

integrated services for a world on the move

concise annual report 2002

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agm

Downer EDI Limited's 2002 Annual General Meeting will be held in Sydney at the Exchange Square Auditorium, Australian Stock Exchange, 10 Bridge Street, Sydney on 24 October 2002 commencing 10.00 am. All shareholders are invited to attend and are entitled to be present.

Shareholders who are unable to attend the Annual General Meeting, but choose to vote on the proposed resolutions, are encouraged to complete a proxy form and lodge it at least 48 hours prior to the meeting. Addresses are provided in the "Information for Investors" section of this Report and on the proxy form.

The Downer EDI Limited 2002 Concise Annual Report reflects the activity of Downer EDI Limited for the financial year 1 July 2001 to 30 June 2002. Australian dollars, unless otherwise stated, is the standard currency used throughout this Report.

The Concise Annual Report provides a summary of Downer EDI Limited's financial performance, financial position, and operating, investing and financial activities. Detailed financial information for Downer EDI Limited for the year ended 30 June 2002 is set out in the 2002 Full Financial Report available free of charge from the Company Secretary, Downer EDI Limited.

Please note that financial information for Downer EDI Limited, including the 2002 Concise Annual Report and the 2002 Full Financial Report, can be found at the Downer EDI website, www.downeredi.com



downer edi limited (downer edi) is an australian listed company which provides comprehensive engineering and infrastructure management services to the public and private power, rail, road, telecommunications, mining and minerals processing sectors. it employs more than 10,000 people and its services cover australia, new zealand, asia and the pacific.

downer edi operates through five principal divisions: engineering (downer engineering), infrastructure (works infrastructure), mining (roche mining), rail (edi rail), and resource services (century resources).

2 highlights 2002

since 1998, earnings reliability and growth despite volatile markets

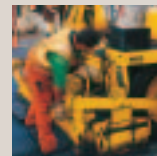
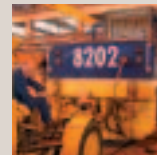
Downer EDI is one of the few fully integrated engineering and infrastructure management companies in the Pacific-Asia region able to provide a multitude of services to clients in the transportation, power, telecommunications and mining/mineral processing sectors.

The year further consolidated the company's capacity to provide single source solutions and to be a preferred supplier of outsourced services.

- 1 Successful purchase and integration of JR Engineering Services into Roche Mining to complement and expand the company's services to the mining and minerals processing industries.
- 2 Divestment of non-core businesses acquired at time of purchase of Evans Deakin Industries. Funds used to retire debt.
- 3 Strengthened the blasting services business of Roche Mining by bringing in joint venture partner Sasol Chemical Industries.
- 4 Secured record new contracts of \$3.4 billion leading to year end order book of \$4.5 billion.
- 5 Secured new contracts by leveraging the company's services, eg facilities management with Telecom New Zealand and power maintenance with Powercor.
- 6 Strengthened capability to provide complete service through increased alliance partnering, eg Bombardier.
- 7 Successful placement of new equity (shares) to shareholders in Australia as part of a program to strengthen the company's capital structure.
- 8 Achieved Top 150 company position by market capitalisation.
- 9 Substantial progress made in promoting the brand and market positioning of the Downer EDI group of companies.

financial and operating highlights

- Achieved historic levels of financial performance across core businesses:
 - After tax profit \$56.4 million, up 24.0%
 - Before tax profit \$79.3 million, up 23.7%
 - EBIT \$113.4 million, up 26.0%
 - EBITDA \$221.4 million, up 28.6%
 - Turnover up 50.1% to \$2.59 billion
 - Shareholders' funds \$709.6 million, up 21.1%
- Downer EDI's overall forward order book at year-end was \$4.5 billion, up 22% on the previous year. Major new work was secured during the year by Engineering Division (\$1.1 billion), Mining Division (\$1.1 billion) and Rail Division (\$1.0 billion).
- In line with the company's focus on developing its base of longer-term service contracts with clients where we have a history of contractual and partnering associations, the level of repeat and negotiated work with existing clients was 72% of new orders secured during the year.
- Secured long term, comprehensive mining services contracts to the value of \$1.1 billion over 7 years.
- Commissioned Sydney's world class Millennium train.
- Awarded \$437 million supply and maintenance contract, in joint venture with Bombardier, for the new South West Metropolitan Railway in Perth.
- Completed thirty-eight heavy haul locomotives and the design and manufacture of the Cairns Tilt Trains for Queensland Rail. In addition, completed four passenger trains for Queensland Rail's Airtrain project.
- Substantial progress in positioning Downer Engineering as a preferred supplier of services to the power sector with over \$300 million in new work.
- Near completion of the design and installation of a 435km optical fibre cable concurrent with the gas main installation by Duke Energy in Tasmania.
- Substantially improved safety performance with a reduction in the average Lost Time Injury Rate (LTIFR) from 8.5 to 5.0 for the total Group.



An aerial, high-angle photograph of a multi-lane highway. The road is dark asphalt with white lane markings. Several vehicles are visible, including a white semi-truck, a white sedan, and a white van. The surrounding area includes a concrete barrier, some greenery, and a building with a grid-like roof structure. The overall tone is dark and professional.

4 integrated services: road and rail



6 message from the chairman Tom Lau

Our aim is to be the foremost operator and maintainer of key infrastructure assets, and in that capacity we will add value to our clients and build shareholder value by implementing technical innovation and being the best-in-class.

It is my pleasure to present the Downer EDI Limited 2002 Concise Annual Report.

This has been another successful year for your company. Indeed, the results achieved, when a number of our competitors have not performed to expectation, provide evidence of the strength of your company's strategy and business model.

Downer EDI's audited profit after tax for the year ended 30 June 2002 increased 24% to \$56.4 million. The result was achieved on higher operating turnover of \$2,585.6 million (compared to \$1,718.1 million). The higher turnover resulted from increased revenue from the Engineering, Mining and Rail Divisions.

Second half comparison with the previous year showed improvement in turnover (up 17.1% to \$1,295.3 million)

and profit after tax (up 14.9% to \$36.1 million).

An interim dividend of 0.5 cents unfranked was paid on 30 April 2002 and a final dividend of 1.9 cents unfranked (payable 29 November 2002)



was declared by the Directors, making up a full year dividend of 2.4 cents per share.

The year's total dividends of \$28.4 million represent a pay-out ratio of 50.3% of Downer EDI's net profit after tax.

The company was also successful in raising capital and retiring debt without adverse impact on earnings per share. Earnings per share was

5.8 cents (2001 6.1 cents).

A more expansive summary of the Group's financial performance for the year is provided in the Chief Financial Officer's Review (pages 16 and 17).

Plans for Downer EDI's business development and growth as a major provider of outsourced services in its target markets are on track and initiatives taken during the year include acquisition, divestment of non-core businesses, organic growth and the targeting of strategic outsourcing opportunities. Developments across the company's activities are described in more detail in the Managing Director's review (pages 10 to 13) and the divisional reports (pages 20 to 35).

The benefits of the acquisition of Evans Deakin Industries (EDI)



in 2001 continue to be seen. The integration of the two organisations is largely completed. We have a common brand and a common purpose, and, importantly, we have the size, cohesion and capability to win substantial new business moving forward. Your company will continue to focus on shareholder value through sensible investment in growth opportunities and developing the cross-selling of services within the Group.

The company has continued to increase its forward order book and, as the global trend towards outsourcing engineering services continues, the outlook for all divisions is encouraging.

With its track record of delivering improved earnings in recent years, your board is confident in the capacity of the company's management

to continue to invest to strengthen the business for longer-term earnings.

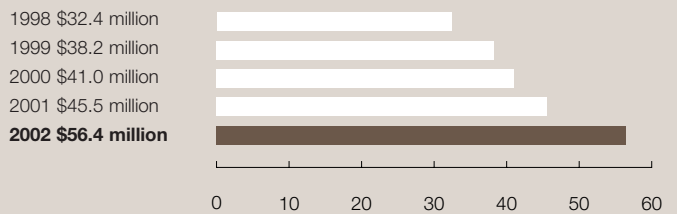
In October 2001 we welcomed Mr Bill Shurniak to the Board, bringing with him a wealth of experience in the finance and power sectors.

Mr Canning Fok and his alternate, Mr Ting Chan, retired from the Board in October 2001 after more than three years service and we thank them for their valuable contribution.

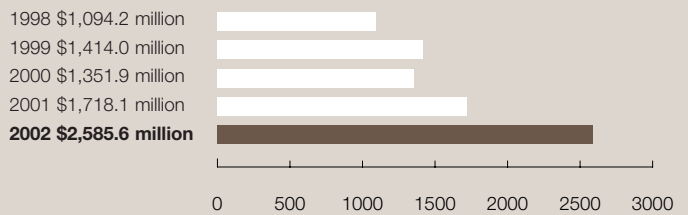
The continued support from our shareholders is appreciated and on your behalf I express our appreciation to the management and staff for their great efforts during the year.

Tom Lau

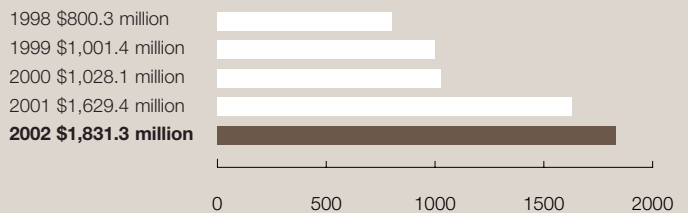
operating profit after tax



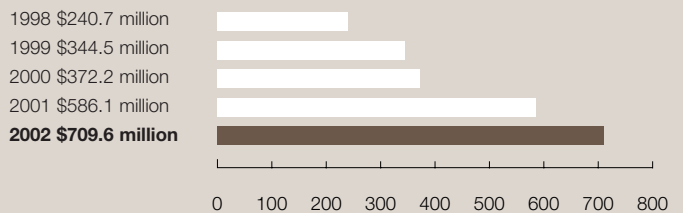
total turnover



total assets



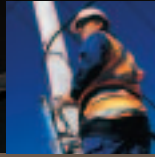
total shareholders equity





8 integrated services:
telecommunications





managing director's review

Stephen Gillies

We have continued to develop Downer EDI as a service provider based on strong engineering know-how and increasingly a preferred choice in the industries of outsourced services.

Earnings increased by 24% on the previous year, in line with expectations highlighted to shareholders at the 2001 Annual General Meeting. Operating earnings (EBITA) increased by 28.0% to \$128.7 million. Net debt was reduced by \$30.0 million to \$447.0 million.

In addition, we have made substantial progress in positioning Downer EDI as a value-adding service provider, and increasingly a preferred choice in the provision of outsourced services and the management of assets for public and private infrastructure, comprising mining, power, rail, road and telecommunications.

In particular, we have focused our attention on developing our base of longer-term service contracts with clients where we have a history of contractual

and partnering associations in the supply of design, build, operate and maintain services. We have also increased the proportion of alliance partnering contracts where these bring benefits to clients.



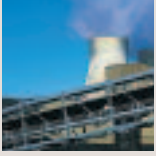
Companies and government entities that form the industry sectors in which we operate are all under pressure to deliver a better service, more reliably and at lower cost. The development of Downer EDI has been, and continues to be, based on a long-term strategy to build a group of highly complementary business skills that add value to clients and minimise risk .

Operating performance

Profit for the year reflected a solid operating performance from our core businesses. Headline sales growth resulted from increased activity and strong organic growth in engineering services, particularly in telecommunications and power, and strong performances in mining and rail services. Anticipated growth in sales from road services was impacted by protracted inclement weather in New Zealand during the first half of the year.

For the year ended June 2002, Engineering Division increased turnover by 69% to \$741.2 million, while Infrastructure Division achieved a similar turnover level of \$425.5 million compared to the previous year.

Mining Division achieved increased turnover by 71% to



\$912.9 million, due primarily to the award of major contracts, expanded services in the coal sector and the contribution of JR Engineering Services. Uncompleted work on hand at year-end for Mining Division was \$2.2 billion, an increase of 40% on the previous year.

Turnover for Resource Services Division increased slightly by 9.1% to \$91.5 million, but a highly competitive market and lower activity in Australia's oil and gas sector continued to place pressure on margins.

The outlook for divisions operating in the core business areas of mining, power, rail, road and telecommunications is encouraging with the forward order book at year-end increasing substantially for Engineering and Mining divisions, and being maintained in Rail and Infrastructure divisions, compared to the

same time last year.

At year-end, the company's forward order book reached a high of \$4.5 billion, up 22% on the same time last year.

A pleasing achievement during the year was a substantial improvement in the company's overall safety performance, reflecting the importance that the board and management are placing on this area. The average Lost Time Injury Rate (LTIFR) across the company fell from 8.5 to 5.0.

Business developments

We have moved the company in the space of just a few years from its roots as a construction company, to one based on multi-disciplined engineering and infrastructure management services in selected targeted markets. In doing so, the company's operating risks have been lowered significantly, from

one-off fixed price contracts and cyclical markets, to a growing volume of long term service contracts in different markets and geographic locations that are not subject to the same economic and cyclical factors.

During the year, we completed the sale of non-core businesses and surplus assets acquired through the takeover of Evans Deakin Industries, most notably the B&D roller door business and the Adelaide based manufacturing and distribution business of Clyde-Apac.

We acquired Perth based mine engineering, design, construction and maintenance company, JR Engineering Services Pty Ltd, and subsequently renamed the company Roche Mining (JR) Pty Ltd. The addition of Roche Mining (JR) substantially enhances Roche Mining's

capability to establish and execute a full delivery mechanism to the company's mining clients.

We are currently focusing on road maintenance activities in Australia and see opportunities for small scale developments in this part of the business.

We will continue to pursue strategic alliances with outside parties to seek opportunities for partnering, joint ventures and new business opportunities. An example of this is the company's joint venture activities with Bombardier Transportation which led this year to the award of a \$437 million supply and maintenance contract for rollingstock in Perth and agreements for the supply and maintenance of engine locomotives for the Victorian Government's regional fast train project worth over \$100 million to EDI Rail.

managing director's review

In the Latrobe Valley in Victoria, the joint venture of Roche Mining with Thiess and Linfox (RTL), in which Roche has a 44% interest, has contracts with all three major power generators and a history of steady expansion and profitability. RTL's annual turnover will exceed \$100 million next year.

Achieving operational effectiveness

Achieving operational effectiveness and maximising the benefits of a fully integrated organisation able to cross-sell and implement seamlessly its services will continue to be a key focus for 2003. To assist in this process, over 100 senior and operational managers from across the Group came together for two days in September 2002 to share ideas and plan further steps to enhance operational effectiveness.

Divisions have also implemented measures to streamline their organisational structures intended to improve efficiencies, be responsive to client and market needs and obtain further leverage for business growth through their business models. Examples of this during the year included steps to consolidate all electrical and power related operations within Downer Engineering into one entity, Downer Engineering Power, and the creation of a Mining Services business stream within Roche Mining.

At the same time, the company continues to place emphasis on:

- developing a larger business base with facilities management capability and strong cash flow to allow the Group to target and secure greater market penetration;

- improved quality of businesses, particularly in operational and financial management;
- overhead cost controls and margin improvements; and
- reinvestment of cash and working capital to fund growth.

The rollout of Group branding and achieving a greater level of brand recognition remains a high priority.

Our customers will continue to see the benefits of these steps and the company's renewed focus on client service and surpassing client expectations.

New contracts

New contracts of over \$3.4 billion were secured during the year and included:

- Mining - approximately \$1.1 billion for periods up to 7 years;

- Telecommunications, power and infrastructure - approximately \$1.1 billion over several years; and
- Rail rollingstock supply and maintenance - approximately \$1.0 billion (Downer EDI share) over several years.

In other respects, the forward order book and contract renewals were achieved within expectations.

The divisional reviews (pages 20 to 35) provide an indication of the range of major new contracts awarded to Downer EDI during the year.

our drivers in our target markets...
 delivery of superior service
 delivery of high-value capability
 providing solutions
 focusing always upon value

Outlook

The outlook for Downer EDI is positive for 2003. We expect another strong year with work in hand 20% ahead of the same period last year and a number of significant opportunities to further increase the order book.

We are well positioned to capitalise on global trends towards outsourcing and expect steady growth to come from the company's ability to provide clients with turnkey service delivery in its target markets of mining, power, rail, road and telecommunications, with focus on the Australian, New Zealand and Asian markets.

Where market sectors are fragmented, the company will continue to strengthen its market position by a combination of sensible organic growth and sectoral

rationalisation through appropriate acquisition.

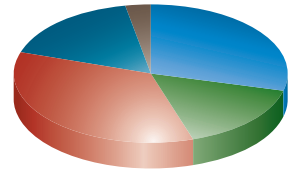
Our investors can, and will continue to see results of our work through long-term contracts, strong joint venture relationships, industry innovation and technological advancement.

Our employees are a key asset for the Group, and to each I extend my personal thanks for a year of commitment and their individual efforts to achieve a level of improved excellence.



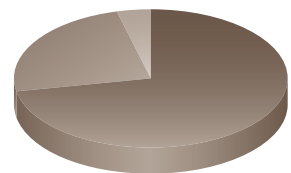
Stephen Gillies

Total Turnover
by major division 2002



- Engineering 29%
- Infrastructure 16%
- Mining 35%
- Rail 17%
- Other 3%

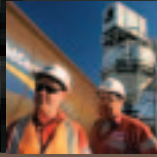
Total Turnover
by location 2002



- Australia 72%
- New Zealand/Pacific 24%
- Asia 4%

1 integrated services:
4 mining





chief financial officer's review Geoffrey Bruce

Financial Performance

Despite the difficult period for the financial markets globally over the last twelve months, Downer EDI has produced record levels of turnover and profit after tax. Turnover for the year was \$2.6 billion, an increase of \$900 million over 2001.

By division:

- Engineering turnover increased 69% to \$741.2 million;
- Mining turnover increased 71% to \$912.9 million;
- Infrastructure Services remained relatively constant at \$425.5 million;
- Rail increased 145% to \$428.4 million;
- Resources increased 9.1% to \$91.5 million; and
- Discontinued businesses (building products) and inter segment eliminations accounted for the balance.

Earnings before interest, tax and amortisation of intangibles (EBITA) for the 2002 year was \$128.7 million, an increase of \$28.2 million (28%) over the 2001 year. Net interest expense for the year was \$34.1 million (2001 \$25.9 million). The EBITA to net interest coverage ratio stands at 3.8 times.



Depreciation and amortisation amounted to \$108.0 million (2001 \$82.1 million), with net additions to property plant and equipment at \$63.1 million, well within this charge.

The Group has been able to maintain an effective tax rate of 28.8% (2001 28.9%).

This is primarily due to the effect of overseas tax rates and research and development claims.

Net profit after tax was \$56.4 million, an increase over 2001 of \$10.9 million (24%). This equates to earnings per share of 5.8 cents (2001 6.1 cents per share).

Accounting policies and basis of preparation

The financial statements have been prepared in accordance with Australian accounting standards, Corporations Regulations and other mandatory professional reporting requirements. There has been no material change in accounting policies adopted by the Group during the year.

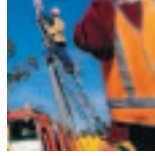
Cashflow and capital expenditure

The operating cashflow for the year was \$47.4 million (2001 \$70.5 million). This reduction in cashflow reflects the strong revenue growth of the Group, its associated working capital funding requirements and the funding of the first stage of the

Millennium train contract for the State Rail Authority of NSW. This contract should generate operating cashflow of some \$150 million in 2003, in line with the scheduled delivery of completed car sets. Working capital increased during the year from \$284.3 million to \$417.7 million.

Investing activities in the current year were substantially lower than the prior year (prior year level significantly influenced by Evans Deakin Industries Ltd takeover). Major investing activity in 2002 related to the acquisition of JR Engineering Services and the addition of their core competencies to our Mining division. Net investing activities amounted to \$75.7 million.

Net debt decreased from \$477.0 million at 30 June 2001 to \$447.0 million and Net Assets of the Group increased \$123.5 million to \$709.6 million at 30 June 2002. Net gearing (net debt to market capitalisation) has improved from 44.9% to 38.6%.



Financial position

Net assets of the Group have increased from \$586.1 million in 2001 to \$709.6 million in 2002 (an increase of 21.1%). Major contributors to this increase flow from:

- The conversion of convertible notes to equity (\$35.0 million);
- Equity raised during the year (\$34.3 million);
- Equity issued as part consideration for the acquisition of businesses (\$16.4 million);
- Equity raised following the exercise of options (\$15.0 million);
- Dividend reinvestment plan elections (\$11.5 million);
- Net profits retained in the business (\$28.0 million); and
- A negative movement in reserves of \$16.8 million, principally brought about by a strengthening of the Australian dollar against relevant foreign currencies

and its effect on the foreign currency translation reserve.

Banking facilities and treasury risk management activities

To manage risks associated with interest rate fluctuations on long term investment decisions, 41% of the Group's borrowings are at fixed interest rates at 30 June 2002. The Group's overseas subsidiaries are partly funded by way of currency borrowings, thus reducing the impact of movements in exchange rates. Whenever material transactions are undertaken involving currency rate exposures, the currency risk is hedged. Given the small amount of US denominated assets, exposures to US\$ borrowings (both principal and interest) are fully hedged. No speculative hedge or interest rate swap contracts are entered into. Debt facilities at year end totalled \$875.9 million, with a maturity profile of 35.6% due

within twelve months (20% of which is renewable annually), 17.1% in 1 to 2 years and 47.3% extending out for periods up to 12 years. The Group also maintains facilities in the surety market for performance bonds in respect of a number of its operating businesses. Other than \$32.3 million, all debt and surety facilities are provided on an unsecured basis.

Total available liquidity at year end amounted to \$428.4 million comprising net cash of \$105.8 million and undrawn lines of \$322.6 million.

Capital management and dividends

As part of the Group's capital management structure, a dividend policy has been established to reflect a sensible balance between providing shareholders with an appropriate yield on their investment and ensuring adequate capital will be available to facilitate expansion

of the Group. \$5.2 million in dividends were paid/provided on the Group's converting preference shares. Total dividends (unfranked) on ordinary shares paid or provided during the year amounted to 2.4 cents, an increase of 14% over the prior year. Total dividends paid or provided in respect of the 2002 year approximated 50.3% of net profit after tax. Shareholders should note the existence of a Dividend Reinvestment Plan (DRP). Shareholders have until 29 October 2002 to elect whether to participate in the DRP. Accordingly, shareholders are able to consider subsequent share trading prices to determine whether a further benefit can be obtained through participation in the DRP.

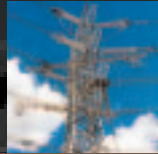
Geoffrey Bruce

1 integrated services:
8 power



review of operations (major divisions)

19



engineering

providing single source solutions

20

Downer EDI's Engineering Division (Downer Engineering) specialises in telecommunications, power, capital works and process engineering. Its key markets are Australia, New Zealand, Pacific, Hong Kong and South East Asia.

Performance and activities for the year

The 2002 fiscal year saw strong turnover growth for the division to \$741.2 million from \$438.6 million in the previous year on the back of increased activity in the telecommunications and power sectors.

The division's EBITDA was \$45.3 million which also showed a strong increase on the previous year amount of \$33.5 million. Continuing the trend from previous years, some 38% of revenue is now derived from maintenance and service contracts (up from 22% last year).

Principal revenue was derived from Australia, New Zealand and the Pacific (86.7%) and Asia (13.3%). The division's contribution to Group turnover was 28.7%.

A disappointment for the year was the less than satisfactory contribution from Capital Works operations, which represented \$379.5 million in turnover and an EBITDA contribution of only \$1.3 million. Focus for this coming period is on substantially improving the EBITDA contribution from this part of the business.

The division further leveraged its skills and capabilities in design, build and maintain across a range of engineering services to provide clients with single source solutions.

In New Zealand, the capital works group and the electrical contracting arm of the power group combined to provide services to Auckland City Council in the Britomart Project, a prestigious central Auckland transport interchange. The win was

followed up by securing the adjacent projects of the Central Post Office refurbishment and No. 1 Hobson Street development.

In order to provide comprehensive and seamless services to clients in the power sector, the division has taken steps to consolidate all power and electrical related operations into one entity, Downer Engineering Power, further streamlining the division's structure and efficiency in providing services.

Downer Engineering continued its strong performance in the service delivery of **telecommunications** contracts for Telstra in Australia and in provisioning and maintenance contracts for Telecom New Zealand. At the start of the fiscal year Downer Engineering moved to 100%

Christopher Denney

Chief Executive, Engineering Division

Christopher (52) has wide experience at the executive management level of multi-disciplined engineering services incorporating process engineering, telecommunications, power industry and building and civil engineering capital works in Australia, New Zealand and across the Asian region. BE Civil F.IE (Aust).

ownership of the Lucas Downer Joint Venture and continued to seek out value-add initiatives to all areas of these service contracts.

The division has also developed a capacity for BTS roll out work in Australia being one of the selected contractors to Orange, and has commenced supplying these services into Asia. In long haul optical fibre cable roll out contracts, during the year the division completed a 300km section of cable for AMCOM, completed design and land acquisition for NAVA and is near completion of the design and construction of 435km fibre cable installation concurrent with gas main installation in Tasmania.

In **power**, Downer Engineering secured significant work in all sectors of operation. In

electrical contracting, work was secured on the Dalrymple Bay ship loader in Queensland, the Playford Power Station for NRG South Australia, maintenance contracts for Powercor in Portland Victoria and construction work for the West Angeles mine development in Western Australia.

Key projects awarded to the power transmission group during the year were the 275kV Stanwell to Broadsound for Powerlink in Queensland and the 132kV Pinjar to Cataby and Eneabba for Western Power. Both are major power transmission projects which supplemented a steady volume of smaller transmission and OPGW re-fit work.

In power cogeneration, contracts are being finalised in joint venture for the design and construction of plants at

Broadwater and Condong in NSW, and the Group has been nominated as the preferred tenderer, again in joint venture, for proposed cogeneration plants at the Pioneer and Maryborough sugar mills in Queensland.

During the year, the power group commenced contracting operations in New Zealand in support of the division's other major project initiatives and has recently resourced the South East Asian operations to pursue similar opportunities. Downer Engineering has been short listed for a major power project in New Zealand.

In **capital works**, Downer Engineering secured two significant infrastructure projects in Australia being the Bedminster Waste facility in Cairns and the Energy Australia tunnel in Sydney. The waste

facility is a forerunner in what potentially could be a series of similar projects to be built in Australia and across the region. The tunnel is a continuation of the company's long history in providing specialised civil construction services. The division has also taken on the role as project manager for the PURD rail depots in Western Australia on behalf of the Group's rail division joint venture.

The company continued its delivery of remote area projects in PNG, Fiji, Tonga and elsewhere in the Pacific for Aid fund providers. New projects included Nadi Lautoka Water Supply Fiji, Taveuni Hospital, Fauna Wharf Development Tonga and Goroka Library in PNG.

Infrastructure projects secured in Hong Kong during the year

2002 engineering continued



included Northpoint Water Supply, Wanchai Sewers, Tai Kok Tsui Drainage and the refurbishment of the Central Ferry Piers, whilst in Singapore, the building contracts of Adam Park (residential) and S.T. Microelectronics formed new base load work. The year has been one of establishing the wider Downer Engineering capability across the Asian business areas.

The process engineering group has continued its strong market position in New Zealand with the securing of the Westlands Drier project in the South Island and a series of plant upgrades elsewhere. In Australia work is being undertaken for Dairy Farmers and Murray Goulburn including the Jervois Plant in South Australia and Koroit and Cobram packing projects. In Asia, initial contracts have

been undertaken for Kraft and Heinz for plant upgrades and relocation.

Safety and environment

New Occupational Health and Safety initiatives were developed throughout the division's operations across the region, which unilaterally have enhanced health and safety management performance. These initiatives included greater senior management accountability and a structured safety auditing process together with work team (both direct and subcontract) ownership of health and safety outcomes. Health and safety objectives continue to be a key deliverable of each of the business areas and performance monitoring against these objectives is the responsibility of all involved.

Environmental management continues to take on greater importance in the successful delivery of project and business outcomes and the division continues to build on its record in this regard securing ISO 14000 accreditation in many parts of its operation.

Community

The community consultative process is integral to many parts of the Downer Engineering activities particularly in major infrastructure initiatives and the contract services business involving customer interface. The local area business deliverers are continuing to recognise the benefits of community involvement in the planning and execution of both projects and services business. Effective branding of Downer

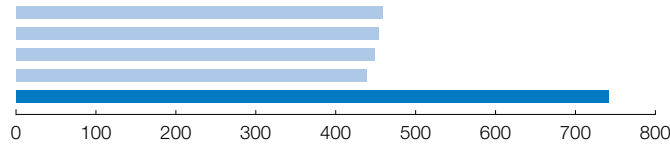
Engineering's operations has enhanced the professional image of the company and clearly defined community interface.

Outlook

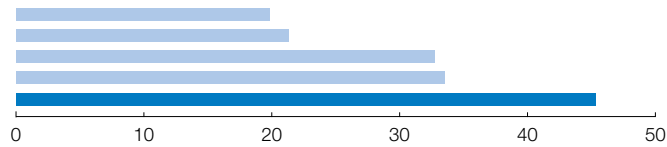
The division's prospects for steady ongoing growth in the 2003 fiscal year and beyond remain very good. The division is well structured in its operating disciplines of telecommunications, power and capital works, has developed its cross-selling capability and is ideally positioned to take advantage of the anticipated increased activity level likely to be available for multi-disciplined contract service providers. The telecommunications industry worldwide has gone through considerable change in recent times with carriers and

engineering results in summary

total turnover 1998 \$459.0 million
 total turnover 1999 \$453.9 million
 total turnover 2000 \$448.4 million
 total turnover 2001 \$438.6 million
total turnover 2002 \$741.2 million



EBITDA 1998 \$19.8 million
 EBITDA 1999 \$21.3 million
 EBITDA 2000 \$32.7 million
 EBITDA 2001 \$33.5 million
EBITDA 2002 \$45.3 million



vendors having to look at how to adjust to market conditions.

While the level of activity available for contractors providing services to this industry is anticipated to be steady in the coming year, the mix of work is changing in character and in content.

Downer Engineering with its broad skills base and significant critical mass is well placed to grow its existing activities by providing a wider range of contract services.

With the anticipated recovery in mining and processing in Australia, good prospects in electrical services will be available to supplement a strong order book existing at the start of the 2003 year.

There are also indications of strong investment in the energy sector which will create opportunities for the division's

power distribution, power transmission and power generation engineered services.

The New Zealand and Australian construction outlook is forecast to be strong with a sustained upturn in the coming years, creating select opportunities for the division.

The Asian market is expected to remain tight in the developed markets of Singapore and Hong Kong with gradual pick up in the developing countries of South East Asia.

operational overview

Division head office

Sydney Australia

Established

1940

Number of employees

Over 3,500

Major clients

Telstra, Telecom NZ, NDC, Maritime Services Authority NZ and Tas21.

Powerlink, Western Power, Stanwell Corporation, Delta Energy, Powercor, Alstom, Siemens, Tarong Power Station, Callide Power Station, Loy Yang, Clough, Bechtel, Transgrid, Yokogawa, Invap and Woodside.

Auckland City Council, Transit New Zealand, Fonterra, Delegats Wines, Fiji Public Works, Heinz, Kraft, EWT, Energy Australia, Dairy Farmers, Murray Goulburn, AusAid, PNG Public Works, Hong Kong Works Bureau, Hong Kong Drainage Department, Hong Kong Territories Development Department and Singapore Post.

infrastructure

a commitment to excellence, innovation and service

24



David Cattell

Chief Executive, Infrastructure Division Australia

David (39) has over fifteen years experience in construction and infrastructure project management, including rail, road, mining, quarrying and other large scale works. BE (Civil) Hons, MBA, FIE (Aust)

Downer EDI's Infrastructure Division (Works Infrastructure) is a leading provider of routine maintenance, preventative maintenance and construction services to the road and rail sectors in Australia and New Zealand.

In addition, the division manages the delivery of other infrastructure services to local government including water treatment and reticulation, wastewater and sewage treatment and reticulation, refuse disposal and landfill operation, urban environmental activities and the tending of parks and reserves.

Other specialist civil engineering services include special pavements, mine infrastructure engineering, rail engineering and land development.

Performance and activities for the year

Operating turnover for the year was on a par with the previous year at a level of \$425.5 million. The division's contribution to Group turnover was 16.4%. EBITDA was also at a similar level at \$35.8 million, compared with \$36.2 million last year. The result was lower than expected due largely to protracted inclement weather in New Zealand during the first half of the year.

Revenue is principally derived from New Zealand (74.9%) and Australia (25.1%).

Downer EDI continues to invest in asset management services provided by Works Infrastructure in the principal markets of road, rail and other infrastructure services, such as water treatment and

wastewater. Works Infrastructure's focus during the year was on continuing to build a solid long term client base and on enhancing its offering to clients through technical innovation and service.

Recognising the opportunities for growth in infrastructure maintenance services which exist in both the New Zealand and Australian markets, chief executives in each country were appointed in the latter half of the year to focus on business growth, operational efficiencies and client service.

In Australia, the division sees opportunities for expanding its road maintenance business and is focusing on small scale developments, with operational coverage of Territory and Local Government road work in the Northern Territory expected to be finalised shortly.



Brent Waldron
Chief Executive, Infrastructure Division New Zealand
(from July 2002)

Brent (41) has been associated with companies with a strong customer focus and has extensive management experience in commerce and finance covering the retail, forestry, engineering and banking sectors. M.Com (Hons), CA, CTP.

In New Zealand, Works Infrastructure has been successful in establishing and implementing long-term performance specified service agreements in the roading sector, in particular its five long term Transit New Zealand maintenance contracts made up of one ten-year and four five-year contracts.

Works Infrastructure also successfully implemented long term road maintenance contracts for local authorities, including its first roading professional services network management contract with Rodney District Council.

Overall, the division has maintained its market share in the roading sector and has secured its position for the 2003 year through the retention of key contracts.

These roading contracts, along with other Local Authority services contracts and construction works in hand have contributed to the position of having 57% of next year's work in New Zealand secured.

The performance of the New Zealand bitumen supply and surfacing operations was an improvement on the previous year, due largely to the more stable position in world oil prices. Strategies are in place to build on this position over ensuing years.

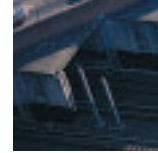
Performance of the division's Australian operations, both in Western Australia and Victoria, has been strong with growth in the areas of mine infrastructure and urban development offsetting the general reduction in civil construction work. While the division was unsuccessful in its bid for Victorian Fast Rail

projects, rail infrastructure maintenance work continued at a satisfactory level, with scope to further build on this business.

Of particular note during the year was the growth in opportunities associated with other Downer EDI divisions, with three streetscape improvement projects within the City of Perth won in conjunction with Downer Engineering, two mine infrastructure projects at Greenbushes and Thunderbox mine sites in conjunction with Roche Mining and a railway track and electrification project at the new Nowergup Depot with EDI Rail.

Works Infrastructure continues to focus its efforts on being the preferred supplier of services in infrastructure and asset maintenance and capitalising

2016 infrastructure continued



on opportunities which provide ongoing or longer-term work for its broad range of engineering skills and resources.

Safety and environment

Works Infrastructure continues to focus on safety in the workplace as a critical business issue and a key achievement area.

Substantial gains in workplace safety were achieved during the year. In New Zealand, a reduction in the twelve month rolling average lost time injury frequency rate (LTIFR) of 72% to 4.4 was achieved, confirming safety management for the company as meeting best practice. In Australia, the management program has seen a reduction in the LTIFR to zero, which has been sustained for the last six

months. This achievement coincides with the third party certification of the business system to ISO AS/NZS 4801:2001.

Substantial and corresponding reductions in rehabilitation costs and severity (time lost per injury) were also achieved. In New Zealand, the division has retained accreditation at Tertiary, the highest level of the Accident Compensation Corporation Partnership Program. The division continues to meet and improve upon the exacting standards of this program. In Australia, the business has seen a reduction in the workers compensation risk rating to a low/medium risk. This achievement reflects the businesses commitment to best practice in incident prevention and proactive rehabilitation initiatives.

Works Infrastructure takes very seriously its responsibilities towards the care of the environment in its activities, and ensures its practices take into account the environmental management requirements desired by its customers as well as those required to meet all applicable licence and regulatory requirements. These principles are applied to our own operating and manufacturing business sites as well as those which we operate on behalf of our customers.

In New Zealand, a planned program of internal and external audits and inspections has ensured compliance with systems and identification of improvement initiatives. In the next year the division will focus on the achievement of combining environmental,

health and safety and quality systems in gaining accreditation to ISO AS/NZS 14001:1996. In Australia, the business has attained third party certification of its business system to ISO AS/NZS 14001:1996.

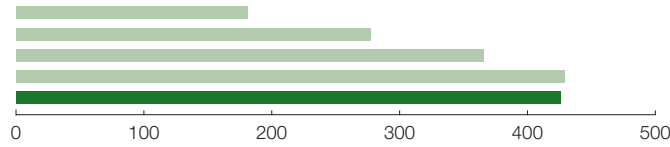
Outlook

The outlook for outsourcing in the key markets of road and rail maintenance is positive as government and private owner/operators continue to explore ways to improve efficiencies and operate and maintain networks. Works Infrastructure is well placed in the New Zealand and Australian markets to provide these services, and selected Asian markets also offer opportunities for growth.

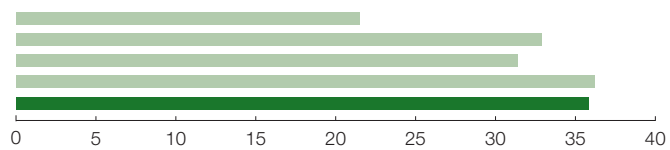
At the same time, the division will continue to explore

infrastructure results in summary

total turnover 1998 \$180.8 million
 total turnover 1999 \$277.3 million
 total turnover 2000 \$365.8 million
 total turnover 2001 \$428.7 million
total turnover 2002 \$425.5 million



EBITDA 1998 \$21.5 million
 EBITDA 1999 \$32.9 million
 EBITDA 2000 \$31.4 million
 EBITDA 2001 \$36.2 million
EBITDA 2002 \$35.8 million



opportunities for outsourcing and long term maintenance and asset management services in other target markets that will benefit from the division's depth, skill base and ability to bring technical innovation to the delivery of services.

It is expected that a growing number of initiatives suitable for the combined business of the Downer EDI group will give rise to inter divisional synergies and enable Works Infrastructure to leverage new business opportunities.

The presence of a significant Australia-wide business headquartered in Melbourne, building on the gains already made in Western Australia and Victoria, is in its development stages.

operational overview

Divisional head office

New Zealand - Auckland

Australia - Melbourne

Established

The division has a long and well-established presence in New Zealand and Australia, dating back 130 years and 40 years respectively.

No. of employees

Currently 2,570 people in 14 operating units located in 99 branches, offices and depots.

Major clients

- | | |
|---------------------------|-----------------------------------|
| Transit New Zealand | Freight Australia |
| Rodney District Council | Australian Rail Track Corporation |
| Auckland City Council | BHP |
| Department of Corrections | Main Roads Western Australia |
| Rayonier New Zealand | Satterley Property Group |
| Fletcher Forests | |

mining

progressing our program of continuous improvement

2002



Downer EDI's Mining Division (Roche Mining) is a leading provider of comprehensive, turnkey mine management and minerals processing services. During the year, Roche Mining continued to grow, leverage and deliver on its service model for the mining industry, in particular through continued development of the division's blasting services and minerals processing capabilities, as well through the division's more traditional open cut and underground mining capabilities.

Highlights during the year included the award of engineering design contracts for BeMaX's Ginkgo Mineral Sands Project and Hamersley Iron's Brockman Crushing Plant, major open pit coal contracts for the Coppabella and Wambo mines, further underground coal contracts and the company's first contract to supply a coal handling and preparation plant for the Jellinbah mine in Queensland.

Performance and activities for the year

For financial year 2002, turnover increased 71% from \$534.1 million to \$912.9 million, 35.3% of the Group's total turnover.

The division's EBITDA was \$102.7 million compared to \$68.7 million last year.

The growth in turnover was primarily due to the award of major contracts in the coal sector and the contribution of JR Engineering Services. Uncompleted work on hand at year-end was a record high of \$2.2 billion, an increase of 40% on the previous year.

99% of the division's revenue was generated in Australia.

Globilisation of mining companies, world economic slowdowns and increasing acceptance of outsourcing as a business management tool have focused Australian mine managers on the benefits of outsourcing some or all of their mining operations and processes. Their objective is to reduce costs, improve process efficiencies and allow management to focus on better end-market management.

Robert Logan

Chief Executive, Mining Division

Robert (54) has been actively involved in mining and construction for nearly thirty years, gaining experience in a number of engineering disciplines in Australia, USA and South East Asia. Dip.Eng (Civil), BE (Civil), M.Eng.Sci.

Roche Mining has taken steps during the year to position the company for further opportunities expected to arise from this trend.

The company further enhanced the capability of its blasting services with the introduction of Sasol Chemicals as an equal partner in the development of the blasting services business going forward.

In October 2001, Downer EDI completed the acquisition of Perth based mine engineering, design, construction and maintenance company JR Engineering Services, subsequently renamed Roche Mining (JR), and the company has been integrated into the division's structure. The addition of Roche Mining (JR) has substantially enhanced Roche Mining's capability to establish and execute a full

delivery mechanism to the company's mining clients.

Longer term full mine management contracts, which embrace a wider range of services and mine management skills, have been developed at various mine locations, including Ulan, Millmerran, Wambo and Coppabella.

A particularly pleasing development was the purchase, disassembly and relocation of a Marion 8,200 dragline from the United States of America to Central Queensland for the expansion of the division's coal contract at Coppabella. This machine is currently being re-assembled and refurbished on site for commencement of operations early in 2003.

Approximately \$1.1 billion of new work has been added

to the order book since June 2001, of which 53% was extensions to existing contracts, 14% was new work with existing clients and 33% was work with new clients. Repeat work has been secured with Australian Premium Coals, Croesus, Iluka, Newmont, WMC, Xstrata and the power utilities in Victoria's Latrobe Valley. The level of repeat work is particularly pleasing as it indicates the division's ability to maintain competitiveness and relationships with these clients.

In the Latrobe Valley, Roche Mining is part of a joint venture (RTL) which recently formed an alliance with Yallourn Energy for ongoing works at their Yallourn mine site. This alliance will oversee the introduction of alternative mining methods at the mine, which will reduce costs and increase efficiencies. RTL has contracts with all three

30 mining continued



major power generators in the Latrobe Valley and a history of steady expansion and profitability. RTL's annual turnover will exceed \$100 million in financial year 2003.

During the year, Roche Mining continued to focus on continuous improvement and to further improve operating efficiencies. With the growth and diversification of the division in recent years, and growing opportunities for cross-selling of services, the division undertook a restructuring and realignment into two business streams: Mining (comprising open cut, highwall and underground capabilities) and Services (comprising current and future service functions in mineral processing and technology, blasting and engineering services).

The new structure is designed to further streamline seamless service to clients, improve efficiencies and better manage risk, and position the organisation for expected growth.

Safety, Environment, Community

Roche Mining's continuing emphasis on safety in the workplace achieved pleasing results during the year, with reductions in all indices. The twelve month rolling average lost time injury frequency rate for the division, including open pit and underground mining, blasting services, mineral technologies and process engineering, was 2.6.

Regular audits of the division's operations are carried out to ensure compliance with well established systems.

The division considers care of the environment an integral part of its business and develops and implements environmental management plans for clients in accordance with their requirements and to meet all applicable licence and regulatory requirements. The division has adopted the Mineral Council's Code of Environmental Management as the benchmark for responsible care and attention to environmental matters.

The Mining Division understands the need to work with the local communities in its operating areas – in particular, offering employment for the surrounding people, business opportunities for local industries and engaging in local community programs. Working with, and respecting the values and beliefs of indigenous Australians is also a continuing

commitment.

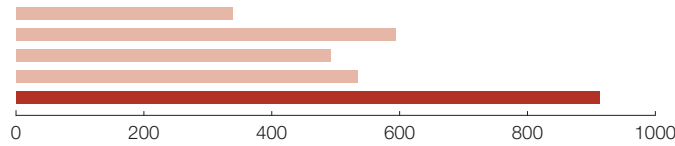
Over the past year, the division has continued to foster relationships with aboriginal communities in the areas in which it operates, particularly in the Northern Territory where up to 40% of the workforce on its contract at the Granites for Newmont are indigenous.

Outlook

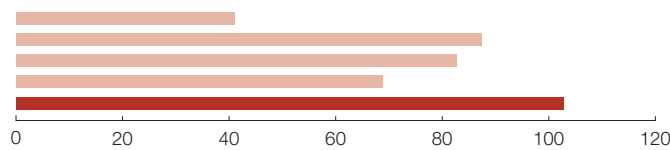
The trend towards mine owners outsourcing longer term turnkey mining services is expected to continue as companies respond to the globalisation of the industry, world economic conditions and focus on end-market management of their businesses. Roche Mining, with its strong client relations, depth of expertise across all aspects of mine operations and services, geographic spread and ability to leverage the total

mining results in summary

total turnover 1998 \$339.0 million
 total turnover 1999 \$593.9 million
 total turnover 2000 \$492.5 million
 total turnover 2001 \$534.1 million
total turnover 2002 \$912.9 million



EBITDA 1998 \$41.1 million
 EBITDA 1999 \$87.4 million
 EBITDA 2000 \$82.6 million
 EBITDA 2001 \$68.7 million
EBITDA 2002 \$102.7 million



Downer EDI capability, is well positioned to provide mining companies with these services both in and outside Australia.

In addition, the division continues to see opportunities in the coal sector and in proposed mineral sands developments in New South Wales, South Australia and Victoria. The ability to expand its blasting services capability with the involvement of Sasol Chemicals is also expected to lead to new business opportunities.

The division will continue to build on asset management contract opportunities and leverage its significant existing network and cross-selling capability.

Expansion of its employment and training of indigenous Australians remains an important focus for the division.

operational overview

Division head office

Brisbane, Queensland.

Established

Since 1922 Roche Mining has been involved in Australia and the Pacific-Rim.

No. of employees

Approximately 2,300 people depending on level of activity.

Major clients

- | | |
|---|--|
| AngloGold (Sunrise Dam, Union Reefs) | Intergen (Millmerran) |
| AurionGold (Paddington) | Lionore Aust (Thunderbox) |
| Australian Premium Coals (Coppabella) | Newmont (Granites, Groundrush, Wiluna) |
| BHP Billiton (Mt Arthur North) | Pasminco (Century Zinc) |
| Croesus (Daisy, Davyhurst, Fort William, Harlequin) | Rio Tinto (Northparkes) |
| Excel Mining (Wambo) | WMC Resources (Mt Keith, Olympic Dam) |
| Sons of Gwalia (Greenbushes) | Xstrata (Beltana, Ulan) |
| Gympie Gold (Lewis Mine) | Yallourn Energy (Latrobe Valley) |

rail

your partner in performance

2003



Danny Broad
Group General Manager, EDI Rail

Danny (47) has over twenty years of extensive experience in senior management positions in both the manufacturing and construction industries. He is able to draw on engineering and project management skills and has been involved in the rail industry for five years. BE (Civil), GradDipBusAdmin, MIEA

The Rail division consists of two organisations EDI Rail and Walkers Pty Ltd.

EDI Rail is Australia's leading designer, manufacturer and maintainer of locomotives, passenger rail cars and freight wagons. Walkers manufactures rollingstock for EDI Rail and is a significant manufacturer of sugar refining equipment, mining and engineering equipment. Key markets are Australia, New Zealand and South East Asia.

EDI Rail continues to position the organisation and leverage its capability as Australia's premier provider of total management packages in rollingstock and locomotive supply and maintenance services, either solely or in joint venture.

For the reporting period, turnover was \$428.4 million and EBITDA was \$25.0 million. Principal revenue was derived from rollingstock 84.9%, mining & engineering 11.7% and sugar 3.4%. The division's contribution to Group turnover was 16.5%.

Performance and activities for the year

The major highlight for the year was the successful commissioning and hand-over to the State Rail Authority of

NSW (State Rail) of the first of twenty Millennium train double deck four-car sets, with completion of the Stage 1 order scheduled for September 2003. Delivery is accompanied by a fifteen-year maintenance contract.

The innovative design of this world-class train, developed by EDI Rail in Australia, includes state of the art impact resistance and, for passengers, a superior, quieter ride and comfort inside. Passenger feedback has been very positive.

Other significant achievements included the completion of thirty eight heavy haul locomotives for Queensland Rail (QR), the design and manufacture of the Cairns Tilt Trains for QR and the handover to QR of the four passenger

trains for the Airtrain project in Brisbane. The design, manufacture and delivery of sixty five ballast wagons for the Alice Springs to Darwin Rail Construction Project and the overhaul of eight locomotives for this project were also successfully completed.

Core long term locomotive and rollingstock maintenance and refurbishment contracts continue to perform well. In Victoria, the division has completed over 50% of the deliveries of the Victorian passenger railcar refurbishment project for National Express. Ongoing maintenance of locomotives and freight wagons for Australian Railroad Group and Pacific National, and passenger vehicles for National Express, has been sustained at high levels of activity.



Max Voigt
Group General Manager, Walkers

Max (48) has over twenty years experience in the heavy engineering industry in manufacturing and senior executive management roles, with responsibilities throughout Australia, Malaysia, New Zealand and Britain. DipMet, GradDipBusAdmin.



Our order book was strengthened by the award of contracts for the supply and maintenance of ninety three passenger railcars for the Perth metropolitan network and the supply and maintenance of new locomotives and freight wagons for the new Alice Springs to Darwin rail link.

With the pending completion of prerequisite in-service tests on an eight-car Millennium train set, the company expects to complete contractual arrangements with State Rail for the Stage 2 order involving the supply of a further fifteen four-car sets and their maintenance over 15 years. The contract also allows State Rail a Stage 3 option for a further fifteen four-car sets. In addition, EDI Rail has submitted a tender for State

Rail's Outer Suburban train, with a decision expected at the end of this calendar year.

Joint venture activities continue to strengthen EDI Rail's market position in Australia and, potentially, in overseas markets. The company's joint venture activities with Bombardier Transportation led this year to the award of the \$437 million supply and maintenance contract in Perth and agreements for the supply and maintenance of passenger vehicles for the Victorian Government's regional fast train project worth over \$100 million to EDI Rail.

Walkers' focus for the year centred on pursuing new opportunities in the sugar, engineering, industrial and mining markets to offset a reduction in rail activity at the

Maryborough workshops as several major Queensland Rail projects were completed.

Mining and Engineering revenues were above last year and in line with budget, but gross margin was below budget primarily due to margin erosion, reflecting a very competitive market, with a lack of significant available projects.

Sales to the domestic sugar market were up on last year with a new design Evaporator for Broadwater Sugar Factory being commissioned and a four-roller mill commissioned for CJ Ord (WA) Sugar Factory, which was the first such installation for the Australian sugar industry. A strong presence in the offshore market was maintained, with shipments to Sudan, Ethiopia and Mozambique. Three waste



digesters (each weighing over 300 tonnes) were manufactured by Walkers for the Cairns City Council as part of Downer Engineering's Bedminster Waste facility project in Cairns.

Subsequent to year end, some downsizing of the Walkers operations at Maryborough has occurred to reflect a size of operation in keeping with anticipated lower levels of activity.

Safety and the environment

We introduced a new program during the year to further heighten the awareness of working safely in the workplace. The program was aimed at reducing medically treated injuries. This program has proven highly successful in

the first year of operation. Reductions in Lost Time Injury Frequency Rate (LTIFR) have been achieved, yielding another year of improvements, which reflect the ongoing attention and commitment to an improvement in safety performance.

Third party environmental audits are completed annually at each major location to ensure compliance with legislation. We operate within the appropriate State environment licences and recognise our responsibilities in not damaging the environment.

Community and employment

Our labour force strategy is to employ and train people from the local area adjacent to our facilities. We support the local

communities by, for example, hiring and training apprentices.

Outlook

The continuing trend away from road to rail for freight transport, increased privatisation and the leverage possible through alliances continue to present opportunities to EDI Rail. Growth in maintenance work is expected as rail operators undertake more outsourcing. The division's capability to provide client's with "complete package" solutions either solely or in joint venture places it in a strong position to win new work. Leveraging and cross selling opportunities with other divisions within Downer EDI are also expected to increase.

The Millennium Train Stage 2 order will have little impact on the 2003 financial results. The

first delivery is expected midway through the following year.

The ongoing poor business conditions in the Australian Sugar Industry will see continued low levels of expenditure on plant and equipment, whereas several significant offshore opportunities exist for the Walkers business, which should underpin the company's sugar activities for 2003.

The Mining & Engineering/Industrial markets will continue to provide the Walkers business with major revenue streams, with new opportunities becoming available from new mining and infrastructure projects in Queensland and New Caledonia.

rail results in summary

total turnover* 2001 \$174.8 million
total turnover 2002 \$428.4 million



EBITDA* 2001 \$18.7 million
EBITDA 2002 \$25.0 million



*For the reporting period when EDI Rail was part of Downer EDI

operational overview

Division Head Office

EDI Rail – Sydney, Australia

Walkers Pty Ltd – Maryborough, Queensland

Established

Both companies have been operating for over a century

No of employees

1300 to 1500 depending on work volumes

Major clients

Queensland Rail, Pacific National, State Rail Authority of NSW, Australian Railroad Group and National Express.

Kenana Sugar Company (Sudan), P&H Minepro, Jaques, Australian Sugar Mills, Argyle Diamonds, Ernest Henry, Alumbreira, Qld. Nickel, Finchaa (Ethiopia), Alcoa and C.J. Ord.

board of directors

The collective energy, shareholder commitment and financial responsibility of our Board of Directors underpins Downer EDI's business focus – both financial and non-financial.

3



The Board of Directors establishes Downer EDI's long-term goals, develops strategic plans to achieve these goals and monitors the company's overall performance.

Members of the Board represent Downer EDI's strategic shareholders and business leaders who bring complementary and suitable qualifications and experience to serve the best interests of the shareholders.

Mr Tom Lau

(51) is a Non-Executive Director and Chairman of the company. He has over 29 years of international corporate management experience in the construction industry. Mr Lau is also the Deputy Chairman of Paul Y. - ITC Construction Holdings Limited and ITC Corporation Limited, an alternate director of China Strategic Holdings Limited and a Director of New World CyberBase Limited, companies which are listed on the Hong Kong Stock Exchange.

Mr Stephen Gillies

(42) is Managing Director of the company. Mr Gillies holds a Bachelor's Degree in business with a major in accounting and finance and has over 18 years experience in construction, manufacturing, retailing and financial services. Mr Gillies spent a number of years with General Motors in finance before joining Cable Price Downer Limited in 1988. He has been Managing Director of Downer since 1996. He is a Director of The Great Barrier Reef Research Foundation.

Mr Barry O'Callaghan AO

(66) is a Non-Executive Director and is Deputy Chairman of the company. Mr O'Callaghan is a barrister and solicitor, a consultant to the national law firm Corrs Chambers Westgarth, a Partner from 1960-2002, Chairman of Partners of the Melbourne office from 1993 - 1999 and was Manager of the Property and Development Division from 1965 -1992. He serves as Chairman of Mercy Health and Aged Care Inc and is a Non-Executive Director of

the Selpam Group and Monterey Investments. He was formerly a non-executive director of the Linfox Group, Hudson Conway Limited, the Royal Melbourne Institute of Technology Graduate School of Business and the Committee for Melbourne. He was also Chairman of Xavier College Council.

Dr Charles Chan

(47) is a Non-Executive Director of the company. He holds an honorary degree of Doctor of Laws and a Bachelor's Degree in Civil Engineering. He serves as Chairman of ITC Corporation Limited, Paul Y. - ITC Construction Holdings Limited, Hanny Holdings Limited and China Strategic Holdings Limited - all of which are listed on the Hong Kong Stock Exchange - and China Enterprises Limited, a company whose shares are listed on the New York Stock Exchange. He is also an executive director of Ananda Wing On Travel (Holdings) Limited, a company whose shares are listed on the Hong Kong Stock Exchange.

Mr Ross Dunning AC

(60) is a Non Executive Director of the company. He is a professional company director and management consultant. He retired as Managing Director of Evans Deakin Industries Limited in July 2001. He has had extensive experience in rail related activities and was appointed Commissioner for Railways in 1989. Subsequently, Ross served the Queensland Government as Director-General of Administrative Services from 1990 to 1994 and became Chief Executive Officer and Managing Director of Evans Deakin Industries Ltd from 1994 to 2001. Ross is Chairman of Port of Brisbane Corporation and also Chairman of Pacific Power, Powercoal and Gladstone Port Authority and is a Director of Brisbane Airport Corporation and Toll Holdings Ltd.

Mr John Humphrey

(47) is a Non-Executive Director of the company. He holds a Bachelor of Laws degree from the University of Queensland. Mr Humphrey is a Partner in the Brisbane office of Mallesons Stephen Jacques where he



specialises in corporate and resource project work. Mr Humphrey is currently Chairman of Villa World Limited, Deputy Chairman of Mallesons Stephen Jacques and a director of Bligh Oil and Minerals NL. He was appointed to the Board of Evans Deakin Industries Limited in 2000 and, subsequently, to the Board of Downer EDI Limited in April 2001.

Mr Trevor Kennedy

(60) is a Non-Executive Director of the company. Mr Kennedy is Chairman of Oil Search Limited, Cypress Lakes Group Limited and CommSoft Group Limited. He is also Deputy Chairman of CTI Logistics Limited. He is a Director of several other public and private companies including Qantas Airways Limited, FTR Holdings Limited, RG Capital Radio Limited and Qantas Superannuation Limited. He was formerly Managing Director of Consolidated Press Holdings Limited and has previously served on a number of other boards and Australian Government authorities including, the Federal Government Remuneration Tribunal.

Mr Michael Kent

(56) is a Non-Executive Director of the company. He holds Bachelor of Arts and Bachelor of Laws degrees from the Australian National University and a MBA from the University of New South Wales. Mr Kent is a Partner of Capital Z Asia and has over 21 years experience in finance, investment, mergers and acquisitions. He was Finance Director of The Adelaide Steamship Company Ltd and has been on the boards of publicly listed companies in Australia, the UK and the USA, including Woolworths Ltd, Sagasco (Holdings) Ltd, David Jones Ltd and Industrial Equity Ltd. He is admitted as a Solicitor in New South Wales.

Mr Gary Lawrence

(45) is a Non-Executive Director of the company. He holds a Bachelor of Law degree from McGill University, Bachelor of Arts degree from Yale University and a Master of Arts degree from Oxford University. Mr Lawrence is the Managing Partner of Capital Z Asia. Before joining Capital Z,

he was a Managing Director in the Lehman Brothers Merchant Banking Group based in Hong Kong. Prior to joining Lehman, he worked with Tiger Management Corporation in New York as a Managing Director with responsibility for Asian merchant banking and before that was a Vice President of Goldman, Sachs & Co, New York.

Mr Kenneth Roche

(60) is a Non-Executive Director of the company. He is a Fellow of the Royal Melbourne Institute of Technology (Civil Engineering); Fellow of the Institution of Engineers, Australia; Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional Engineer. He commenced work with Roche Bros. in 1966 as a civil engineer and worked on many civil engineering and mining projects. In latter years, he held the positions of Managing Director and Executive Chairman from which he resigned following the sale of the company to Downer in 1997.

Mr Bill Shurniak

(71) is a Non-Executive Director of the company. He holds Honorary Doctor of Laws degrees from both the University of Saskatchewan and The University of Western Ontario in Canada. Mr Shurniak achieved broad banking experience during his 35 year career with Canadian Imperial Bank of Commerce and in 1984, joined Hutchison Whampoa Limited in Hong Kong as an Executive Director and Group Finance Director. He retired on 31 December 1997, but has remained a Director of and a consultant to Hutchison Whampoa Limited. He is a Director and Chairman of both ETSA Utilities and Powercor Australia Limited, a Director of Envestra Limited and a Director and Deputy Chairman of Calgary-based Husky Energy Inc. in Canada. He is a member of the Advisory Boards of the Richard Ivey School of Business at The University of Western Ontario in Hong Kong and Canada, as well as being a Director of the Helpmann Academy and a Councillor of the Australia Business Arts Foundation, South Australia Chapter.

corporate governance



Stewardship, accountability, control

The Downer EDI Board of Directors is responsible for formulating and monitoring the corporate governance and best practices within Downer EDI. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except where otherwise indicated. The Board carries out its responsibilities according to the following mandate:

- the Board should comprise at least three directors, but not more than fifteen;
- the Board should be made up primarily of Non-Executive Directors;
- the Chairman of the Board should be a Non-Executive Director;
- the directors should possess a broad range of skills, qualifications and experience; and
- the Board should meet on a regular basis.

The Board establishes Downer EDI's long-term goals, develops strategic plans to achieve these goals and monitors overall performance. The primary goal set by the Board is the enhancement of long term shareholder value. Responsibilities for the day to day activities of Downer EDI are delegated by the Board to the

Managing Director, Mr Stephen Gillies.

The Board believes in providing quality leadership to drive operational culture and in embracing the highest standards possible in corporate governance.

Membership

Members of the Board of Downer EDI represent the company's strategic shareholders, former executives of acquired businesses, and business leaders who have complementary and suitable qualifications to serve the best interests of the shareholders.

On the day on which the Director's Report is made out, the Board under the Chairmanship of Mr Tom Lau, comprises 11 members: 10 Non-Executive Directors including Mr Lau, and one full-time Executive Director, Mr Stephen Gillies, Managing Director of Downer EDI Limited. A profile of each Board member as of 30 June 2002 is provided on pages 36 and 37 of this report.

Board appointments

In appointing Directors, the Board specifies that members must have an appropriate mix of qualifications, skills, experience and a personal reputation for excellence in industry. The balanced composition of the Board is monitored on an ongoing basis to ensure it meets these requirements. To identify

appropriate candidates, the Board reserves the option of using external consultants.

During the reporting period, Mr William Shurniak joined the Board of Downer EDI replacing Mr Canning Fok, who resigned as a Director. Mr Ting Chan, an Alternate Director for Mr Fok, also resigned from the Board.

Retirement policy

An election of Directors of the Board takes place each year. At the Annual General Meeting (AGM), not more than one-third of the Non-Executive Directors are required to retire from office. Other than the Managing Director, Directors cannot retain office for more than three years (or until the third AGM following their appointment) without submitting themselves for re-election.

Retirement of Board members can be on the basis of "longest in office". If two or more members have been in office an equal amount of time, agreement may be reached, alternatively, retirement may be determined by lot. A retiring Director is eligible for re-election.

An auditor, partner, and/or an employee of an auditor is ineligible to be appointed a Director at Downer EDI.

Board meetings

The Board met 7 times during the year. It is able to convene additional meetings to consider

issues of significance and requiring immediate response. Meetings were convened at various venues.

Responsibilities

The Board maintains full support of the fundamental principle of co-working with management, however reserves its over-riding responsibility for objectively and critically monitoring and controlling all aspects of Downer EDI's performance – whether operational, financial, ethical, entrepreneurial or managerial. Limiting risk and unnecessary exposure of any part of the Group through comprehensive "risk management" strategies underpin the Board's decisions.

The Board gives due regard to, among other issues, the Group's:

- financial, operational, and environmental obligations and standards;
- likely exposure to financial and other risks;
- safety and workplace standards and policies;
- applicable legislation and legal requirements; and
- the calculated or perceived impact on shareholders.

Risk management

The Board seeks to identify and minimise potential risks and exposure of Downer EDI both internally and externally.

It receives and reviews reports from external auditors, insurance advisers, legal representatives, tax advisers and financial planners as required. In this way, the Board ensures appropriate:

- management focus is given to risk identification, measurement and reporting;
- strategies are in place for mitigation of risk;
- segregation of duties, employment and training of suitably qualified and experienced personnel; and
- scope and work programs of external auditors are established, in conjunction with recommendations from the Audit Committee.

The Board also considers:

- adequacy and effectiveness of Downer EDI's systems and operational practices;
- extent of compliance with policies, plans and procedures;
- extent to which assets are accounted for and safeguarded against losses, fraud or inefficiency;
- financial stability, reliability and integrity;
- appropriate remedies for weaknesses identified; and
- ways of enhancing existing risk management strategies, including appropriate segregation of duties, and the

employment and training of suitably qualified and experienced personnel.

Environmental regulation

Downer EDI considers the management of the environment to be an integral part of its business activity. Each Division has in place policies, programs and procedures that assist the company to meet industry environmental standards and the expectations of its customers. There were no significant issues of regulatory non-compliance or any infringements or prosecutions for the reporting period. Further information about the Group's environmental systems and performance can be found in the division sections of this Report.

Code of conduct

Downer EDI recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

As part of this commitment, the Board has adopted a paper "Corporate Practices and Conduct." This covers the Board's:

- responsibilities to shareholders;
- relations with customers and suppliers;
- employment practices; and

- responsibilities to the community.

The Directors recognise that the paper expresses principles only, and is not intended to determine a detailed course of conduct for Directors on any particular matter. By supporting the principles of the paper, the Directors uphold the need for the highest standards of behaviour and accountability.

Employee Code of Standards

The company has introduced a code of standards for all of its employees to assist them maintain the highest standards of integrity and honesty in the day to day performance of their jobs and in any situation where their actions could influence the reputation of the company. In particular, the company requires employees to:

- comply with the law;
- act honestly and with integrity;
- not place themselves in situations that result in divided loyalties;
- use the company's assets responsibly and in the best interests of the company; and
- be responsible and accountable for their actions.

The standards and their implementation are reviewed each year.

corporate governance continued

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Disclosure

In accordance with the Australian Stock Exchange listing rule 3.1, the Directors support a policy of timely disclosure of any matters that may affect security values or influence investment decisions, and information in which security holders, investors and the Australian Stock Exchange have legitimate interest.

The company's approach for release of information is contained in its Information Release Policy.

Independent professional advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the company's expense in connection with their position as a Director. This includes advice on any aspect of Downer EDI's operations or undertakings so that they can fulfil their duties and responsibilities as Directors.

Professional obligation

Without exception, and under all circumstances, Downer EDI Directors have an overriding duty to act in the best interests of Downer EDI, avoid situations of conflict of interest, and not use their position for personal benefit.

Committees of the Board

The Downer EDI Board of Directors considers that delegation of complex and sensitive matters

to Board committees, comprising mainly independent Non-Executive Directors, is the most appropriate, efficient, and productive practice and is in the best interests of shareholders.

Corporate Governance Committee

Members: Mr Tom Lau, Mr Barry O'Callaghan & Mr Trevor Kennedy

The Corporate Governance Committee's role is to determine whether there exists conflict or personal material interest in any given situation, particularly tender bids, based on the following factors:

- whether a strategic shareholder in Downer EDI is a competitive bidder in the matter;
- whether any of the Directors has an interest in any other bidder;
- whether any of the Directors has an allegiance, either through Directorships or otherwise, to other competing parties; or
- any other relevant issues.

Audit Committee

Members: Mr Barry O'Callaghan, Mr Tom Lau and Mr Michael Kent

The Board is responsible for Downer EDI's system of internal controls. It monitors the operational and financial aspects of Downer EDI's activities and, through the Audit Committee, ensures that Downer EDI has

appropriate procedures for the nomination of external auditors and adequate external auditing arrangements.

The Board considers the recommendations and advice of auditors and other external advisers on potential operational and financial risks. In particular, the Audit Committee reports to the Board which then:

- analyses and approves the annual and half-yearly financial statements;
- reviews and adopts Downer EDI's annual budgets for the financial performance of the company;
- monitors financial results and outcomes of the Group; and
- ensures that Downer EDI implements adequate systems of internal controls together with appropriate monitoring of compliance activities.

The Audit Committee generally invites the Managing Director, Chief Financial Officer and external auditor to attend Audit Committee meetings. The Audit Committee also meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their respective roles, including adequacy of internal controls. Downer EDI Limited currently does not have an internal audit function that covers all of its operations. Our external auditors' strategy reflects this fact and they work closely with management and the Board to ensure that the

audit resources are used to their maximum potential.

Remuneration Committee

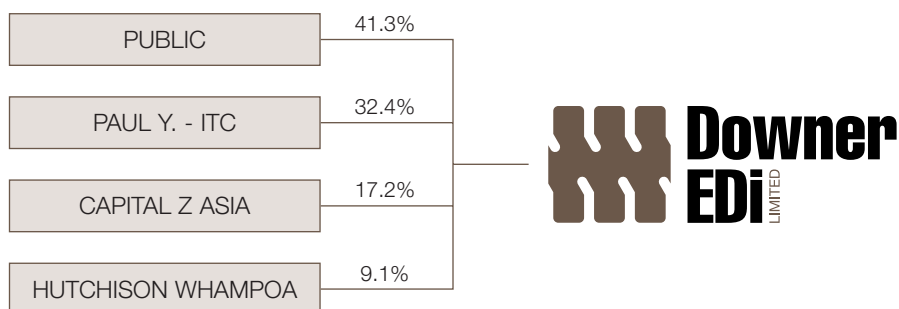
Members: Mr Kenneth Roche, Mr Stephen Gillies, Mr Tom Lau and Mr Michael Kent

The Remuneration Committee's role is to review the remuneration levels, policies and practices across Downer EDI and approve the details of the remuneration of senior executive staff and appointments at senior levels. Attention is given to reviewing the remuneration packages of all Directors. The Committee aims to ensure that Downer EDI's remuneration structure is equitable, competitive in the overall market, and consistent enough to ensure retention of staff with capabilities, and that an effective recruitment strategy is developed.

Particulars concerning Directors' and executives' remuneration and the company's executive option and employee share plan are set out in the Directors' Report.

ownership

Ownership (fully diluted) *



* Ownership percentages on a fully diluted basis, assuming all options, convertible notes and preference shares are converted to ordinary shares.

At 23 August 2002, there were approximately 962,952,523 million ordinary shares and 65,000 thousand converting preference shares on issue for Downer EDI Limited. The chart above indicates the company's current ownership.

Strategic alliances and cooperative working relationships with multinational businesses provide Downer EDI with the benefits and support of a network of corporate relationships throughout Asia and the Pacific-Rim.

In some cases, through representation on the Downer EDI Board of Directors, our strategic shareholders provide expertise and experience in contracting and finance and actively endorse Downer EDI within industry. They also provide extensive business contacts in our key existing and new markets.

Information on Downer EDI's largest shareholders

Paul Y. – ITC Construction Holdings Limited (Paul Y.) is headquartered in Hong Kong and listed on the Hong Kong Stock Exchange. Paul Y. and its subsidiaries (Paul Y. Group) provide a range of construction services, including building construction, civil engineering and specialist works. Paul Y. Group is also involved in the manufacturing of concrete products, property development, hotel operation and strategic investment. Significant investments include Downer EDI Limited; China Strategic Holdings Limited, a Hong Kong listed conglomerate engaging in a diversified range of businesses including manufacturing, property, toll road development, hotel operation and media business; Bongear Enterprises Limited, a provider of elevator and escalator services; and Icofx International Limited, a business enabler for the global construction industry using the Internet.

Paul Y. Group's turnover and assets for the year ended 31

March 2002 were US\$1.1 billion and US\$0.8 billion respectively. Paul Y. Group and its associates have significant market penetration in Hong Kong, China and South East Asia. Core clients include blue-chip regional property and infrastructure developers, multinational mineral resource owners, governments and utilities companies.

Capital Z Asia Partners (CZA) is a direct investment fund formed for the purpose of making direct investments in the Asia region. Messrs. Gary Lawrence and Michael Kent represent CZA on Downer EDI's Board of Directors. CZA's sponsor is Capital Z Investments (CZI), a US\$1.5 billion active fund of funds which invests exclusively in private equity funds and alternative investment vehicles. CZI is managed by Capital Z Partners, which is headquartered in New York City. Capital Z Partners also manages Capital Z Financial Services II, L.P., a US\$1.85 billion global private

fund focusing exclusively on investments in insurance, financial services and healthcare services companies.

Hutchison Whampoa Limited (HWL) is the holding company of the Hutchison Whampoa Group of companies. With origins dating back to the 1800s, it is a Hong Kong-based, multinational corporation with a diversified portfolio. It is also part of the Li Ka-shing group of companies, which together represent about 15% of the total market capitalization of the Hong Kong stock market. In 2001, HWL's consolidated turnover (including associates) was HK\$89,038 million and net profit was HK\$12,088 million.

With over 120,000 employees worldwide, the group operates and invests in five core businesses in 37 countries: Ports and related services; Telecommunications; Property and hotels; Retail and manufacturing; and Energy and infrastructure.

directors' report

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The Directors of Downer EDI Limited submit herewith the annual financial report for the financial year ended 30 June 2002. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of the company during or since the end of the financial year are:

Mr K Y Lau
(also alternate for Dr C K Chan)
Mr B D O'Callaghan
Mr S J Gillies
Dr C K Chan
Mr R W Dunning
Mr C K Fok
(Resigned 24 October 2001)
Mr J S Humphrey
Mr T J Kennedy
Mr M J Kent
Mr G M Lawrence
Mr K J Roche
Mr T Y Chan
(alternate for Mr C K Fok)
(Resigned 24 October 2001)
Mr W Shurniak
(Appointed 24 October 2001)

A profile of current Board Members is provided on pages 36 and 37.

Directors' Meetings

There were 7 full board meetings, 2 audit sub-committee and 2 remuneration sub-committee meetings held during the financial year. The number of meetings attended by each director is set out below.

Directors	Attended		
	Board of Directors	Audit Committee	Remuneration Committee
K Y Lau (also alternate for C K Chan)	7	2	2
B D O'Callaghan	7	2	
S J Gillies	7		
C K Chan	7		
R W Dunning	5		
C K Fok **	2		
J S Humphrey	6		
T J Kennedy	5		
M J Kent	7	2	2
G M Lawrence	5		
K J Roche	5		2
T Y Chan (alternate for C K Fok) **	2		
W Shurniak *	4		

* 5 meetings held while a Director

** 2 meetings held while a Director

Directors' Shareholdings

Director	Fully Paid Ordinary Shares
S J Gillies	1,606,550
B D O'Callaghan	56,098
R W Dunning	73,846
J S Humphrey	10,337

Principal Activities

The principal activities of the consolidated entity are that of a multi-disciplinary, multi-national entity focused on selected opportunities in the energy, resources and infrastructure sectors including oil, gas, geothermal and mineral drilling exploration, contract mining, rail services, infrastructure services, power, telecommunications and engineering projects.

Dividends

In respect of the financial year ended 30 June 2001, as detailed in the Directors' Report for that financial year a final dividend of 1.6 cents per share (unfranked) was paid to the holders of fully paid ordinary shares on 29 November 2001.

In respect of the financial year ended 30 June 2002, dividends totalling \$5,200,000 (unfranked) were paid or provided for in respect of the 8% converting preference shares.

In respect of the financial year ended 30 June 2002, an interim dividend of 0.5 cents per share (unfranked) was paid to the holders of fully paid ordinary shares on 30 April 2002.

In respect of the financial year ended 30 June 2002, the Directors declared the payment of a final dividend of 1.9 cents per share (unfranked) to the holders of fully paid ordinary shares to be paid on 29 November 2002.

Review of Operations

A review of the consolidated entity's operations is contained in the Managing Director's Report on pages 10 to 13.

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity.

Subsequent Events

There has not been any matter or circumstance, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in financial years after the financial year.

Future Developments

The Directors believe that to include in this report particular information regarding likely developments in the operations of the consolidated entity, and the expected results of those operations in future financial years, is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Employee Share Plan ("ESP")

No shares were issued under the ESP during the year.

Executive Share Option Scheme ("EOS")

No options were granted under the EOS during the year.

Share Options

In respect of the 27,272,727 unquoted options over ordinary shares granted to Capital B.O.S.A. on 25 March 1999, 27,272,727 unquoted options were exercised on 21 March 2002, resulting in the issue of 27,272,727 ordinary shares of the company at an issue price of \$0.55 per ordinary share.

Indemnification of Officers and Auditors

During the financial year, the company paid a premium in respect of a contract insuring the Directors of the company (as named above), the company secretaries, Mr G D Bruce and Mr B J Crane, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' and Executives' Remuneration

The Remuneration Committee was formed to review the remuneration packages of all Directors and executive officers. Remuneration packages are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the company's operations, the Remuneration Committee may seek the advice of external advisers in connection with the structure of remuneration packages.

Remuneration packages may contain the following key elements:

- a) salary/fees;
- b) benefits – including the provision of motor vehicle, superannuation and health benefits; and
- c) incentive schemes – including performance related bonuses and share options under the executive share option scheme and employee share plan.

directors' report continued



The following table discloses the remuneration of the Directors of the company and the five highest remunerated executives of the company and the consolidated entity.

Name	Office	Salary Fee	Benefits	Incentive Schemes	Total
		\$	\$	\$	\$
K Y Lau	Non-Executive Director	–	–	–	–
S J Gillies	Executive Director	975,000	78,000	243,750	1,296,750
B D O'Callaghan	Non-Executive Director	48,000	3,840	–	51,480
Dr C K Chan	Non-Executive Director	–	–	–	–
T Y Chan	Non-Executive Director	–	–	–	–
R W Dunning	Non-Executive Director	36,450	–	–	36,450
C K Fok	Non-Executive Director	–	–	–	–
J S Humphrey	Non-Executive Director	45,000	–	–	45,000
T J Kennedy	Non-Executive Director	45,000	3,600	–	48,600
M J Kent	Non-Executive Director	–	–	–	–
G M Lawrence	Non-Executive Director	–	–	–	–
K J Roche	Non-Executive Director	45,000	3,600	–	48,600
W Shurniak	Non-Executive Director	–	–	–	–
R A Logan	Executive	394,230	108,182	–	502,412
C R Denney	Executive	316,604	47,062	58,212	421,878
G J Shaw	Executive	290,101	34,384	84,034	408,519
P S Bugden	Executive	242,038	103,686	43,200	388,924
J M Ricciardo	Executive	266,251	102,238	–	368,489

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars.

Environmental Regulations

The consolidated entity's performance in relation to environmental regulation is contained in the Corporate Governance section on page 39.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

Mr S J Gillies
Director

Sydney, 23 August 2002

consolidated statement of financial performance

for the financial year ended 30 June 2002

	Note	Consolidated	
		2002 \$'000	2001 \$'000
Revenue from ordinary activities		2,430,390	1,624,235
Share of net profits of associates and joint ventures accounted for using the equity method		12,059	8,589
Changes in inventories of finished goods and work in progress		133,804	(16,577)
Raw materials and consumables used		(1,002,469)	(514,960)
Employee benefits expense		(585,810)	(357,246)
Borrowing costs		(39,918)	(36,004)
Subcontractors		(378,571)	(263,080)
Plant & equipment costs		(343,434)	(206,989)
Communication expenses		(14,422)	(7,725)
Travel and accommodation		(16,250)	(11,785)
Professional fees		(17,454)	(11,944)
Occupancy		(16,201)	(10,007)
Other expenses from ordinary activities		(82,423)	(132,408)
Profit from Ordinary Activities Before Income Tax Expense	2	79,301	64,099
Income tax expense relating to ordinary activities		(22,870)	(18,583)
Net Profit Attributable to Members of the Parent Entity		56,431	45,516
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations		(16,783)	17,865
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity		(16,783)	17,865
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		39,648	63,381
Earnings Per Share			
- Basic (cents per share)		5.8	6.1
- Diluted (cents per share)		5.5	5.7

- Despite the difficult period for the financial markets globally over the last twelve months, Downer EDI has produced record levels of turnover* and profit after tax. Turnover for the year was \$2.6 billion, an increase of \$900 million over 2001. Major contributors to this increased turnover were the Mining, Engineering and Rail divisions.
- During the prior year Downer EDI Limited acquired all the issued capital of Evans Deakin Industries Limited and its subsidiaries (EDI). In the current year, revenues and expenses of the economic entity include those of EDI for the full year. Prior year comparative numbers only include EDI for that period of the year that it was a controlled entity.
- Of the \$900 million increase in turnover, approximately 67% relates to organic growth within existing divisions, while the remaining 33% represents the full year contribution from EDI Rail (20%) and from the acquisition of JR Engineering (13%).
- Earnings before interest, tax and amortisation of intangibles (EBITA) for the 2002 year was \$128.7 million, an increase of \$28.2 million (28%) over the 2001 year.
- Net interest expense for the year was \$34.1 million (2001 \$25.9 million). The EBITA to net interest coverage ratio stands at 3.8 times.
- Depreciation and amortisation amounted to \$108.0 million (2001 \$82.1 million), with net additions to property plant and equipment at \$63.1 million, well within this charge.
- The Group has been able to maintain an effective tax rate of 28.8% (2001 28.9%). This is primarily due to the effect of overseas tax rates and research and development claims.
- Net profit after tax was \$56.4 million, an increase over 2001 of \$10.9 million (24%). This equates to earnings per share of 5.8 cents (2001 6.1 cents per share).
- Total dividends (unfranked) on ordinary shares paid or provided during the year amounted to 2.4 cents, an increase of 14% over the prior year. Total dividends paid or provided in respect of the 2002 year approximated 50.3% of net profit after tax.

* Turnover is defined as total revenue plus share of sales revenue of joint venture entities, net of distributions.

statement of financial position

as at 30 June 2002



	Consolidated	
	2002	2001
	\$'000	\$'000
Current Assets		
Cash	106,298	63,953
Inventories	112,054	128,719
Receivables	677,531	492,978
Other financial assets	20,385	9,608
Current tax assets	12,111	6,800
Other	10,308	7,869
Total Current Assets	938,687	709,927
Non-Current Assets		
Receivables	19,737	18,925
Investments accounted for using the equity method	26,367	24,020
Property, plant and equipment	530,819	601,373
Intangibles	278,525	256,958
Other financial assets	7,958	–
Deferred tax assets	26,325	18,193
Other	2,848	–
Total Non-Current Assets	892,579	919,469
Total Assets	1,831,266	1,629,396
Current Liabilities		
Payables	389,509	352,813
Interest-bearing liabilities	24,063	18,669
Provisions	94,010	83,257
Tax	5,784	9,923
Total Current Liabilities	513,366	464,662
Non-Current Liabilities		
Payables	2,162	3,465
Interest-bearing liabilities	529,212	522,309
Provisions	16,528	17,513
Deferred tax liabilities	60,433	35,333
Total Non-Current Liabilities	608,335	578,620
Total Liabilities	1,121,701	1,043,282
Net Assets	709,565	586,114
Equity		
Contributed equity	607,705	495,472
Reserves	380	17,785
Retained profits	101,480	72,857
Total Equity	709,565	586,114

- Net assets of the Group have increased from \$586.1 million in 2001 to \$709.6 million in 2002 (an increase of 21.1%). Major contributors to this increase arose from:
 1. The conversion of convertible notes to equity (\$35.0 million);
 2. Equity raised during the year (\$34.3 million);
 3. Equity issued as part consideration for the acquisition of businesses (\$16.4 million);
 4. Equity raised following the exercise of options (\$15.0 million);
 5. Dividend reinvestment plan elections (\$11.5 million);
 6. Net profits retained in the business (\$28.0 million); and
 7. A negative movement in reserves of \$16.8 million, principally brought about by a strengthening of the Australian dollar against relevant foreign currencies and its effect on the foreign currency translation reserve.
- Net debt has reduced by 6% over the year to \$447.0 million, while total assets have increased by 12% to \$1.8 billion.
- The Group's gearing as measured by net debt to capitalisation (net debt plus equity) has been reduced from 44.9% to 38.6%.
- The Group's order book at in excess of \$4.5 billion is at its highest level.

statement of cash flows

for the financial year ended 30 June 2002

	Consolidated	
	2002	2001
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers	2,391,234	1,656,157
Payments to suppliers and employees	(2,307,139)	(1,548,348)
Distributions from joint ventures	13,879	798
Interest received	3,956	2,913
Interest and other costs of finance paid	(40,333)	(34,565)
Income tax paid	(14,244)	(6,445)
Net cash provided by operating activities	47,353	70,510
Cash Flows from Investing Activities		
Payment for investment securities	(10,773)	–
Proceeds from sale of investment securities	105	370
Payment for property, plant and equipment	(90,898)	(68,398)
Proceeds from sale of property, plant and equipment	62,226	33,686
Other advances	3,000	–
Receipt of joint venture advances	2,002	9,594
Advances to joint ventures	(6,906)	(157)
Proceeds from sale of businesses	25,504	–
Payment for businesses acquired	(59,980)	(112,879)
Net cash used in investing activities	(75,720)	(137,784)
Cash Flows from Financing Activities		
Proceeds from issues of equity securities	51,271	1,050
Proceeds from borrowings	367,480	154,704
Repayment of borrowings	(336,738)	(34,976)
Dividends paid	(11,242)	(20,111)
Payment for other borrowing costs	(285)	(3,084)
Net cash provided by financing activities	70,486	97,583
Net Increase In Cash Held	42,119	30,309
Cash at the Beginning of the Financial Year	63,953	33,487
Effects of exchange rate changes on the balance of cash held in foreign currencies	(236)	157
Cash at the End of the Financial Year	105,836	63,953

- The operating cashflow for the year was \$47.4 million (2001 \$70.5 million). This reduction in comparative cashflow reflects the strong revenue growth of the Group, its associated working capital requirements and the funding of the first stage of the Millennium train for the State Rail Authority of NSW. This contract is expected to generate operating cashflows in excess of \$150 million during 2003, in line with the scheduled delivery of completed car sets. Working capital increased during the year from \$284.3 million to \$417.7 million.
- Investing activities in the current year were substantially lower than the prior year (prior year level significantly influenced by Evans Deakin Industries Ltd takeover). Major investing activity in 2002 related to the acquisition of JR Engineering Services adding their core competencies to our Mining division. Net investing activities amounted to \$75.7 million.
- At balance date, the consolidated entity had drawn \$553.3 million of its total debt facilities of \$875.9 million. The Group also maintains facilities in the surety market for performance bonds in respect of a number of its operating businesses. Other than \$32.3 million all debt and surety facilities are provided on an unsecured basis.
- Total available liquidity at year end amounted to \$428.4 million comprising cash of \$105.8 million and undrawn lines of \$322.6 million.
- Cash at the end of the Financial Year is cash on hand and in banks and investments in money market instruments (\$106,298) net of bank overdrafts (\$462).

notes to the financial statements

for the financial year ended 30 June 2002



1. BASIS OF PREPARATION

The concise financial report has been prepared in accordance with Corporations Act 2001 and AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the Full Financial Report of Downer EDI Limited.

A full description of the accounting policies adopted by the consolidated entity is provided in the 2002 financial statements which form part of the Full Financial Report. The accounting policies of the consolidated entity are consistent with those of the previous financial year.

	Consolidated	
	2002	2001
	\$'000	\$'000
2 PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax includes the following items of revenue and expense:		
Operating revenue		
Sales revenue:		
Sale of goods	100,052	151,561
Rendering of services	1,334,189	884,939
Construction contract revenue	916,624	545,898
Dividends:		
Other entities	–	841
Interest revenue:		
Other entities	3,546	8,154
Related entities	778	–
Equity share of associates' and joint venture entities' profits	12,059	8,589
Rental income	399	102
Royalties	–	215
Net foreign exchange gain	1,388	1,910
Other	2,406	1,349
Total operating revenue	2,371,441	1,603,558
Non operating revenue		
Proceeds from the sale of non-current assets:		
Property, plant and equipment	67,925	27,510
Investments	3,083	1,756
Total non-operating revenue	71,008	29,266
Total revenue	2,442,449	1,632,824
Share of sales revenue in joint venture entities net of distributions	143,187	85,304
Total turnover	2,585,636	1,718,128

	Consolidated	
	2002 \$'000	2001 \$'000
2 PROFIT FROM ORDINARY ACTIVITIES (continued)		
Expenses		
Cost of sales	73,051	116,028
Interest:		
Other entities	35,917	30,498
Leased finance charges	2,520	3,569
Depreciation of non-current assets:		
Plant and equipment	84,038	63,952
Buildings	1,700	1,248
Quarries	115	111
Amortisation of non-current assets:		
Leased assets	6,820	6,323
Goodwill	14,258	9,360
Drilling licence	212	210
Intellectual property	850	931
Net transfers to/(from) provisions:		
Employee entitlements	9,417	2,183
Contract claims and warranties	1,392	2,888
Doubtful debts	(5,755)	1,053
Future contract losses	(3,774)	–
Other	(1,221)	–
Operating lease rental expenses	45,859	22,094
Other borrowing costs	1,481	1,937
Net foreign exchange loss	922	2,054
Contributions made to a defined benefits superannuation plan during the financial year	–	444

3 DIVIDENDS

	2002		2001	
	Cents per share	\$'000	Cents per share	\$'000
Fully Paid Ordinary Shares				
Interim dividend (unfranked)	0.5	5,016	0.5	3,929
Final dividend (unfranked)	1.9	18,296	1.6	12,644
Converting Preference Shares				
Final dividend (unfranked)	\$80	5,200	\$80	5,200
			Company	
			2002	2001
			\$'000	\$'000
Adjusted franking account balance			–	–

notes to the financial statements

for the financial year ended 30 June 2002

4 SEGMENT INFORMATION

Information on Business Segments

Segment Revenue	External		Inter-Segment		Total	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Engineering	719,477	438,149	687	409	720,164	438,558
Mining	791,982	448,634	5,348	147	797,330	448,781
Resources	76,872	76,983	14,634	6,870	91,506	83,853
Infrastructure Services	415,484	426,181	3,356	2,567	418,840	428,748
Rail	374,390	173,424	53,978	1,409	428,368	174,833
Discontinued businesses	62,339	61,077	-	98	62,339	61,175
					2,518,547	1,635,948
Eliminations					(78,003)	(11,500)
Unallocated					1,905	8,376
Total revenue					2,442,449	1,632,824
Share of sales revenue in joint venture entities net of distributions:						
Engineering					20,988	-
Mining					115,569	85,304
Infrastructure Services					6,630	-
Total turnover					2,585,636	1,718,128

Segment Results

Results

	2002 \$'000	2001 \$'000
Engineering	28,608	18,811
Mining	39,455	25,232
Resources	567	5,514
Infrastructure Services	14,750	21,999
Rail	12,841	9,007
Discontinued businesses	4,333	(1,890)
Unallocated	(22,412)	(13,805)
Income tax expense relating to ordinary activities	(21,711)	(19,352)
Net Profit	56,431	45,516

4 SEGMENT INFORMATION (continued)

Segment Assets & Liabilities	Assets		Liabilities	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Engineering	427,145	356,011	152,725	156,338
Mining	492,630	447,347	131,865	94,680
Resources	192,198	197,981	21,209	12,604
Infrastructure Services	243,333	238,216	74,552	82,190
Rail	396,208	259,784	88,108	95,124
Discontinued businesses	11,261	80,924	1,858	14,667
	1,762,775	1,580,263	470,317	455,603
Unallocated	68,491	49,133	651,384	587,679
Total assets and liabilities	1,831,266	1,629,396	1,121,701	1,043,282

Other Segment Information

	Engineering	Mining	Resources	Infrastructure Services	Rail	Discontinued
	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000
Carrying value of investments accounted for using the equity method	4,171	12,072	–	5,029	5,095	–
Share of net profit/(loss) of associates and joint venture entities accounted for under the equity method	2,137	8,937	–	1,015	(30)	–
Acquisition of segment assets	11,361	63,187	9,655	14,662	4,805	–
Depreciation and amortisation of segment assets	12,308	56,016	10,386	12,640	7,032	2,114

	Engineering	Mining	Resources	Infrastructure Services	Rail	Discontinued
	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000	2001 \$'000
Carrying value of investments accounted for using the equity method	1,578	9,118	–	7,381	5,943	–
Share of net profit/(loss) of associates and joint venture entities accounted for under the equity method	450	7,373	–	683	83	–
Acquisition of segment assets	17,495	31,159	11,188	18,603	142,288	–
Depreciation and amortisation of segment assets	12,032	41,135	9,469	12,148	3,545	1,947

notes to the financial statements

for the financial year ended 30 June 2002

4 SEGMENT INFORMATION (continued)

The economic entity operated predominantly in five business segments:

Rail –	provides rolling stock and associated maintenance services including the design, manufacture, refurbish, overhaul and maintenance of diesel electric locomotives, electric locomotives, electric and diesel multiple units, rail wagons, traction motors and rolling stock generally. Also provides specialist engineered manufacturing services.
Engineering –	provides engineering services (design, construct and maintain) specialising in telecommunications, capital works, power and process engineering.
Mining –	including mine planning and management, drilling and blasting, bulk excavation, crushing and processing, haulage of ores/waste, tailings management and mine restoration.
Resources –	including drilling services for the oil and gas, mineral and geothermal sectors.
Infrastructure Services –	including the performance of maintenance and construction of roads and highways, construction and maintenance of rail infrastructure including tracks, signals and overhead electrification and infrastructure maintenance services including utilities, water supply, sewage and waste water treatment, refuse disposal, street cleaning and the tending of parks and gardens.
Unallocated –	results include financing and corporate costs for continuing businesses, net of other income.

Geographic	Revenue from External Customers		Segment Assets		Acquisition of Segment Assets	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Australia	1,725,340	962,877	1,338,937	974,546	87,757	189,582
Pacific	608,561	565,424	324,417	466,652	15,580	21,181
South East Asia	12,266	15,823	64,139	81,586	117	144
North East Asia	96,282	88,700	103,773	106,612	216	59
	2,442,449	1,632,824	1,831,266	1,629,396	103,670	210,966

The economic entity operated in four geographical areas – Australia, Pacific (including New Zealand, Papua New Guinea and Fiji), South East Asia (Singapore, Malaysia, Thailand, Vietnam, Indonesia and the Philippines) and North East Asia (Hong Kong).

5 DISCONTINUED BUSINESSES

Building Products

Building Products operations constitute the design and manufacture of garage and industrial doors and automatic door openers, industrial wheels and casters, car jacks and air filtration equipment for the Australian and New Zealand market.

In the 2001 Annual Report it was announced that the B&D Roller door business, which formed part of the Building Products segment, was to be divested, and that scoping of the sale had been completed and the sales process was underway. The business was sold effective 30 November 2001.

The remaining portion of the business segment, Clyde-Apac was also sold effective 30 November 2001. This represented completion of the divestment process of non-core businesses and surplus assets acquired through the takeover of Evans Deakin Industries Limited.

The consolidated entity recognised a gain before income tax of \$5,459 thousand (related income tax of \$1,638 thousand) arising from the disposals, being proceeds of disposal less the carrying amounts of the net assets of the building products business.

The carrying amounts of total assets and total liabilities disposed of were:

	\$'000
Total Assets	45,871
Total Liabilities	14,149
Net assets disposed	31,722

Details of the financial performance and cash flows of the building products business for the period from 1 July 2001 to 30 November 2001 were as follows:

	Period Ended 30 November 2001	Year Ended 30 June 2001
	\$'000	\$'000
Financial Performance		
Revenue from ordinary activities	57,018	61,077
Expenses from ordinary activities	56,287	63,736
Profit from ordinary activities before income tax expense	731	(2,659)
Income tax expense relating to ordinary activities	219	(769)
Net Profit	512	(1,890)
Cash Flows		
Net cash flows from operating activities	(690)	4,163
Net cash flows from investing activities	(1,165)	(1,498)
Net cash flows from financing activities	(3,311)	(4,199)
Total net cash flows	(5,166)	(1,534)

directors' declaration

audit report

The Directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standard AASB 1039 "Concise Financial Reports"; and
- b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Mr S J Gillies
Director

Sydney, 23 August 2002

Scope

We have audited the concise financial report of Downer EDI Limited for the financial year ended 30 June 2002 as set out on pages 45 to 54, in order to express an opinion on it to the members of the company. The concise financial report includes the consolidated financial statements 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. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Downer EDI Limited for the year ended 30 June 2002. Our audit report on the full financial report was signed on 30 August 2002, and was not subject to any qualification.

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

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

Audit Opinion

In our opinion, the concise financial report of Downer EDI Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".



DELOITTE TOUCHE TOHMATSU



Q J Quinlin
Partner
Chartered Accountants

Sydney, 30 August 2002

information for investors

Downer EDI Shareholders

At August 23, 2002, Downer EDI had 16,057 ordinary shareholders. The largest shareholder, Paul Y.- ITC Construction Holdings Limited, holds approximately 36.83% of the 962,952,523 fully paid shares issued at that date. Downer EDI has 15,711 shareholders with registered addresses in Australia.

Stock Exchange Listing

Downer EDI is listed on the Australian Stock Exchange under the "Downer EdI" market call code 3965, with ASX code DOW.

Dividend Policy

Dividends are determined by the Board of Directors having regard to a range of circumstances within the business operation of Downer EDI. The proposed practice is to pay about 40% to 50% of profit after tax to shareholders, franked to the maximum extent possible. The company may have available franking credits for paying partly franked dividends for the next year. If so, it will look to frank dividends to the maximum extent possible.

Dividend Reinvestment Plan

Downer EDI's Dividend Reinvestment Plan is a mechanism for shareholders to allow them to increase their

shareholding in the company, without the usual costs associated with share acquisitions such as brokerages. It also offers a purchase price at a discount (currently 5%) to the market price relevant at the time of issue. Details of the Dividend Reinvestment Plan are available from the company's website or from the Company Secretaries.

Share Registry

Shareholders and investors seeking information about Downer EDI shareholding or dividends should contact our Share Registrar:

Computershare Registry Services Pty Ltd (Computershare)

Level 11/115 Grenfell Street
ADELAIDE SA 5000
Tel: 61 8 8236 2300
Fax: 61 8 8236 2305

Shareholders must give their security holder reference number when making inquiries. This is recorded on issuer sponsored and CHESS statements.

Tax File Number Information

Providing your Tax File Number (TFN) to Downer EDI is not compulsory. However, for shareholders who have not supplied their TFN, Downer EDI is required to deduct tax at the top marginal rate plus Medicare levy from unfranked dividends paid to investors resident in Australia. For more information please contact our Share Registrar.

Lost Share Certificates

You are advised to contact Computershare immediately, in writing, if your issuer sponsored statement has been lost or stolen.

Annual Report Mailing List

Shareholders can choose NOT to receive a Downer EDI Concise Annual Report and Half Yearly Report by writing to Computershare Registry Services Pty Ltd at the address provided. Should you choose this option, you will continue to receive Notices of Meetings and Proxy forms.

Change of Address

So that we can keep you informed, and protect your interests in Downer EDI, it is important that you inform Computershare of any change of your registered address.

Company Information

Our internet site www.downeredi.com offers comprehensive information about Downer EDI and its services. Also, the site carries news releases and announcements to ASX, financial presentations, annual and half yearly reports and company newsletters. Downer EDI printed communications for shareholders include the Annual Report and Half Yearly Report. A number of

divisional publications are produced. These are available on request.

Company Secretaries

Mr G D Bruce
Mr B J Crane

Auditor

Deloitte Touche Tohmatsu
Level 3/225 George Street
SYDNEY NSW 2000

Registered Office and Principal Administration Office:

Downer EDI Limited
Level 3/190 George Street
SYDNEY NSW 2000
Tel: 61 2 9251 9899
Fax: 61 2 9251 1987



australian stock exchange information

as at 23 August, 2002



Number of Holders of Equity Securities

Ordinary Share Capital

956,509,188 fully paid listed ordinary shares and 6,443,335 fully paid unlisted ordinary shares were held by 16,087 individual shareholders. All issued ordinary shares carry one vote per share.

Substantial Shareholders

	Fully Paid	
	Number	%
Ordinary Shareholders:		
Pembinaan DGL Holdings Sdn Bhd	354,674,194	36.83
Chase Manhattan Nominees	105,767,265	10.98
Marketform Ltd	100,002,000	10.38
Total	560,443,459	58.19

Distribution of Holders of Quoted Equity Securities

	Fully Paid Ordinary Shareholders
1 – 1,000	1,974
1,001 – 5,000	6,048
5,001 – 10,000	3,742
10,001 – 100,000	4,107
100,001 and over	186
Total	16,057
Holdings less than a marketable parcel	1,436

Downer EDI Limited: Twenty largest Shareholders: Ordinary and fully paid

Ordinary Shareholders	Number	Percentage
Pembinaan DGL Holdings Sdn Bhd	354,674,194	36.83
Chase Manhattan Nominees	105,767,265	10.98
Marketform Ltd	100,002,000	10.38
National Nominees Limited	35,338,396	3.67
Capital BS SA	30,416,282	3.16
Capital BO SA	27,272,727	2.83
RBC Global Services Australia	19,475,072	2.02
Commonwealth Custodial	17,059,107	1.78
Westpac Custodian Nominees	10,847,540	1.13
Cogent Nominees Pty Ltd	6,331,600	0.66
Perpetual Trustee Company	5,086,610	0.53
Citicorp Nominees Pty Limited	4,875,229	0.51
ANZ Nominees Limited	4,757,022	0.49
Paksian Pty Ltd	4,521,525	0.47
HSBC Custody Nominees	4,262,973	0.44
Jarden Custodians Limited	3,995,251	0.41
Mr George Gregory Botica & Mrs Edna Rae Botica	3,566,569	0.37
Mr Ronald Matthew Harken & Mrs Toni Aburn Harken	3,566,569	0.37
Mr Barry Sydney Patterson & Mrs Glenice Margaret Patterson	3,566,569	0.37
Mr Graeme McDonald Smith & Mrs Rosalind Norma Smith	3,566,569	0.37
Total for Top 20 Shareholders	748,949,069	77.77

corporate directory

Corporate Head Office

Downer EDI Limited

Level 3, 190 George Street
SYDNEY NSW 2000
Tel: 61 2 9251 9899
Fax: 61 2 9251 1987
ABN 97 003 872 848

Engineering Division

Australia -

Division Head Office

Downer Engineering Group
Pty Limited
Level 7 'Compaq House'
76 Berry Street
NORTH SYDNEY NSW 2060
Tel: 61 2 9966 2400
Fax: 61 2 9955 9649
ABN 16 006 016 495

New Zealand

2 Carmont Place
Mt Wellington
AUCKLAND NEW ZEALAND
Tel: 64 9 270 6801
Fax: 64 9 270 7680

Hong Kong

15/F Paul Y Centre
51 Hung To Road
Kwun Tong
KOWLOON HONG KONG
Tel: 852 2831 8123
Fax: 852 2575 8748

Singapore

105 Cecil Street
12-03/04
The Octagon
SINGAPORE 069534
Tel: 656 221 6366
Fax: 656 225 0074

Papua New Guinea

Section 32, Lot 10
Saraga Street
6 Mile
PORT MORESBY PNG
Tel: 67 5325 3466
Fax: 67 5325 0680

Infrastructure Division

New Zealand -

Division Head Office

KPMG Legal Building
Level 5
22 Fanshaw Street
PO Box 6373
AUCKLAND NEW ZEALAND
Tel: 64 9 303 9870
Fax: 64 9 303 9872

Australia -

Division Head Office

Level 4
589 Collins Street
MELBOURNE VICTORIA 3000
Tel: 61 3 9619 5442
Fax: 61 3 9619 1636
ABN 66 008 709 608

Level 1, 130 Fauntleroy Avenue

REDCLIFFE WA 6104

Tel: 61 8 9475 6000

Fax: 61 8 9475 6001

ABN 66 008 709 608

Mining Division

Australia -

Division Head Office

Roche Mining Pty Limited
66 River Terrace
KANGAROO POINT QLD 4169
Tel: 61 7 3249 6666
Fax: 61 7 3393 0733
ABN 49 004 142 223

South Africa

47 Bezuidenhout Road
WADEVILLE 1407
REPUBLIC OF SOUTH AFRICA
Tel: 27 11 827 0330
Fax: 27 11 824 2728

Rail Division

Australia -

Division Head Office

EDI Rail
2B Factory Street
GRANVILLE NSW 2142
Tel: 61 2 9637 8288
Fax: 61 2 9637 6783
ABN 92 000 002 031

Walkers Pty Ltd

23 Bowen Street

MARYBOROUGH QLD 4650

Tel: 61 7 4120 8100

Fax: 61 7 4122 4400

ABN 43 009 656 484

Resource Services Division

Australia -

Division Head Office

Century Drilling Limited
49 Campbell Avenue
WACOL QLD 4076
Tel: 61 7 3879 3333
Fax: 61 7 3879 3322
ABN 25 002 975 439

New Zealand

Century Drilling & Energy
Services (NZ) Ltd
166 Karetoto Road
WAIRAKEI NEW ZEALAND
Tel: 64 7 374 8899
Fax: 64 7 374 8508

Indonesia

PT Dinamik Dayabor Ciptakarsa
Jl Gaharu 1 #15
Cilandak Barat
JAKARTA SELATAN 12430
INDONESIA
Tel: 62 21 7591 0650
Fax: 62 21 766 1308

