571)	20,903
<b>(b) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE (BENEFIT) TO PRIMA FACIE TAX PAYABLE (RECEIVABLE)</b>			
Profit before income tax expense (benefit) from continuing operations		126,316	24,731
Tax at the Australian tax rate of 30% (31 December 2012: 30%)		37,895	7,419
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Entertainment and other non-allowable items		502	498
Non-assessable income		(148)	-
Foreign losses not recognised		1,519	-
Equity accounted income not subject to tax		(4,005)	(4,870)
Dividends from associates		4,557	3,781
Imputation credits from dividends from associates		(4,557)	(3,781)
		35,763	3,047
Difference in overseas tax rates		(83)	(413)
Adjustments for current and deferred tax of prior periods		(21,435)	(12,186)
<b>Income tax expense (benefit) from continuing operations</b>		<b>14,245</b>	<b>(9,552)</b>

## 6. INCOME TAX EXPENSE (CONTINUED)

### (c) TAX CONSOLIDATION

On 27 June 2008, the consolidated entity joined the Leighton Holdings Limited tax consolidated group. John Holland Pty Ltd and its wholly-owned controlled entities are parties to a tax sharing and funding agreement along with other members of the Leighton Holdings Limited tax consolidated group. Under the terms of this agreement, the wholly-owned entities reimburse the head entity of the tax consolidated group for any current income tax payable (receivable) arising in respect of their activities. The reimbursements are payable (receivable) at the same time as the associated income tax liability (refund) falls due and have therefore been recognised as a current tax-related amount payable (receivable) to the head entity of the tax consolidated group. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Leighton Holdings Limited.

Before joining the Leighton Holdings Limited tax consolidated group, John Holland Pty Ltd and its wholly-owned Australian controlled entities had implemented the tax consolidation legislation by joining the John Holland Group Pty Ltd tax consolidated group. Entities within the John Holland Group Pty Ltd tax consolidated group had entered into a tax sharing and funding agreement. The terms of this agreement were substantially the same as the prevailing agreements of the Leighton Holdings Limited tax consolidated group.

## 7. CURRENT ASSETS - CASH ASSETS

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Cash at bank and on hand		880,644	650,953
Bank overdraft		(2,475)	(39,555)
	31(a)	878,169	611,398

### Interest

The cash at bank is bearing floating interest rates between 0% and 2.4% (31 December 2012: 0% and 2.9%).

## 8. CURRENT ASSETS - RECEIVABLES

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Contract debtors		654,345	470,028
Other trade debtors		44,766	26,915
Net GST receivable from customers		30,378	20,761
		729,489	517,704
Sundry debtors - related entities		34,686	12,562
Sundry debtors - joint venture entities	28	-	2,181
Sundry debtors - other entities		28,503	49,266
		63,189	64,009
Advances to:			
- related entities		107,076	63,567
		107,076	63,567
<b>Total receivables</b>		<b>899,755</b>	<b>645,280</b>
<b>Current contract information</b>			
Progressive value of work completed at 31 December		10,636,796	9,505,723
<b>Progressive receivables</b>			
Net contract receivables		456,712	431,573
Cash received to date		10,180,084	9,074,150
<b>Total progressive value</b>		<b>10,636,796</b>	<b>9,505,723</b>
Amounts due from customers - contract debtors receivable		654,345	470,028
Amounts due to customers - trade creditors	17	(197,633)	(38,455)
<b>Net contract debtors receivable from clients</b>		<b>456,712</b>	<b>431,573</b>

## 9. CURRENT ASSETS - INVENTORIES

Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Consumables at cost	5,676	6,915
Less provision for obsolescence	-	(101)
	<b>5,676</b>	6,814

## 10. CURRENT ASSETS AND CURRENT LIABILITIES - ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

### Assets held for sale

Disposal group held for sale (discontinued operation - see (a) below)

Property, plant and equipment	-	121,446
Receivables	-	36,639
Prepayments	-	27
Inventories	-	26,775
Deferred tax asset	-	7,207
Intangible assets	15	12,000
Total assets of disposal group held for sale	-	204,094

Property, plant and equipment held for sale (see (b) below)

At beginning of period	4,193	4,193
Additions	658	-
Impairment	(1,000)	-
At reporting date	<b>3,851</b>	4,193

Total assets held for sale	<b>3,851</b>	208,287
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### Liabilities directly associated with assets held for sale

Disposal group held for sale (discontinued operation - see (a) below)

Interest bearing liabilities	24	-	79,320
Payables	-	-	31,021
Provisions	-	-	3,636
	-	-	113,977

## (a) DISCONTINUED OPERATION

On 21 December 2012, Leighton Holdings Limited announced its intention to move the open cut coal mining contracts of John Holland Group Pty Ltd and its controlled entities to Leighton Contractors Pty Limited, after an in-principle agreement between the two operating companies and the clients. Effective 1 January 2013, the consolidated entity disposed of its Mining operations to Leighton Contractors Pty Limited who, through its Mining Division, took over management of the Isaac Plains and Jellinbah contract mining and mine services arrangements for clients Isaac Plains Coal Management and Jellinbah Mining, respectively. As a result, the Mining business of the consolidated entity is disclosed as a discontinued operation in the financial statements for the year ended 31 December 2012 and all of the associated assets and liabilities of the business disclosed as being 'held for sale'. No gain or loss was made on the disposal.

## (b) PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment held for sale consists of a rail maintenance vehicle, a tower crane and a property (comprising land and buildings). It is the consolidated entity's intention to sell these assets. The sale of these assets is expected to be completed before the end of December 2014.

## 11. NON-CURRENT ASSETS - RECEIVABLES

Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Loans to associates	9,750	9,750
Other non-current receivables	20,000	20,335
	<b>29,750</b>	30,085

## 12. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates	29	11,555	13,396
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### 13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Total property, plant and equipment \$'000
<b>At 31 December 2012</b>						
At cost	3,205	3,175	26,171	296,421	945	329,916
Accumulated depreciation	-	(724)	(9,347)	(132,937)	(680)	(143,688)
<b>Net book value</b>	<b>3,205</b>	<b>2,451</b>	<b>16,824</b>	<b>163,484</b>	<b>265</b>	<b>186,229</b>
<b>Net book value - 1 January 2013</b>						
Additions	-	-	5,484	16,435	-	21,919
Acquisitions	-	-	-	15,086	-	15,086
Disposals	(350)	(1,464)	-	(2,433)	(265)	(4,512)
Depreciation expense	-	(118)	(2,605)	(33,015)	-	(35,738)
Reclassified to assets held for sale	(429)	(229)	-	-	-	( 658)
<b>Net book value - 31 December 2013</b>	<b>2,426</b>	<b>640</b>	<b>19,703</b>	<b>159,557</b>	<b>-</b>	<b>182,326</b>
<b>At 31 December 2013</b>						
At cost	2,426	1,612	31,404	315,586	-	351,028
Accumulated depreciation	-	(972)	(11,701)	(156,029)	-	(168,702)
<b>Net book value</b>	<b>2,426</b>	<b>640</b>	<b>19,703</b>	<b>159,557</b>	<b>-</b>	<b>182,326</b>

### 14. NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
<b>The balance comprises temporary differences attributable to:</b>			
Construction accounting		-	781
Employee benefits		<b>7,199</b>	5,714
Non-deductible accrued expenses		<b>11,760</b>	15,469
Property, plant and equipment		<b>7,122</b>	701
Other		-	930
		<b>26,081</b>	23,595
Set-off of against deferred tax liabilities pursuant to set-off provisions	19	<b>(26,081)</b>	(23,595)
Net deferred tax assets		-	-
<b>Movements</b>			
Opening balance		<b>23,595</b>	66,585
Charged to income statement	6	<b>2,486</b>	(42,987)
Charged to equity		-	(3)
<b>Closing balance at 31 December</b>		<b>26,081</b>	23,595

### 15. NON-CURRENT ASSETS - GOODWILL

Cost		<b>9,413</b>	3,704
Accumulated impairment		<b>(213)</b>	(213)
Net book amount		<b>9,200</b>	3,491
<b>Movements</b>			
Opening balance		<b>3,491</b>	15,491
Acquisitions	26	<b>5,709</b>	-
Reclassified to assets held for sale	10	-	(12,000)
<b>Closing balance at 31 December</b>		<b>9,200</b>	3,491

## 16. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Software \$'000	Customer contracts \$'000	Total intangible assets \$'000
<b>As at 31 December 2012</b>			
Cost	10,279	-	10,279
Accumulated amortisation	-	-	-
<b>Net book value</b>	<b>10,279</b>	<b>-</b>	<b>10,279</b>
<b>Net book value - 1 January 2013</b>			
Net book value	10,279	-	10,279
Additions	7,499	-	7,499
Amortisation expense	(1,100)	(782)	(1,882)
Acquisitions	-	3,590	3,590
<b>Net book value - 31 December 2013</b>	<b>16,678</b>	<b>2,808</b>	<b>19,486</b>
<b>As at 31 December 2013</b>			
Cost	17,778	3,590	21,368
Accumulated amortisation	(1,100)	(782)	(1,882)
<b>Net book value</b>	<b>16,678</b>	<b>2,808</b>	<b>19,486</b>

## 17. CURRENT LIABILITIES - PAYABLES

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Trade creditors		358,862	410,146
Other creditors and accruals		467,066	393,379
Amounts due to customers	8	197,633	38,455
Amounts payable to joint venture entities	28	183	211
Amounts payable to immediate parent entity		296,804	155,441
Amounts payable to related entities		44,833	49,171
		<b>1,365,381</b>	1,046,803

## 18. CURRENT LIABILITIES - PROVISIONS

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Employee benefits		12,106	9,280
Workers' compensation	(a)	2,924	4,004
		<b>15,030</b>	13,284

### (a) WORKERS' COMPENSATION

John Holland Pty Ltd is a member of Comcare, the Commonwealth system of workers' compensation regulation under the *Safety, Rehabilitation and Compensation Act 1990* (the SRC Act). A provision is made to meet the future claim payments required under the SRC Act and associated expenses in respect of claims incurred.

### (b) MOVEMENTS IN WORKERS' COMPENSATION PROVISION - TOTAL

Carrying amount at beginning of reporting period		15,716	14,428
Amounts provided		5,457	6,747
Amounts paid		(5,188)	(5,459)
Carrying amount at reporting date		<b>15,985</b>	15,716

Total balance presented as:

Current		2,924	4,004
Non-current	20	13,061	11,712
		<b>15,985</b>	15,716

## 19. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
<b>The balance comprises temporary differences attributable to:</b>			
Construction accounting		36,988	46,989
Partnership taxable profit recognition		9,457	-
Revaluation of investments		312	431
Other		-	6,423
		<b>46,757</b>	53,843
Set-off of deferred tax assets pursuant to set-off provisions	14	(26,081)	(23,595)
Net deferred tax liabilities		<b>20,676</b>	30,248
<b>Movements</b>			
Opening balance		53,843	75,927
Credited to income statement	6	(7,085)	(22,084)
Closing balance at 31 December		<b>46,758</b>	53,843

## 20. NON-CURRENT LIABILITIES - PROVISIONS

Workers' compensation	18	13,061	11,712
		<b>13,061</b>	11,712

## 21. NON-CURRENT LIABILITIES - PAYABLES

Trade creditors - other parties		667	466
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## 22. CONTRIBUTED EQUITY

	Notes	December 2013 Shares '000	December 2012 Shares '000	December 2013 \$'000	(Restated) December 2012 \$'000
<b>Share capital</b>					
300,000,000 (31 December 2012: 300,000,000) ordinary shares, fully paid					
	(a)	300,000	300,000	300,000	300,000
		<b>300,000</b>	300,000	<b>300,000</b>	300,000
<b>(a) ORDINARY SHARES</b>					
<b>Movements during the period</b>					
Opening balance		300,000	300,000	300,000	300,000
Issue of new shares		-	-	-	-
Closing balance		<b>300,000</b>	300,000	<b>300,000</b>	300,000

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

### Terms and conditions

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held. Holders are entitled to one vote per share at shareholders' meetings.

## 23. RESERVES

### Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to the income statement on disposal of the foreign operation.

### Cash flow hedge reserve

The hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in note 1(e). Amounts are recognised in the balance sheet or income statement in line with the underlying hedged transaction.

## 24. COMMITMENTS

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
<b>(a) CAPITAL EXPENDITURE</b>			
Total capital expenditure contracted for at balance date but not provided for in the accounts, payable:			
- not later than one year		5,077	37,445
- later than one year but not later than five years		-	76,119
		<b>5,077</b>	113,564

Total capital expenditure contracted for at 31 December 2012 but not provided for in the accounts includes \$105,507,000 relating to the open cut coal mining contracts which were held for sale at 31 December 2012.

### (b) LEASES

#### (i) Operating leases

Total lease expenditure contracted for at balance date but not provided for in the accounts, payable:

- not later than one year		27,876	37,332
- later than one year but not later than five years		64,172	67,468
- later than five years		14,296	15,095
Minimum lease payments in aggregate		<b>106,344</b>	119,895

The consolidated entity leases plant and equipment used in civil engineering activities and property for the purposes of office accommodation under operating leases. Operating leases generally provide the consolidated entity with a right of renewal. The consolidated entity's leasing arrangements impose no restrictions on any of its financial arrangements.

## 24. COMMITMENTS (CONTINUED)

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
<b>(b) LEASES (CONTINUED)</b>			
<i>(ii) Capitalised finance leases</i>			
Commitments in relation to finance leases are payable as follows:			
- not later than one year		-	15,893
- later than one year but not later than five years		-	80,707
Minimum lease payments		-	96,600
Future finance charges		-	(17,280)
Provided for in accounts		-	79,320
Reconciled to:			
- liabilities directly associated with assets held for sale	10	-	79,320
		-	79,320

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default. The finance leases had interest rates of 7% at 31 December 2012.

## 25. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the financial statements, are as follows:	983,157	886,006
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The consolidated entity has provided indemnities to banks and insurance companies in respect of contract performance guarantees and bonds issued on behalf of controlled entities, joint ventures and associates.

John Holland Pty Ltd and its wholly-owned controlled entities are parties to a deed of cross guarantee under which each entity guarantees the debts of others. No financial guarantee liability has been raised in relation to the deed, as the fair value of the guarantee is immaterial.

John Holland Pty Ltd has entered into Deeds of Acknowledgement and Guarantee and Indemnity with the finance facility providers to the Leighton Holdings Limited group, effectively jointly guaranteeing those facilities with other entities within the Leighton Holdings Limited group.

The consolidated entity has various outstanding contractual claims on construction and engineering contracts in the ordinary course of business. The Directors have reviewed these matters in detail, having regard to all known factors at this time, in determining operating profit for the year ended 31 December 2013.

No material losses are anticipated in respect of any of the above contingent liabilities.

## 26. BUSINESS COMBINATIONS

### (a) SUMMARY OF ACQUISITIONS

Effective 1 January 2013, the consolidated entity acquired selected construction contracts from Macmahon Holdings Ltd.

Detail of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:	Notes	\$'000
Cash paid		14,166

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash		17,348
Trade receivables		47,454
Other receivables		3,036
Plant and equipment		15,086
Intangible assets - customer contracts		3,590
Deferred tax assets		1,625
Trade payables		(72,765)
Provision for employee entitlements		(5,417)
Other provisions		(1,500)
Net identifiable assets acquired		8,457

Goodwill	15	5,709
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Purchase consideration		14,166
------------------------	--	--------

### (i) Revenue and profit contribution

The acquired construction contracts contributed revenues of \$579,000,000 and net profit before tax of \$32,000,000 to the consolidated entity for the period 1 January 2013 to 31 December 2013.

### (b) PURCHASE CONSIDERATION

Outflow of cash to acquire construction contracts, net of cash acquired		\$'000
Cash consideration		14,166
Less: Balances acquired		
Cash		(17,348)
Net cash inflow - investing activities		(3,182)

### (c) ACQUISITION RELATED COSTS

Acquisition related costs of \$1,900,000 are included in professional fees in the Consolidated Statement of Profit or Loss and in operating cash flows in the Consolidated Statement of Cash Flows.

## 27. RELATED PARTIES

### (a) DIRECTORS

The Directors who held office as Directors of John Holland Pty Ltd during the period ended 31 December 2013 were:

**G.M. Palin, BAppSc, GradDipBuild, GradDipAppFin&Invest, MAICD (Chairman and Group Managing Director)**

**D.A. Ray, BCom, CA, CMA, MAICD**

**R.J. Cuttler, Diploma of Engineering**

**G. Cain, Certificate of Technology - Mechanical Design**

The following persons were Directors of John Holland Pty Ltd from the beginning of the financial year until their resignation on 8 April 2013:

C.J. Evans

D.C. Brewer

K.H. Mociak

B.C. Petersen

No Director has entered into a contract with the parent entity or the consolidated entity since the end of the previous financial year, and there were no contracts involving Directors' interests subsisting at end of the period.

There were no transactions between Directors and John Holland Pty Ltd entities during the reporting period except for those with the Directors in their capacity as Directors.

### (b) KEY MANAGEMENT PERSONNEL

The compensation of the key management personnel of the consolidated entity is set out below:

	Year ended December 2013 \$	(Restated) Year ended December 2012 \$
Key management personnel compensation	10,399,665	6,901,251

Further to finalisation of John Holland Pty Ltd's financial statements for the year ended 31 December 2012, certain short-term incentive payments were agreed to be paid to key management personnel in respect of that financial year. The comparative information detailed above has been restated to include these amounts.

## 27. RELATED PARTIES (CONTINUED)

### (c) TRANSACTIONS WITH OTHER RELATED PARTIES

The consolidated entity transacts with various other related parties in the ordinary course of business under normal terms and conditions. These primarily relate to reimbursement of expenses incurred on behalf of the consolidated entity, or expenses incurred by the consolidated entity on behalf of the related entities.

These transactions give rise to various receivables (refer to notes 8 and 11) and payables (refer to note 17). Interest payable to and receivable from related parties is detailed in notes 3 and 5.

During the reporting period, no provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Unless otherwise indicated, there are no fixed repayment terms for the loans between the parent and its wholly-owned entities.

Refer to note 6 for details of the tax sharing and funding agreement.

The immediate parent entity has provided indemnities to banks and insurance companies in respect of contract performance guarantees and bonds issued on behalf of the consolidated entity. It has also provided unsecured guarantees and indemnities in respect of finance leases and operating leases entered into by the consolidated entity. No charge has been raised in respect of the provision of these guarantees and indemnities. Refer to note 25 for further details.

The immediate parent entity acts as the group banker in relation to working capital requirements. It has access to a facility from its parent entity, Leighton Holdings Limited. The consolidated entity accesses this facility as required through the immediate parent entity, which gives rise to balances with the immediate parent entity. No interest is charged to or payable by the immediate parent entity or from the immediate parent entity.

On 21 December 2012, Leighton Holdings Limited announced its intention to move the open cut coal mining contracts of John Holland Group Pty Ltd and its controlled entities to Leighton Contractors Pty Limited, after an in-principle agreement between the two operating companies and the clients. Effective 1 January 2013, the consolidated entity disposed of its Mining operations to Leighton Contractors Pty Limited who, through its Mining Division, took over management of the Isaac Plains and Jellinbah contract mining and mine services arrangements for clients Isaac Plains Coal Management and Jellinbah Mining, respectively. No gain or loss was made on the disposal.

On 14 March 2013, Leighton Holdings Limited announced an in-principle agreement to transfer John Holland Group Pty Ltd's Communications business unit and most of its contracts to Visionstream Pty Ltd (a wholly owned subsidiary of Leighton Contractors Pty Limited). The transaction had an effective date of 1 April 2013 and no gain or loss was made on the disposal.

The following entities are considered to be other related parties:

(i) *Actividades des Construcción y Servicios SA*

Actividades des Construcción y Servicios SA holds a 50.35% (31 December 2012: 54.28%) interest in the shareholding of HOCHTIEF Aktiengesellschaft.

(ii) *HOCHTIEF Australia Holdings Limited*

HOCHTIEF Australia Holdings Limited (a controlled entity of HOCHTIEF Aktiengesellschaft) holds a 58.77% (31 December 2012: 53.40%) interest in the shareholding of Leighton Holdings Limited.

(iii) *Leighton Holdings Limited and its controlled entities*

(iv) *Wholly-owned controlled entities*

Refer to note 30 for details of wholly-owned controlled entities.

(v) *John Holland Group Pty Ltd and its controlled entities*

## 27. RELATED PARTIES (CONTINUED)

### (vi) Associates (with the consolidated entity's percentage financial interest shown)

Metro Trains Melbourne Pty Ltd	20
Advance International Rail Contracting LLC	24.95

These associates have been equity accounted (refer to note 29).

### (vii) Active joint operations (with the consolidated entity's percentage financial interest shown)

Abigroup Contractors Pty Ltd & Coleman Rail Pty Ltd & John Holland Pty Ltd (Integrate Rail)	40
BGC Contracting John Holland Macmahon Contractors (Roy Hill)	40
BJB	38
Coleman Rail John Holland & York Civil (Tracksure Rail Upgrade)	38
GHD John Holland (Perth City Link Rail Alliance)	85
John Holland Bouygues Travaux Publics (Glenfield Junction Alliance)	54
John Holland Bouygues Travaux Publics (North Strathfield Rail Underpass)	50
John Holland Abigroup Contractors (Bulk Water Alliance)	50
John Holland Coleman Rail (Activate)	50
John Holland Fairbrother (Uni Tas, Risdon, IMAS)	50
John Holland Fulton Hogan (Hunua, Minor Rail Projects)	50
John Holland Laing O'Rourke (RGP5 Rail - Track and Signals)	50
John Holland Laing O'Rourke & NRW (RGP5 South Works)	33
John Holland Leed Engineering and Construction (NIAW)	67
John Holland Leighton Asia, India and Offshore (South East Asia)	50
John Holland Lend Lease (SW Program Management Works)	50
John Holland Pindan (Eastern Goldfields)	50
John Holland Tenix Alliance (Mackay Water)	50
John Holland UGL Infrastructure (Murrumbidgee Irrigation Alliance)	50
John Holland Veolia Water Australia (Sydney Desalination Plant)	72
John Holland Veolia Water Australia (Gold Coast Desalination Plant)	64
Leighton Contractors John Holland (Browse LNG)	50
Leighton Asia, India and Offshore John Holland (Hong Kong South Island Line Project)	45
Leighton Asia, India and Offshore John Holland (Singapore LTA Project)	50
Thiess John Holland (Airport Link)	50
Thiess John Holland (EastLink)	50
Thiess John Holland (Lane Cove Tunnel)	50
Veolia Water Leighton John Holland (Hong Kong Sludge Treatment Facility)	16
Dragados Australia Pty Ltd & John Holland Pty Ltd & Thiess Pty Ltd	25

The consolidated entity recognises in its financial statements its proportionate share of the assets, liabilities, revenue and expenses, of each of these joint operations.

### (viii) Active joint venture entities (with the consolidated entity's percentage interest shown)

Hazell Brothers John Holland (Brighton Bypass)	50
JM JV (Southern Improvement Alliance)	80
Coleman Rail John Holland & York Civil (Tracksure Glengowrie)	10
John Holland Abigroup Contractors (Coffs Infrastructure Alliance)	50
John Holland Colin Joss (Wodonga)	50

These joint ventures have been equity accounted (refer to note 28).

## 27. RELATED PARTIES (CONTINUED)

### (d) IMMEDIATE AND ULTIMATE PARENT ENTITY

The immediate parent entity of John Holland Pty Ltd is John Holland Group Pty Ltd, a company incorporated in Victoria. The ultimate parent entity of John Holland Pty Ltd is Actividades des Construcción y Servicios SA, a company incorporated in Spain.

## 28. INTEREST IN JOINT VENTURES

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
Movements in carrying amount of joint venture entities			
Carrying amount at beginning of reporting period		-	-
Share of joint venture entities' (loss) profit		(114)	4,445
Distributions from joint venture entities, net of opening sundry debtor and payable		(69)	(2,475)
Investment balance accounted for using the equity method		(183)	1,970
Sundry debtors - joint venture entities	8	-	2,181
Amounts payable to joint venture entities	17	(183)	(211)
Carrying amount at reporting date		-	-

Refer to notes 24 and 25 for details of commitments and contingencies.

## 29. INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for in the consolidated financial statements using the equity method (see note 1(b)). Information relating to the associates is set out below:

Name of company	Principal activity	Balance date	Ownership interest		Carrying amount		
			Dec 13 %	Dec 12 %	December 2013 \$'000	(Restated) December 2012 \$'000	
Metro Trains Melbourne Pty Ltd	Operations and maintenance	30 June	20	20	11,555	13,396	
Advance International Rail Contracting LLC	Construction	31 Dec	24.95	24.95	-	-	
					11,555	13,396	
					<b>Year ended December 2013 \$'000</b>	(Restated) Year ended December 2012 \$'000	
<b>Results of associates</b>							
					19,071	14,060	
					(5,721)	(4,218)	
					13,350	9,842	
					<b>December 2013 \$'000</b>	(Restated) December 2012 \$'000	
<b>Share of retained profits attributable to associates</b>							
					10,146	9,126	
					13,350	9,842	
					(15,191)	(8,822)	
					8,305	10,146	

## 29. INVESTMENTS IN ASSOCIATES (CONTINUED)

	Notes	December 2013 \$'000	(Restated) December 2012 \$'000
<b>Movements in carrying amount of investments</b>			
Carrying amount at beginning of reporting period		13,396	12,376
Share of associates' net profit		13,350	9,842
Dividends paid during the period		(15,191)	(8,822)
Carrying amount at reporting date	12	11,555	13,396

## 30. DEED OF CROSS GUARANTEE

John Holland Group Pty Ltd and its wholly-owned controlled entities (with the exception of John Holland Aviation Services Pty Ltd, JHG Mutual Limited and John Holland Melbourne Rail Franchise Pty Ltd) are parties to a deed of cross guarantee under which each entity guarantees the debts of others. The following entities are parties to the deed:

Name of entity	Place of incorporation	Notes
<b>Parent entity</b>		
John Holland Group Pty Ltd	Victoria	4
<b>Wholly-owned entities of John Holland Group Pty Ltd</b>		
John Holland Pty Ltd	Victoria	1, 4
John Holland Development & Investment Pty Ltd	Victoria	4
John Holland Engineering Pty Ltd	Victoria	4
John Holland Investment Pty Ltd	Victoria	4
John Holland Services Pty Ltd	Victoria	1, 2, 4
John Holland Rail Pty Ltd	WA	1, 2, 4
Telecommunication Infrastructure Pty Ltd	Victoria	4
John Holland (NZ) Limited	New Zealand	4
<b>Wholly-owned entities of John Holland Pty Ltd</b>		
GridComm Pty Ltd	Victoria	4
John Holland Queensland Pty Ltd	Victoria	1, 2, 4
<b>Entities not controlled by John Holland Group Pty Ltd</b>		
John Holland AD Holdings Pty Ltd	Victoria	3
John Holland AD Investments Pty Ltd	Victoria	3
John Holland AD Operations Pty Ltd	Victoria	3

### Notes

1 These entities are eligible for relief from the requirement to prepare a financial report and Directors' report under the Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

2 The entity has taken advantage of the relief outlined above.

3 These entities were sold by John Holland Development & Investment Pty Ltd on 29 June 2007. A deed of revocation has been prepared; however, was not effective as at 31 December 2013. These entities do not form part of the 'Closed Group' nor the 'Extended Closed Group' as at 31 December 2013 as defined by the Class Order. Receivers and Managers were appointed on 6 November 2008.

4 These entities form part of the 'Closed Group' as defined by the Class Order.

## (a) CONSOLIDATED INCOME STATEMENT AND A SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED PROFITS

Members of the 'Closed Group' for the purposes of the Class Order are identified above. There are no other parties that John Holland Group Pty Ltd controls; therefore, these entities also represent the 'Extended Closed Group'. Set out below is a consolidated statement of profit or loss and a summary of movements in consolidated retained profits for the year ended 31 December 2013 of the Closed Group.

	Year ended December 2013 \$'000	(Restated) Year ended December 2012 \$'000
<b>Profit or loss</b>		
Revenue	4,482,114	3,916,320
Other income	68,187	1,085
Expenses	(4,341,572)	(3,857,659)
Finance costs	(1,052)	(1,053)
Share of net (losses) profits of joint venture entities accounted for using the equity method	(114)	4,445
<b>Profit before income tax expense</b>	<b>207,563</b>	63,138
Income tax (expense) benefit	(40,307)	784
<b>Profit for the year from continuing operations</b>	<b>167,256</b>	63,922
<b>Discontinued operations</b>		
Profit before income tax from discontinued operations	-	33,670
Income tax expense from discontinued operations	-	(10,112)
Profit for the year from discontinued operations	-	23,558
<b>PROFIT FOR THE YEAR</b>	<b>167,256</b>	87,480
<b>Summary of movements in consolidated retained profits</b>		
Retained profits at the beginning of reporting period	180,685	138,205
Profit for the period	167,256	87,480
Dividends paid or provided for	-	(45,000)
<b>Retained profits at reporting date</b>	<b>347,941</b>	180,685

**(b) CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Set out below is a consolidated statement financial position as at 31 December 2013 of the Closed Group.

	December 2013 \$'000	(Restated) December 2012 \$'000
<b>Assets</b>		
Cash assets	905,157	653,797
Receivables	902,414	725,021
Inventories	7,703	18,087
Prepayments	3,772	4,346
Assets held for sale	3,851	211,108
Derivative financial instruments	495	48
Other financial assets	20,000	20,000
Available-for-sale financial assets	8,976	1,034
Property, plant and equipment	229,059	224,663
Deferred tax assets	15,069	5,729
Intangible assets	29,086	3,884
<b>Total assets</b>	<b>2,125,582</b>	<b>1,867,717</b>
<b>Liabilities</b>		
Payables	1,177,054	1,009,641
Liabilities directly associated with assets held for sale	-	122,991
Interest bearing liabilities	104,512	104,519
Derivative financial instruments	349	1,695
Tax related amounts payable to the head entity of tax consolidated group	58,482	11,131
Current tax liabilities	680	17,056
Provisions	136,447	125,705
<b>Total liabilities</b>	<b>1,477,524</b>	<b>1,392,738</b>
<b>Net assets</b>	<b>648,058</b>	<b>474,979</b>
<b>Equity</b>		
Contributed equity	300,000	300,000
Reserves	117	(1,153)
Retained profits	347,941	180,685
Amounts recognised directly in equity relating to assets held for sale	-	(4,553)
<b>Total equity</b>	<b>648,058</b>	<b>474,979</b>

**(c) ENTITIES NOT CONTROLLED BY JOHN HOLLAND GROUP PTY LTD**

John Holland AD Holdings and its wholly-owned controlled entities form part of the Deed of Cross Guarantee as at 31 December 2013. These entities are not controlled by John Holland Group Pty Ltd and therefore do not form part of the 'Extended Closed Group'. Presented below are the consolidated income statement and balance sheet for the John Holland AD Holdings Group for the year ended 31 December 2013.

*(i) Statement of profit or loss*

Net profit before tax for the consolidated group was \$nil (31 December 2012: \$nil) and tax expense was \$nil (31 December 2012: \$nil).

*(ii) Statement of financial position*

All assets of the group were fully provided for as at 31 December 2013 and 31 December 2012. There were no liabilities and the retained earnings of the consolidated group amounted to \$nil at 31 December 2013 (31 December 2012: \$nil).

**31. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) RECONCILIATION OF CASH**

For the purpose of the statement of cash flows, cash includes cash on hand and at banks, deposits at call, bank overdrafts and cash advances to the immediate parent entity included in receivables.

Cash at reporting date as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Notes	Year ended December 2013 \$'000	(Restated) Year ended December 2012 \$'000
Cash assets	7	878,169	611,398

**(b) NON-CASH FINANCING AND INVESTING ACTIVITIES**

Leased plant and equipment with a written down value of \$265,000 (31 December 2012: \$52,000) was disposed of during the period.

## 32. PARENT ENTITY FINANCIAL INFORMATION

### (a) SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent entity	
	December 2013 \$'000	December 2012 \$'000
<b>Statement of financial position</b>		
Current assets	1,892,116	1,452,380
Non current assets	268,427	214,369
Total assets	2,160,543	1,666,749
Current liabilities	1,661,827	1,271,646
Non current liabilities	30,326	18,395
Total liabilities	1,692,153	1,290,041
Net assets	468,390	376,708
Shareholders' equity		
Issued capital	300,000	300,000
Retained earnings	168,390	76,708
	468,390	376,708
<b>Profit for the year from continuing operations</b>	91,682	11,019
<b>Profit for the year from discontinued operations</b>	-	7,370
<b>Profit for the year</b>	91,682	18,389
<b>Total comprehensive income</b>	91,698	18,395

### (b) CONTINGENT LIABILITY OF THE PARENT ENTITY

Refer to note 25 for details in relation to contingent liabilities.	983,157	886,006
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### (c) COMMITMENTS

#### Capital expenditure

Total capital expenditure contracted for at balance date but not provided for in the accounts, payable:

- not later than one year	5,077	37,445
- later than one year but not later than five years	-	76,119
	5,077	113,564

Total capital expenditure contracted for at balance date but not provided for in the accounts includes \$105,507,000 relating to the open cut coal mining contracts which are held for sale at 31 December 2012.

# directors' declaration

## FOR THE YEAR ENDED 31 DECEMBER 2013

In the Directors' opinion:

(a) the financial statements and notes as set out in pages 7 to 52 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 30.

This declaration is made in accordance with a resolution of the Directors.

G.M. Palin  
Chairman

D.A. Ray  
Director

Melbourne, 20 March 2014

# independent auditor's report

**Deloitte.**

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## Independent Auditor's Report to the members of John Holland Pty Ltd

We have audited the accompanying financial report of John Holland Pty Ltd, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 53.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

**Deloitte.**

### Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of John Holland Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion, the financial report of John Holland Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*S Pelusi*

S Pelusi  
Partner  
Chartered Accountants  
Melbourne, 20 March 2014

# directory

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## TASMANIA

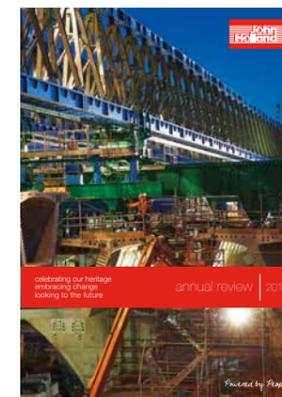
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## annual review 2013

Cover image features the construction of Urban Superway, Adelaide. Built by John Holland, this was South Australia's first elevated roadway. At a cost of \$842m, it stands as the biggest single investment in a South Australian road project and the state's most complex engineering road construction project to date.



## financial report 2013

Cover image features the completed Urban Superway, Adelaide. Constructed by John Holland, Urban Superway's southbound lanes opened on 31 January 2014, followed by the opening of the northbound lanes on 13 March 2014.



