



WESTFIELD HOLDINGS LIMITED
Financial Report 2003

WESTFIELD HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Revenue from ordinary activities	2	1,147,419	966,711	199,701	63,771
Expenses from ordinary activities	3	(967,059)	(828,945)	(13,050)	(13,969)
Share of net profits of equity accounted associates	29(b)	222,782	217,544	–	–
Borrowing costs		(42,710)	(66,751)	–	–
Profit from ordinary activities before income tax expense		360,432	288,559	186,651	49,802
Income tax (expense)/revenue relating to ordinary activities	4	(72,046)	(54,342)	3,826	1,492
Profit from ordinary activities after income tax expense	21	288,386	234,217	190,477	51,294
Increase in asset revaluation reserve	20(a)	56,864	117,949	–	–
Net exchange difference on translation of the financial report of foreign controlled entities and equity accounted associates	20(c)	(119,957)	(40,477)	–	–
Total revenues, expenses and valuation adjustments attributable to members of Westfield Holdings Limited and recognised directly in equity		(63,093)	77,472	–	–
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Westfield Holdings Limited	22	225,293	311,689	190,477	51,294
Basic earnings per share (cents)	5	51.13	42.10		
Diluted earnings per share (cents)	5	50.63	41.60		
Dividend per share (cents)	24	25.57	21.05		

WESTFIELD HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Current assets					
Cash assets	23(a)	54,998	50,463	592	1,499
Receivables	6	58,695	85,761	827,262	622,005
Dividends and distributions receivable		65,648	63,714	–	–
Inventories	7	68,112	28,280	–	–
Income tax receivable		3,125	5,213	–	–
Other	8	32,947	31,724	–	–
Receivables under forward exchange contracts	30(e)	14,859	3,453	–	–
Unrealised exchange loss on forward exchange contracts	30(e)	1,125	1,192	–	–
Total current assets		299,509	269,800	827,854	623,504
Non current assets					
Equity accounted investments	9	2,341,850	2,678,550	–	–
Other investments	10	31,053	21,600	1,273,250	1,273,380
Fixed assets	11	113,707	130,746	–	–
Receivables	12	80,481	6,961	–	88,668
Deferred tax assets		31,805	22,046	25,940	–
Other	13	11,591	8,079	–	–
Receivables under forward exchange and other derivative contracts	30(e)	65,578	75,046	–	–
Unrealised exchange loss on forward exchange contracts	30(e)	–	483	–	–
Receivables under cross currency contracts		146,059	–	–	–
Total non current assets		2,822,124	2,943,511	1,299,190	1,362,048
Total assets		3,121,633	3,213,311	2,127,044	1,985,552

WESTFIELD HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION (continued)

as at 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Current liabilities					
Payables	14	220,254	175,202	1,006,496	1,056,252
Interest bearing liabilities	15	2,333	4,188	–	–
Non interest bearing liabilities		16,065	5,703	–	–
Current tax liabilities		39,212	8,221	25,551	2,234
Provisions	16	–	73,219	–	73,219
Payables under forward exchange contracts	30(e)	1,125	1,192	–	–
Unrealised exchange gain on forward exchange contracts	30(e)	14,859	3,453	–	–
Total current liabilities		293,848	271,178	1,032,047	1,131,705
Non current liabilities					
Payables	17	14,651	13,168	–	–
Interest bearing liabilities	18	985,943	1,171,085	–	–
Deferred tax liabilities		138,444	69,661	113,238	1,480
Payables under forward exchange and other derivative contracts	30(e)	–	64,401	–	–
Unrealised exchange gain on forward exchange contracts	30(e)	65,578	11,128	–	–
Payables under cross currency contracts		–	153,259	–	–
Total non current liabilities		1,204,616	1,482,702	113,238	1,480
Total liabilities		1,498,464	1,753,880	1,145,285	1,133,185
Net assets		1,623,169	1,459,431	981,759	852,367
Equity					
Contributed equity	19	715,192	708,872	718,132	711,342
Reserves	20	88,231	151,324	40,129	40,129
Retained profits	21	819,746	599,235	223,498	100,896
Total equity	22	1,623,169	1,459,431	981,759	852,367

WESTFIELD HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Cash flows from operating activities					
Receipts from customers		1,215,691	949,198	86	80
Payments to suppliers and employees		(960,841)	(766,842)	(7,486)	(3,973)
Dividends and distributions received		199,854	173,797	195,000	51,160
Income taxes paid		(47,840)	(39,828)	(2,001)	(2,346)
Goods and services taxes paid		(30,717)	(19,913)	–	–
Net cash flows from operating activities	23(b)	376,147	296,412	185,599	44,921
Cash flows from investing activities					
Payment for purchases of fixed assets		(25,919)	(101,984)	–	–
Proceeds from sale of fixed assets		39	34,358	–	–
Payment for purchases of equity investments		(19,533)	(1,000,060)	(370)	(164,511)
Proceeds from sale and realisation of equity investments		64,212	–	500	–
Loans (advanced to)/repaid by other entities		(73,520)	22,389	(56,721)	(333,476)
Dividends and distributions received		181	26	113	–
Net cash flows used in investing activities		(54,540)	(1,045,271)	(56,478)	(497,987)
Cash flows from financing activities					
Proceeds from issues of securities		6,320	529,763	6,790	540,112
Share issue costs		–	(9,270)	–	(9,270)
Interest bearing liabilities		(144,405)	362,801	–	–
Non interest bearing liabilities		10,362	3,640	–	–
Interest received		2,002	2,259	4,502	12,531
Borrowing costs		(45,870)	(69,176)	–	–
Dividends paid		(141,094)	(91,605)	(141,094)	(91,605)
Net cash flows (used in)/from financing activities		(312,685)	728,412	(129,802)	451,768
Net increase/(decrease) in cash held		8,922	(20,447)	(681)	(1,298)
Add opening cash brought forward		47,575	69,560	1,499	2,829
Effects of exchange rate changes on opening cash brought forward		(3,832)	(1,538)	(226)	(32)
Cash at the end of the year	23(a)	52,665	47,575	592	1,499

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation and Accounting Policies

This General Purpose Financial Report has been prepared on the basis of historical cost accounting and does not purport to disclose current values except where indicated in respect of the revaluation of non current assets. The Financial Statements have been drawn up in accordance with the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements, including Urgent Issues Group Consensus Views.

The accounting policies adopted are consistent with those applied in the previous financial year except as otherwise stated.

(b) Consolidation and Classification

The Consolidated Financial Statements comprise the Financial Statements of the chief entity, Westfield Holdings Limited ("Parent Company"), and each of its controlled entities ("Subsidiaries") as from the date the Parent Company obtains control until such time control ceases. The Parent Company and Subsidiaries are collectively referred to as the economic entity known as the Westfield Holdings Limited Group ("Group"). Subsidiaries are detailed in Note 38. Where entities adopt accounting policies which differ from those of the Group, adjustments have been made so as to achieve consistency with the Group. In preparing the Consolidated Financial Statements all inter-company transactions and balances are eliminated.

By an order dated 28 October 2002, made by the Australian Securities and Investments Commission pursuant to sub-section 340(1) of the Corporations Act 2001, the Directors have been relieved from compliance with sub-section 323D(3) of the Corporations Act 2001 insofar as that sub-section requires them to ensure that the financial years of United States incorporated subsidiary Westland Realty, Inc. ("WRI"), coincides with the financial year of Westfield Holdings Limited. The order is applicable for the period commencing 1 July 2002 and ending 30 June 2005.

Notwithstanding that the financial year of WRI ends on 31 December, the Consolidated Financial Statements have been made out so as to include accounts for a period coinciding with the financial year of Westfield Holdings Limited being the year ended 30 June 2003.

(c) Associated Entities

An associated entity is one over which the Group exercises significant influence but not control. Associated entities are brought to account under the equity method of accounting.

(d) Revenue and Expenses from Ordinary Activities

Revenue from property development and construction is recognised on a percentage completion basis. Stage of completion is assessed by independent quantity surveyors.

Revenue from property and funds management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

All other revenues and expenses are brought to account on an accruals basis.

(e) Foreign Currencies

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions.

Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

Statement of Financial Position of foreign self-sustaining subsidiaries and equity accounted associates are translated at exchange rates ruling at balance date and the Statement of Financial Performance of foreign self-sustaining subsidiaries and equity accounted associates are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign self-sustaining operations and equity accounted associates are taken directly to the Exchange Fluctuation Reserve. On consolidation, exchange differences and the related tax effect on loans denominated in foreign currencies which hedge net investments in foreign self-sustaining operations and equity accounted associates are taken directly to the Exchange Fluctuation Reserve.

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Foreign Currencies (continued)

Other exchange differences, costs and premiums on contracts to hedge specific foreign currency denominated transactions, assets or liabilities are brought to account with the underlying transactions, assets or liabilities. Exchange differences, costs and premiums on all other hedge contracts are included as revenue or expense in the period in which the exchange differences arise.

(f) Derivative and Other Financial Instruments

The Group's activities expose it to changes in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors in respect of the usage of derivative and other financial instruments to hedge cash flows subject to interest rate and currency risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

(i) Financial Assets

Investments in Listed and Unlisted Securities

Refer Note 1(h) below.

Receivables

Trade and sundry debtors are carried at cost, less provision for doubtful debts, and are due within 30 days.

Other Loans

Loans are carried at cost. Interest is credited as income on an accruals basis.

(ii) Financial Liabilities

Payables

Trade and sundry creditors are carried at cost, and are generally payable within 60 days.

Bank and Other Loans

Loans are carried at cost. Interest is charged as an expense on an accruals basis. Terms and conditions are set out in Note 23(c).

Cross Currency Swaps and Forward Exchange Contracts

The Group enters into cross currency swaps and forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to minimise the risk of exchange rate fluctuation in respect of certain of its foreign currency denominated assets, liabilities, revenues and expenses. The value of the cross currency swaps and forward exchange contracts are brought to account in conjunction with the assets and liabilities as recorded on the Statement of Financial Position at the end of the financial year, or in conjunction with the revenue and expense in the period to which the hedges relate. Terms and conditions are set out in Note 30(b) and 30(c).

The Group only enters into derivative financial instruments to hedge certain underlying assets, liabilities, revenues and expenses. The Group does not trade in derivative financial instruments for speculative purposes. The Group continually reviews its exposures and upgrades its treasury policies and procedures. Revenues or expenses arising from changes in the net market values of hedging instruments are matched and brought to account with the carrying values and income streams of the underlying assets or liabilities.

The Group has adopted the revised Accounting Standard AASB 1012: Foreign Currency Translation, which requires forward exchange contracts that hedge specific commitments to be recorded in the Statement of Financial Position. Refer Note 30(e).

Interest Rate Swaps

The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Net receipts and payments in relation to interest rate swaps are recognised as interest income or interest expense as appropriate on an accruals basis over the life of the hedges. Terms and conditions are set out in Note 30(a).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Derivative and Other Financial Instruments (continued)

Disclosure of Fair Values

Recognised financial assets and liabilities are recorded at balance date at their net fair values. The fair value of unrecognised financial instruments is set out in Note 30.

Applicable market rates, values, prices and terms in respect of derivative and other financial instruments are set out in the notes to these Financial Statements.

(g) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Borrowing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the borrowing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing.

(h) Investments

The carrying amount of this class of assets is reviewed annually by the Directors. Where applicable, the potential effect of any capital gains tax in respect of revalued assets has been taken into account in determining the carrying amount.

In line with the Group's principal activities, its material investments are in retail property interests. Investments in retail property take the form of interests in retail property owning companies, partnerships and trusts as well as direct interests in retail property.

Investments in associated entities are accounted for using the equity method and are stated at values based on the Group's equity share of those associates underlying net asset values, including property assets at fair value. Fair value is based on independent valuations assessed principally upon the capitalisation of net income of the underlying property assets, which are supported by discounting future net cash flows to their present value.

Listed investments in entities other than associates are stated at fair value based on their market values.

Unlisted investments other than associates are stated at fair value of the Group's interest in the underlying assets.

Investments in subsidiaries are carried at cost.

The carrying value of foreign currency denominated investments have been translated into Australian dollars at the exchange rates at balance date.

(i) Property Development Projects and Construction Contracts

Property development projects are brought to account at the lower of cost and net realisable value. Where appropriate, cost includes the cost of acquisition, development, rates, taxes and financing costs incurred during development, provided the resultant carrying value does not exceed the expected recoverable amount. Profit is recognised on property sales to the extent that it is probable that economic benefits will flow to the entity on settlement and after contractual duties are completed.

Work in progress represents the value of work actually completed and is assessed in terms of the contract, and provision made for losses, if any, anticipated. Profits are recognised on unconditional construction contracts when construction has reached the stage when the costs to complete can be reliably estimated. Stage of completion is assessed by independent quantity surveyors.

(j) Depreciation and Amortisation

Fixed assets and deferred costs are carried at acquisition cost or recoverable amount less depreciation and amortisation. Depreciation and amortisation is applied over the estimated economic life using the straight line method from the date of acquisition or from the time the asset is ready for use. The estimated economic lives of items in the asset class plant and equipment is 3 to 15 years.

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Income Tax

Tax effect accounting has been adopted, whereby income tax expense has been calculated on pre-tax accounting profits after adjusting for permanent differences. The tax effect of timing differences which occur where items are assessed or deducted for income tax purposes in a period different to that for accounting, where appropriate, is shown in Deferred Tax Liability and Deferred Tax Asset, as applicable, at taxation rates applicable when such timing differences are expected to reverse.

The Parent Company and its Australian resident wholly owned subsidiaries ("Tax Consolidation Group") intend to elect, as permitted by legislation, to adopt tax consolidation and be treated as a single entity for Australian income tax purposes with effect from 1 July 2002. At the date of this report the election to consolidate has not been submitted to the Australian Taxation Office. The Parent Company will assume the income tax assets, liabilities, expenses and revenues of the Tax Consolidation Group. However, the Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss, including timing differences, of the subsidiary at the current tax rate. Amounts owing to or from the Parent Company are in accordance with the tax funding arrangement and are recognised as a component of income tax expense or revenue and inter entity receivables and payables. There has been no material effect on deferred tax balances as a result of the new tax legislation.

(l) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amounts of GST included.

The net amount of GST payable or receivable is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the Statement of Financial Performance in the periods to which they relate.

(n) Cash Assets

Cash on hand, at bank and short term deposits are stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily convertible to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(o) Employee Entitlements

The liability for employees' entitlements to wages, salaries and annual leave is accrued to balance date based on the Group's present obligation to pay resulting from the employees' services provided. The liability for employees' entitlements to long service leave is provided to balance date based on the present values of the estimated future cash flows to be paid by the Group resulting from the employees' services provided.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Recoverable Amount

The carrying amount of non current assets is assessed annually and where the carrying value materially exceeds its recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate or, where applicable, a direct sales comparison method.

(r) Provisions, Contingent Liabilities and Contingent Assets

The Group has applied for the first time the new Accounting Standard AASB 1044: Provisions, Contingent Liabilities and Contingent Assets. Previously, dividends were recognised in the financial year to which they related. There is no impact on the Statement of Financial Performance for this change in accounting policy. Comparatives have not been adjusted to reflect this change in policy. The effect of the revised policy has been to increase consolidated retained earnings and decrease provisions at the beginning of the year by \$73.2 million. The final dividend for the current year of \$76.5 million (13.55 cents per share) has not been provided for in the Statement of Financial Position, as it was not declared, determined or publicly recommended before 30 June 2003 (refer Note 24).

(s) Rounding

Pursuant to ASIC Class Order 98/0100, the amounts shown in the Financial Report have, unless otherwise indicated, been rounded to the nearest thousand dollars.

(t) Comparative Figures

Where applicable, certain comparative figures are restated in order to comply with the current year's presentation of the Financial Statements.

	CONSOLIDATED		PARENT COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
2 REVENUE FROM ORDINARY ACTIVITIES				
Revenue from trading activities				
Property development and construction	828,043	724,835	–	–
Property and funds management	228,587	169,569	–	–
Property investment	45,221	35,689	199	80
Other revenue				
Interest income				
- Other corporations	2,051	2,260	13	46
- Related corporations	–	–	4,489	12,485
Proceeds on disposal of non current assets	43,517	34,358	–	–
Dividends from subsidiaries	–	–	195,000	51,160
	1,147,419	966,711	199,701	63,771
3 EXPENSES FROM ORDINARY ACTIVITIES				
Expenses from trading activities				
Cost of materials and supplies	(635,548)	(513,045)	(35)	(45)
Employment expense	(216,208)	(209,259)	(434)	(427)
Corporate overheads	(10,832)	(12,009)	(3,843)	(3,611)
Operating lease rental expense	(38,453)	(35,177)	–	–
Depreciation and amortisation	(20,441)	(23,934)	–	–
Realised foreign currency loss	(1,134)	(2,928)	(8,738)	(32)
Unrealised foreign currency loss	–	–	–	(9,854)
Other expenses				
Write back of previously written down non current assets	6,396	–	–	–
Foreign currency:				
- Net write down of fixed assets due to exchange rate movement	(18,424)	–	–	–
- Unrealised gain on currency loans funding fixed assets	9,909	–	–	–
Book value of non current assets sold	(42,324)	(32,593)	–	–
	(967,059)	(828,945)	(13,050)	(13,969)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

	CONSOLIDATED		PARENT COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
4 INCOME TAX EXPENSE				
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense provided in the financial statements as follows:				
Prima facie tax payable on profit from ordinary activities at 30% (2002: 30%)	(108,130)	(86,568)	(55,995)	(14,941)
<i>Tax effect of permanent differences</i>				
Differential tax rates of foreign operations	38,286	28,079	–	–
Prior year (under)/over provision	(545)	1,097	–	–
Other items	(1,657)	3,050	1,321	1,085
Inter-company dividends/(2002: rebateable dividends)	–	–	58,500	15,348
Income tax (expense)/revenue attributed to ordinary activities	(72,046)	(54,342)	3,826	1,492

	CONSOLIDATED	
	2003 cents	2002 cents
5 EARNINGS PER SHARE		
Basic	51.13	42.10
Diluted	50.63	41.60

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	CONSOLIDATED	
	2003 \$000	2002 \$000
Earnings used in calculating basic and diluted earnings per share	288,386	234,217
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	563,985,762	556,372,826
Bonus element of share options which are considered to be dilutive	5,615,598	6,612,784
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	569,601,360	562,985,610
Non dilutive options in respect of ordinary shares	4,442,486	6,803,668

Conversions, calls, subscription or issues after 30 June 2003

Since the end of the financial year, 1,022,692 ordinary shares have been issued pursuant to the executive share incentive scheme and the executive option plan. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this report.

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
6 CURRENT RECEIVABLES					
Trade debtors		59,160	87,026	–	–
Less: provision for doubtful debts		(465)	(1,265)	–	–
Amounts due from subsidiaries		–	–	827,262	622,005
		58,695	85,761	827,262	622,005
7 CURRENT INVENTORIES					
Work in progress		617,768	665,014	–	–
Less: progress payments received		(520,362)	(579,023)	–	–
progress payments receivable		(29,294)	(57,711)	–	–
		68,112	28,280	–	–
8 OTHER CURRENT ASSETS					
Sundry debtors		26,239	26,156	–	–
Prepayments		6,708	5,568	–	–
		32,947	31,724	–	–
9 EQUITY ACCOUNTED INVESTMENTS					
Listed investments		1,828,276	2,101,087	–	–
<i>Market value \$2,482.3 million (2002: \$2,386.3 million)</i>					
Unlisted investments		513,574	577,463	–	–
	29(a)	2,341,850	2,678,550	–	–
10 OTHER INVESTMENTS					
Listed investments		3,082	2,374	–	–
<i>Market value \$3.1 million (2002: \$2.6 million)</i>					
Unlisted investments		27,971	19,226	308	808
Investments in subsidiaries at cost		–	–	1,272,942	1,272,572
		31,053	21,600	1,273,250	1,273,380

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
11 FIXED ASSETS					
At cost		160,992	229,351	–	–
Accumulated depreciation		(107,901)	(98,605)	–	–
		53,091	130,746	–	–
At recoverable amount		60,616	–	–	–
Total fixed assets		113,707	130,746	–	–
Opening balance		130,746	91,969	–	–
Additions		25,918	101,984	–	–
Disposals		(42)	(32,593)	–	–
Depreciation expense		(19,901)	(22,035)	–	–
Write down due to exchange rate movement		(18,424)	–	–	–
Retranslation of foreign operations and other differences		(4,590)	(8,579)	–	–
Closing balance		113,707	130,746	–	–
Fixed assets of \$113.7 million comprises the following: aircraft \$60.6 million; property, plant and equipment \$29.2 million; and other fixed assets \$23.9 million.					
12 NON CURRENT RECEIVABLES					
Loans and advances	37(d)	80,481	6,961	–	–
Amounts due from subsidiaries		–	–	–	88,668
		80,481	6,961	–	88,668
13 OTHER NON CURRENT ASSETS					
Sundry debtors and other assets		11,591	8,079	–	–
14 CURRENT PAYABLES					
Trade creditors and accruals		160,467	122,562	–	–
Sundry creditors and accruals		46,428	40,462	559	574
Employee entitlements		13,359	12,178	–	–
Amounts owing to subsidiaries		–	–	1,005,937	1,055,678
		220,254	175,202	1,006,496	1,056,252
15 CURRENT INTEREST BEARING LIABILITIES					
Bank overdraft unsecured	23(a)	2,333	2,888	–	–
Loan unsecured		–	1,300	–	–
		2,333	4,188	–	–

Refer Note 23(c) for terms and conditions in respect of the Group's financing facilities.

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
16 PROVISIONS					
Dividends on ordinary shares	24	–	73,219	–	73,219
17 NON CURRENT PAYABLES					
Sundry creditors and accruals		3,316	3,025	–	–
Employee entitlements		11,335	10,143	–	–
		14,651	13,168	–	–
18 NON CURRENT INTEREST BEARING LIABILITIES					
Bank loans unsecured		985,943	1,171,085	–	–

Refer Note 23(c) for terms and conditions in respect of the Group's financing facilities.

19 CONTRIBUTED EQUITY

(a) Issued and fully paid ordinary shares

Amount of shares on issue

Balance at the beginning of the year	708,872	188,379	711,342	181,243
Share placement	–	500,000	–	500,000
Share purchase plan	–	16,376	–	16,376
Share issue costs	–	(9,270)	–	(9,270)
Executive incentive scheme	6,320	13,387	6,790	22,993
Balance at the end of the year	715,192	708,872	718,132	711,342

	Shares	Shares	Shares	Shares
Number of shares on issue				
Balance at the beginning of the year	563,226,350	528,140,598	563,226,350	528,140,598
Share placement	–	31,746,032	–	31,746,032
Share purchase plan	–	1,039,720	–	1,039,720
Executive incentive scheme	1,039,500	2,300,000	1,039,500	2,300,000
Balance at the end of the year	564,265,850	563,226,350	564,265,850	563,226,350

Since the end of the financial year 258,750 ordinary shares were allotted for cash consideration totalling \$1.9 million and 763,942 ordinary shares were allotted for \$nil consideration following the exercise of executive incentive scheme options over 1,848,750 unissued ordinary shares.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

		PARENT COMPANY	
	Note	2003 Shares	2002 Shares
19 CONTRIBUTED EQUITY (continued)			
(b) Share options			
Balance at the beginning of the year		20,732,000	22,535,000
Options issued during the year		4,463,612	1,025,000
Options exercised during the year			
- extinguished by issuance of new shares		(1,039,500)	(2,300,000)
- extinguished by transfer of existing shares		(206,250)	(12,500)
Options lapsed during the year		(418,750)	(515,500)
Balance at the end of the year		23,531,112	20,732,000
Options issued as part of the consideration for the purchase of the Broadmarsh Retail Limited Partnership	19(c)	8,000,000	8,000,000
Options issued pursuant to the Executive Option Plans*	19(d)	15,531,112	12,732,000
	19(e)	23,531,112	20,732,000

* Represents 2.75% (2002: 2.26%) of the issued shares of the Company.

(c) Options issued as part of the consideration for the purchase of the Broadmarsh Retail Limited Partnership

These options were issued at an exercise price per option of \$8.74 on 22 May 2000 with an expiry date 22 May 2005. They may be exercised at any time during the period commencing on 22 May 2002 and expiring on 22 May 2005.

These options have no entitlement to dividends and no voting rights.

Under the terms of issue, when these options are exercised the Company will issue to the holder of the option the number of new ordinary shares to which the option relates at that time. As an alternative to the issue of those new shares, the Company may procure the transfer to the holder of that number of existing ordinary shares. In lieu of, and in full satisfaction for, the issue or transfer of such ordinary shares to the holder, the Board may also either:

- (i) pay to the holder an amount equal to the difference between the market value of those shares as at the date of exercise and the exercise price for the options; or
- (ii) deliver to the holder that number of shares having a market value at the date of exercise equal to the amount determined under (i).

19 CONTRIBUTED EQUITY (continued)

(d) Options issued pursuant to the Executive Option Plans

(i) Executive options balance at the beginning and end of the year:

Issue date	Expiry date	Exercise price	Note	Number exercisable at 30 June 2003	Number on issue at 30 June 2003	Number exercisable at 30 June 2002	Number on issue at 30 June 2002
23 Jun 1995	18 Aug 2002	\$2.246	(a)	–	–	–	49,500
13 Nov 1997	13 Nov 2002	\$5.990	(a)	–	–	–	525,000
28 Nov 1997	28 Nov 2002	\$6.070	(a)	–	–	–	275,000
5 Feb 1998	5 Feb 2003	\$7.100	(a)	–	–	–	175,000
3 Sep 1998	3 Sep 2003	\$7.580	(a)	–	1,590,000	–	1,590,000
14 Sep 1998	14 Sep 2003	\$7.540	(a)	–	240,000	–	240,000
9 Jun 1999	9 Jun 2004	\$9.450	(b)(i)	212,500	462,500	145,000	567,500
1 Oct 1999	1 Oct 2004	\$9.310	(b)(i)	120,000	813,750	–	925,000
1 Oct 1999	1 Oct 2004	\$9.310	(b)(i)	1,062,500	4,250,000	–	4,250,000
4 Nov 1999	4 Nov 2004	\$9.820	(b)(i)	28,750	115,000	–	115,000
23 Dec 1999	23 Dec 2004	\$10.080	(b)(i)	191,250	810,000	–	825,000
3 Feb 2000	3 Feb 2005	\$9.160	(b)(i)	–	93,750	–	125,000
10 Apr 2000	10 Apr 2005	\$9.320	(b)(i)	150,000	637,500	–	650,000
22 Sep 2000	22 Sep 2005	\$12.550	(b)(i)	–	815,000	–	870,000
1 Nov 2000	1 Nov 2005	\$13.100	(b)(i)	–	–	–	125,000
9 Nov 2000	9 Nov 2005	\$13.460	(b)(i)	–	75,000	–	105,000
22 Dec 2000	22 Dec 2005	\$14.210	(b)(i)	–	50,000	–	70,000
30 Apr 2001	30 Apr 2006	\$13.030	(b)(i)	–	275,000	–	375,000
6 Aug 2001	6 Aug 2006	\$15.050	(b)(i)	–	530,000	–	550,000
12 Nov 2001	12 Nov 2006	\$17.360	(b)(i)	–	100,000	–	100,000
11 Jan 2002	11 Jan 2007	\$17.340	(b)(i)	–	25,000	–	25,000
20 Mar 2002	20 Mar 2007	\$17.140	(b)(i)	–	75,000	–	75,000
15 Apr 2002	15 Apr 2007	\$17.040	(b)(i)	–	25,000	–	25,000
26 Jun 2002	26 Jun 2007	\$15.370	(b)(i)	–	100,000	–	100,000
24 Jul 2002	24 Jul 2007	\$14.760	(b)(i)	–	150,000	–	–
1 Oct 2002	1 Oct 2007	\$0.000	(b)(iv)	–	160,340	–	–
1 Oct 2002	1 Oct 2007	\$13.520	(b)(i)	–	240,000	–	–
25 Oct 2002	25 Oct 2007	\$12.910	(b)(i)	–	575,000	–	–
20 Dec 2002	20 Dec 2007	\$13.800	(b)(i)	–	355,000	–	–
13 Jan 2003	13 Jan 2008	\$13.800	(b)(i)	–	30,000	–	–
27 Feb 2003	27 Feb 2008	\$13.190	(b)(i)	–	400,000	–	–
27 Feb 2003	27 Feb 2010	\$0.000	(b)(v)	–	162,090	–	–
28 Feb 2003	28 Feb 2008	\$13.140	(b)(i)	–	885,000	–	–
28 Feb 2003	28 Feb 2008	\$13.140	(b)(ii)	–	428,000	–	–
28 Feb 2003	28 Feb 2008	\$0.000	(b)(vii)	–	49,750	–	–
28 Feb 2003	28 Feb 2010	\$13.140	(b)(iii)	–	650,000	–	–
20 Mar 2003	20 Mar 2007	\$0.000	(b)(vi)	–	13,390	–	–
20 Mar 2003	20 Mar 2008	\$0.000	(b)(vii)	–	186,752	–	–
31 Mar 2003	31 Mar 2008	\$13.140	(b)(i)	–	100,000	–	–
10 Jun 2003	10 Jun 2008	\$0.000	(b)(vii)	–	63,290	–	–
				1,765,000	15,531,112	145,000	12,732,000

The share price at 30 June 2003 was \$14.60 (2002: \$14.96). The market value in excess of the exercise price of the executive options currently on issue is \$66.7 million (2002: \$67.3 million), representing \$4.59 (2002: \$5.68) per option.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

19 CONTRIBUTED EQUITY (continued)

(d) Options issued pursuant to the Executive Option Plans (continued)

(i) Executive options balance at the beginning and end of the year:

- (a) Under the terms of the 1993 Executive Incentive Scheme under which these options were granted the options may be exercised on dates falling 60 days prior to, 30 days prior to, or on, the expiration date shown above.

These options have no entitlement to dividends and no voting rights.

- (b) (i) Under the terms of the 1998 Executive Option Plan under which these options were granted, 25% of these options may be exercised at any time after the third anniversary of their respective grant dates, 25% of these options may be exercised at any time after the fourth anniversary of the grant dates and the remaining 50% of these options may be exercised on the fifth anniversary of their grant dates.
- (ii) Under the terms of the 1998 Executive Option Plan under which these options were granted, these options may be exercised on the fifth anniversary of their grant date.
- (iii) Under the terms of the 1998 Executive Option Plan under which these options were granted, 25% of these options may be exercised at any time after the fifth anniversary of their respective grant dates, 25% of these options may be exercised at any time after the sixth anniversary of the grant dates and the remaining 50% of these options may be exercised on the seventh anniversary of their grant dates.
- (iv) Under the terms of the 1998 Executive Performance Share Plan under which these options were granted, 71,580 of these options may be exercised on the first anniversary of their respective grant dates, and the remaining 88,760, may be exercised on the fifth anniversary of their grant dates.
- (v) Under the terms of the 1998 Executive Performance Share Plan under which these options were granted, 32,420 of these options may be exercised on the first anniversary of their respective grant dates, and the remaining 129,670 of these options may be exercised on the seventh anniversary of their grant dates.
- (vi) Under the terms of the 1998 Executive Performance Share Plan under which these options were granted, 25% of these options may be exercised on the second anniversary of their respective grant dates, 25% of these options may be exercised on the third anniversary of the grant dates and 50% of these options may be exercised on the fourth anniversary of their grant dates.
- (vii) Under the terms of the 1998 Executive Performance Share Plan under which these options were granted, 25% of these options may be exercised on the third anniversary of their respective grant dates, 25% of these options may be exercised on the fourth anniversary of the grant dates and 50% of these options may be exercised on the fifth anniversary of their grant dates.

Under the terms of issue, when these options are exercised the Company will issue to the holder of the option the number of new ordinary shares to which the option relates at that time. As an alternative to the issue of those new shares, the Company may procure the transfer to the holder of that number of existing ordinary shares. In lieu of, and in full satisfaction for, the issue or transfer of such ordinary shares to the holder, the Board may also either:

- (i) pay to the holder an amount equal to the difference between the market value of those shares as at the date of exercise and the exercise price for the options; or
- (ii) deliver to the holder that number of shares having a market value at the date of exercise equal to the amount determined under (i).

These options have no entitlement to dividends and no voting rights.

19 CONTRIBUTED EQUITY (continued)

(d) Options issued pursuant to the Executive Option Plans (continued)

(ii) Executive options issued during the year:

Issue date	Expiry date	Exercise price	Note	Number Issued 2003	Number Issued 2002
24 Jul 2002	26 Jul 2007	\$14.760	(a)	150,000	–
1 Oct 2002	1 Oct 2007	\$13.520	(a)	240,000	–
25 Oct 2002	25 Oct 2007	\$12.910	(a)	575,000	–
20 Dec 2002	20 Dec 2007	\$13.800	(a)	370,000	–
13 Jan 2003	13 Jan 2008	\$13.800	(a)	30,000	–
27 Feb 2003	27 Feb 2008	\$13.190	(a)	400,000	–
28 Feb 2003	28 Feb 2008	\$13.140	(a)	885,000	–
28 Feb 2003	28 Feb 2008	\$13.140	(a)	428,000	–
28 Feb 2003	28 Feb 2010	\$13.140	(a)	650,000	–
31 Mar 2003	31 Mar 2008	\$13.140	(a)	100,000	–
6 Aug 2001	6 Aug 2006	\$15.050	(a)	–	550,000
24 Sep 2001	24 Sep 2006	\$16.790	(a)	–	150,000
12 Nov 2001	12 Nov 2006	\$17.360	(a)	–	100,000
11 Jan 2002	11 Jan 2007	\$17.340	(a)	–	25,000
20 Mar 2002	20 Mar 2007	\$17.140	(a)	–	75,000
15 Apr 2002	15 Apr 2007	\$17.040	(a)	–	25,000
26 Jun 2002	26 Jun 2007	\$15.370	(a)	–	100,000
				3,828,000	1,025,000
1 Oct 2002	1 Oct 2007	\$0.000	(b)	160,340	–
27 Feb 2003	27 Feb 2010	\$0.000	(b)	162,090	–
28 Feb 2003	28 Feb 2010	\$0.000	(b)	49,750	–
20 Mar 2002	20 Mar 2007	\$0.000	(b)	13,390	–
20 Mar 2003	20 Mar 2008	\$0.000	(b)	186,752	–
10 Jun 2003	10 Jun 2008	\$0.000	(b)	63,290	–
				635,612	–
				4,463,612	1,025,000

(a) Pursuant to the Company's Executive Option Plan established in accordance with the Listing Rules of the Australian Stock Exchange Limited and approved by Shareholders at the 1998 Annual General Meeting, options over 3,828,000 (2002: 1,025,000) unissued ordinary shares were granted during the financial year. This represents 0.7% (2002: 0.2%) of the issued shares of the Company. The exercise price for the options was set at 105% of the market value of the Company's shares at the time the options were issued. The Company has a policy of not recognising a value for options granted with an exercise price at or above current market value. Accordingly, no amounts have been recorded in the Statement of Financial Performance in respect of the issue of these options. These options have no entitlement to dividends and no voting rights. The value of these options issued during the year, based upon the higher of cost or Black-Scholes valuation model, was \$12.0 million (2002: \$4.2 million).

2,750,000 of these options are exercisable as to 25% on and from the third anniversary of the grant date; 25% on and from the fourth anniversary of the grant date; and 50% on the fifth anniversary of the grant date. The amortisation of these options would be \$1.6 million (2002: \$0.8 million) per annum over the 5 year term of the options. 650,000 of these options are exercisable as to 25% on and from the fifth anniversary of the grant date; 25% on and from the sixth anniversary of the grant date; and 50% on the seventh anniversary of the grant date. The amortisation of these options would be \$0.4 million (2002: \$nil) per annum over the 7 year term of the options. 428,000 of these options are exercisable on the fifth anniversary of the grant date. The amortisation of these options would be \$0.3 million (2002: \$nil) per annum over the 5 year term of the options.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

19 CONTRIBUTED EQUITY (continued)

(d) Options issued pursuant to the Executive Option Plans (continued)

(ii) Executive options issued during the year:

(b) Pursuant to the Company's Executive Performance Share Plan established in accordance with the Listing Rules of the Australian Stock Exchange Limited and approved by Shareholders at the 1998 Annual General Meeting, options over 635,612 (2002: nil) unissued ordinary shares were granted during the financial year. The exercise price for the options was \$nil. The Company has a policy of recognising an amount in the Statement of Financial Performance based on the fair value of the option at grant date amortised over the life of these options. The total value of these options issued during the current period, based on the the higher of cost or Black-Scholes valuation model, was \$8.1 million (2002: \$nil). Accordingly, \$0.9 million (2002: \$nil) has been recorded in the Statement of Financial Performance in respect of the issue of these options. These options have no entitlement to dividends and no voting rights.

(iii) Options exercised during the year and extinguished by the issuance of new shares:

Issue date	Expiry date	Exercise date	Exercise price \$	Number of shares issued	Cash received at exercise date \$000	Fair value of shares at exercise date \$000
<i>For the year ended 30 June 2003:</i>						
13 Nov 1997	13 Nov 2002	3 Jul 2002	5.990	100,000	599	1,501
23 Jun 1995	18 Sep 2002	12 Jul 2002	2.246	49,500	111	747
13 Nov 1997	13 Nov 2002	5 Aug 2002	5.990	100,000	599	1,400
13 Nov 1997	13 Nov 2002	13 Sep 2002	5.990	150,000	899	1,994
28 Nov 1997	28 Nov 2002	27 Sep 2002	6.070	275,000	1,669	3,561
13 Nov 1997	13 Nov 2002	13 Nov 2002	5.990	175,000	1,048	2,249
5 Feb 1998	5 Feb 2003	7 Dec 2002	7.100	75,000	533	1,034
23 Dec 1999	23 Dec 2004	23 Dec 2002	10.080	7,500	76	104
5 Feb 1998	5 Feb 2003	5 Feb 2003	7.100	100,000	710	1,301
23 Dec 1999	23 Dec 2004	10 Jun 2003	10.080	7,500	76	115
				1,039,500	6,320	14,006

For the year ended 30 June 2002:

7 Nov 1996	7 Nov 2001	8 Sep 2001	4.248	125,000	531	2,248
5 Dec 1996	5 Dec 2001	6 Oct 2001	4.438	50,000	222	841
7 Sep 1998	1 Jan 2002	2 Nov 2001	7.490	1,000,000	7,490	17,200
5 Dec 1996	5 Dec 2001	5 Nov 2001	4.438	300,000	1,331	5,076
5 Dec 1996	5 Dec 2001	5 Dec 2001	4.438	350,000	1,553	5,670
6 Feb 1997	6 Feb 2002	8 Dec 2001	4.190	175,000	733	2,940
13 Nov 1997	13 Nov 2002	31 Jan 2002	5.990	100,000	599	1,780
13 Nov 1997	13 Nov 2002	1 Feb 2002	5.990	50,000	300	876
6 Feb 1997	6 Feb 2002	6 Feb 2002	4.190	150,000	628	2,625
				2,300,000	13,387	39,256

The fair value of shares at the exercise date is measured as the quoted price at the close of trade on that date.

19 CONTRIBUTED EQUITY (continued)

(d) Options issued pursuant to the Executive Option Plans (continued)

(iv) Options exercised during the year and extinguished by the transfer of existing shares:

Issue date	Expiry date	Exercise date	Exercise price \$	Number of shares transferred	Cash received at transfer date \$000	Fair value of shares at transfer date \$000
<i>For the year ended 30 June 2003:</i>						
9 Jun 1999	9 Jun 2004	1 Jul 2002	9.450	7,500	71	113
9 Jun 1999	9 Jun 2004	17 Jul 2002	9.450	5,000	47	71
1 Oct 1999	1 Oct 2004	1 Oct 2002	9.310	55,000	512	702
1 Oct 1999	1 Oct 2004	7 Oct 2002	9.310	5,000	47	62
9 Jun 1999	9 Jun 2004	29 Nov 2002	9.450	6,250	59	88
1 Oct 1999	1 Oct 2004	12 Mar 2003	9.310	31,250	291	397
9 Jun 1999	9 Jun 2004	9 Jun 2003	9.450	12,500	118	189
1 Oct 1999	1 Oct 2004	9 Jun 2003	9.310	7,500	70	113
1 Oct 1999	1 Oct 2004	25 Jun 2003	9.310	12,500	116	185
10 Apr 2000	10 Apr 2005	25 Jun 2003	9.320	12,500	117	185
9 Jun 1999	9 Jun 2004	30 Jun 2003	9.450	20,000	189	292
3 Feb 2000	3 Feb 2005	30 Jun 2003	9.160	31,250	286	456
				206,250	1,923	2,853
<i>For the year ended 30 June 2002:</i>						
9 Jun 1999	9 Jun 2004	18 Jun 2002	9.450	12,500	118	190
				12,500	118	190

The fair value of shares at the exercise date is measured as the quoted price at the close of trade on that date. These options were granted to executives over shares purchased by the Group and held in a trust for executives. Cash received from the executives is equal to the amount of the exercise price.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

19 CONTRIBUTED EQUITY (continued)

(d) Options issued pursuant to the Executive Option Plans (continued)

(v) Executive options lapsed during the year:

Issue date	Expiry date	Exercise price	Number 2003	Number 2002
9 Jun 1999	9 Jun 2004	\$9.450	53,750	–
22 Sep 2000	22 Sep 2005	\$12.550	55,000	–
1 Nov 2000	1 Nov 2005	\$13.100	125,000	–
9 Nov 2000	9 Nov 2005	\$13.460	30,000	–
22 Dec 2000	22 Dec 2005	\$14.210	20,000	–
30 Apr 2001	30 Apr 2006	\$13.030	100,000	–
6 Aug 2001	6 Aug 2006	\$15.050	20,000	–
20 Dec 2002	20 Dec 2007	\$13.800	15,000	–
23 Jun 1995	18 Aug 2002	\$2.246	–	55,500
13 Nov 1997	13 Nov 2002	\$5.990	–	75,000
5 Feb 1998	5 Feb 2003	\$7.100	–	50,000
1 Oct 1999	1 Oct 2004	\$9.310	–	75,000
23 Dec 1999	23 Dec 2004	\$10.080	–	40,000
22 Sep 2000	22 Sep 2005	\$12.550	–	70,000
24 Sep 2001	24 Sep 2006	\$16.790	–	150,000
			418,750	515,500

(e) Details of movements in share options since 30 June 2003 and the date of this report:

	Issue date	Expiry date	Exercise price	Number 2003
Balance as at 30 June 2003				23,531,112
Options issued since the end of the year	1 Sep 2003	1 Sep 2008	\$0.000	102,790
	1 Sep 2003	1 Sep 2008	\$15.560	193,400
Options exercised since the end of the year				
- extinguished by issuance of new shares	3 Sep 1998	3 Sep 2003	\$7.580	(1,590,000)
	14 Sep 1998	14 Sep 2003	\$7.540	(240,000)
	23 Dec 1999	23 Dec 2004	\$10.080	(10,000)
	22 Sep 2000	22 Sep 2005	\$12.55	(8,750)
- extinguished by transfer of existing shares	9 Jun 1999	9 Jun 2004	\$9.450	(32,500)
	10 Apr 2000	10 Apr 2005	\$9.320	(37,500)
- extinguished by payment of the excess between market value and the exercise price	20 May 2000	20 May 2005	\$8.740	(50,000)
Balance at the date of this report				21,858,552

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
20 RESERVES					
Asset revaluation reserve		237,589	180,725	40,129	40,129
Capital profits reserve		–	–	–	–
Exchange fluctuation reserve		(149,358)	(29,401)	–	–
		88,231	151,324	40,129	40,129
Movement in reserves					
(a) Asset revaluation reserve					
The nature and purpose of the asset revaluation reserve is to record unrealised increments in the value of non current assets.					
Movement in reserve					
Balance at the beginning of the year		180,725	62,776	40,129	40,129
Share of equity accounted associates asset revaluation reserve increment		56,159	117,949	–	–
Revaluation increment on other listed investments		705	–	–	–
Balance at the end of the year		237,589	180,725	40,129	40,129
Attributable to:					
Equity accounted associates		236,884	180,725	–	–
Other assets		705	–	40,129	40,129
		237,589	180,725	40,129	40,129
(b) Capital profits reserve					
The nature and purpose of the capital profit reserve is to accumulate realised capital profits.					
Movement in reserve					
Balance at the beginning of the year		–	38,949	–	13,688
Transfer to retained profits	21	–	(38,949)	–	(13,688)
Balance at the end of the year		–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
20 RESERVES (continued)					
(c) Exchange fluctuation reserve					
The nature and purpose of the exchange fluctuation reserve is to record net exchange differences arising from the translation of net investments in foreign self sustaining controlled entities and equity accounted associates.					
Movement in reserve					
Balance at the beginning of the year		(29,401)	11,076	–	–
Foreign exchange movement on:					
- equity accounted foreign associates and controlled foreign entities		(397,487)	(226,701)	–	–
- tax effect		–	–	–	–
- foreign currency loans and derivatives		341,093	186,224	–	–
- tax effect		(63,563)	–	–	–
Balance at the end of the year		(149,358)	(29,401)	–	–
Attributable to:					
Equity accounted associates		(138,966)	(27,887)	–	–
Subsidiaries		(10,392)	(1,514)	–	–
		(149,358)	(29,401)	–	–
21 RETAINED PROFITS					
Balance at the beginning of the year		599,235	444,629	100,896	154,474
Profit from ordinary activities after income tax expense		288,386	234,217	190,477	51,294
Transfer from capital profits reserve	20(b)	–	38,949	–	13,688
Net effect of changes in accounting policies					
AASB 1044: Provisions, Contingent Liabilities and Contingent Assets – Provision for Dividends	24	73,219	–	73,219	–
Dividends paid or provided for	24	(141,094)	(118,560)	(141,094)	(118,560)
Balance at the end of the year		819,746	599,235	223,498	100,896

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
22 TOTAL EQUITY					
Balance at the beginning of the year		1,459,431	745,809	852,367	389,534
Total changes in equity recognised in the Statement of Financial Performance		225,293	311,689	190,477	51,294
Issue of securities (net of costs)		6,320	520,493	6,790	530,099
Net effect of changes in accounting policies					
AASB 1044: Provisions, Contingent Liabilities and Contingent Assets – Provision for Dividends	24	73,219	–	73,219	–
Dividends paid or provided for	24	(141,094)	(118,560)	(141,094)	(118,560)
Total equity at the end of the year		1,623,169	1,459,431	981,759	852,367

23 NOTES TO STATEMENT OF CASH FLOWS

(a) Components of Cash

Cash	23(c)	38,933	44,760	592	1,499
Cash – restricted ⁽ⁱ⁾		16,065	5,703	–	–
Cash assets		54,998	50,463	592	1,499
Overdrafts and short term loans	15	(2,333)	(2,888)	–	–
		52,665	47,575	592	1,499

(i) The utilisation of the amount is restricted to the settlement of specific obligations and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

	Note	CONSOLIDATED		PARENT COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
23 NOTES TO STATEMENT OF CASH FLOWS (continued)					
(b) Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities					
Profit from ordinary activities after income tax		288,386	234,217	190,477	51,294
Amortisation and depreciation		20,441	23,934	–	–
Share of associates profit in excess of dividend and distribution		(4,123)	(27,501)	–	–
Profit on disposal of non current assets		(1,193)	(1,765)	–	–
Dividend and distribution income		(181)	(26)	(113)	–
Interest income		(2,051)	(2,260)	(4,502)	(12,485)
Borrowing costs		42,710	66,751	–	–
Write back of previously written down non current assets		(6,396)	–	–	–
Foreign currency					
- Write down of fixed assets due to exchange rate movement		18,424	–	–	–
- Unrealised gain on currency loans funding fixed assets		(9,909)	–	–	–
- Realised loss		1,134	2,928	–	–
- Unrealised loss		–	–	–	9,854
Increase/(decrease) in net tax liability		24,206	14,470	(109,135)	(3,838)
Decrease/(increase) in other assets attributable to operating activities		4,699	(14,336)	108,872	96
Net cash flows from operating activities		376,147	296,412	185,599	44,921
(c) Financing Facilities					
Committed financing facilities available to the Group:					
Total financing facilities at the end of the year		1,565,781	1,470,070		
Amounts utilised ⁽ⁱ⁾		(998,363)	(1,187,036)		
Available financing facilities		567,418	283,034		
Cash	23(a)	38,933	44,760		
Financing resources available at the end of the year		606,351	327,794		
The maturity profiles in respect of the above financing facilities are:					
Due within one year		51,300	324,871		
Due between one and five years		1,514,481	1,145,199		
Total financing facilities		1,565,781	1,470,070		

(i) Amounts utilised include overdraft, borrowings and bank guarantees. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

These facilities are interest only floating rate facilities. The facilities are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

	CONSOLIDATED		PARENT COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
24 DIVIDENDS				
(a) Current year final dividend proposed but not provided for in the Statement of Financial Position				
50% franked dividends at 13.55 cents per share	76,458	–	76,458	–
Dividends proposed will be franked at the corporate tax rate of 30% and are expected to be paid on 30 September 2003.				
(b) Prior year final dividend proposed and provided for in the Statement of Financial Position				
40% franked dividends at 13.00 cents per share	–	73,219	–	73,219
(c) Dividends paid during the year				
Current year interim dividend				
40% franked dividends at 12.02 cents per share (2002: 60% franked dividends at 8.05 cent per share)	67,823	45,341	67,823	45,341
Previous year final dividend				
40% franked dividends at 13.00 cents per share (2002: 60% franked dividends at 8.76 cent per share)	73,271	46,265	73,271	46,265
Dividends paid have been franked at the corporate tax rate of 30%.				
(d) Franking credit balance				
The amount of franking credits available on a tax paid basis for future distributions are:				
- franking credits balance as at the end of the year at the corporate tax rate of 30% (2002: 30%)	153	6,763	153	47
- franking credits arising from the payment of income tax provided in this financial report	25,551	5,874	25,551	2,234
Franking credits available for distribution ⁽ⁱ⁾	25,704	12,637	25,704	2,281
- franking debits that will arise from the payment of the final dividend proposed (2002: provided)	(16,384)	(12,552)	(16,384)	(12,552)
- franking credits that will arise from the payment of dividends by subsidiaries	–	–	–	10,356
Franking credits available for future distributions	9,320	85	9,320	85

With effect from 1 July 2002, the new imputation system requires the Company's franking credits to be expressed on a tax paid basis. The franking credits available, existing at 30 June 2002, have been restated to a tax paid amount by multiplying the franking credits available by 30 and dividing that balance by 70. Comparatives have been restated to a tax paid basis.

(i) The franking credits available for distribution (tax paid basis) of \$25.7 million (2002: \$12.6 million) will fully frank a dividend of \$60.0 million (2002: \$29.5 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

	CONSOLIDATED		PARENT COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
25 LEASE COMMITMENTS				
Operating lease payables				
Expenditure contracted but not provided for				
Due within one year	42,105	30,605	–	–
Due between one and five years	186,961	109,847	–	–
Due after five years	35,075	33,864	–	–
	264,141	174,316	–	–
<hr/>				
Retail property leases	167,324	153,845	–	–
Offices and other operating leases	96,817	20,471	–	–
	264,141	174,316	–	–
<hr/>				
The average term of operating lease contracts payable at 30 June 2003 is 4.0 years (2002: 2.1 years).				
Operating lease receivables				
Future minimum rental revenues under non-cancellable operating retail property leases				
Due within one year	35,982	18,434	–	–
Due between one and five years	101,759	34,164	–	–
Due after five years	5,571	1,007	–	–
	143,312	53,605	–	–
<hr/>				
26 CAPITAL EXPENDITURE COMMITMENTS				
Estimated capital expenditure commitments contracted at balance date but not provided for				
Due within one year	8,461	300	–	–
Due between one and five years	–	–	–	–
	8,461	300	–	–
<hr/>				
27 CONTINGENT LIABILITIES				
Performance guarantees	72,633	51,394	–	–
Borrowings of subsidiaries	–	–	988,276	1,172,633
Gross liability in respect of derivative contracts of subsidiaries	–	–	1,665,339	1,856,458
Other liabilities of subsidiaries	–	–	72,719	69,420
	72,633	51,394	2,726,334	3,098,511

The Group is involved in lawsuits in the normal course of business. The directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

28 SEGMENTAL INFORMATION

PRIMARY GEOGRAPHIC SEGMENT

	AUSTRALASIA ⁽ⁱ⁾		UNITED STATES		UNITED KINGDOM		GROUP	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Segment revenue								
Segment trading revenue	634,870	438,751	425,721	478,336	41,260	13,006	1,101,851	930,093
Equity accounted net profit of associates	–	–	194,160	193,386	28,622	24,158	222,782	217,544
Total segment revenue	634,870	438,751	619,881	671,722	69,882	37,164	1,324,633	1,147,637
Interest income							2,051	2,260
Proceeds from sale of non current assets							43,517	34,358
Consolidated total revenue							1,370,201	1,184,255
Segment profit								
Segment result before corporate overheads, interest, sale of investments and taxation	105,346	96,017	284,385	251,625	23,326	20,345	413,057	367,987
Corporate overheads and net interest expense							(52,625)	(79,428)
Income tax expense							(72,046)	(54,342)
Consolidated operating profit after tax							288,386	234,217
Segment assets								
Segment assets	134,313	149,601	2,023,240	2,284,237	547,519	599,187	2,705,072	3,033,025
Corporate assets							416,561	180,286
Consolidated total assets							3,121,633	3,213,311
Segment liabilities								
Segment liabilities	162,511	115,247	37,636	63,115	11,596	9,359	211,743	187,721
Corporate liabilities							1,286,721	1,566,159
Consolidated total liabilities							1,498,464	1,753,880
Other segment information								
Investment in equity accounted associates included in segment assets	–	–	1,828,276	2,101,087	513,574	577,463	2,341,850	2,678,550
Additions to segment non current assets	10,688	22,636	9,236	1,017,994	25,528	61,414	45,452	1,102,044
Depreciation and amortisation	10,455	10,208	8,699	12,265	1,287	1,461	20,441	23,934

(i) Australasia combines Australia and New Zealand

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

28 SEGMENTAL INFORMATION (continued)

SECONDARY BUSINESS SEGMENT

	PROPERTY DEVELOPMENT CONSTRUCTION		PROPERTY AND FUNDS MANAGEMENT		PROPERTY INVESTMENT		GROUP	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Segment revenue								
Segment trading revenue	828,043	724,835	228,587	169,569	45,221	35,689	1,101,851	930,093
Equity accounted net profit of associates	–	–	–	–	222,782	217,544	222,782	217,544
Total segment revenue	828,043	724,835	228,587	169,569	268,003	253,233	1,324,633	1,147,637
Group interest income							2,051	2,260
Proceeds from sale of non current assets							43,517	34,358
Consolidated total revenue							1,370,201	1,184,255
Segment assets								
Segment assets	167,150	171,315	99,371	97,847	2,438,551	2,763,863	2,705,072	3,033,025
Corporate assets							416,561	180,286
Consolidated total assets							3,121,633	3,213,311
Other segment information								
Additions to segment non current assets	9,288	68,661	15,365	32,352	20,799	1,001,031	45,452	1,102,044

29 DETAILS OF EQUITY ACCOUNTED ASSOCIATES

Name of entity	Type of equity	Balance date	ECONOMIC INTEREST		CONSOLIDATED CARRYING VALUE	
			2003	2002	2003 \$000	2002 \$000
(a) Equity accounted entities						
United States investments						
Westfield America Trust ("WAT") and controlled entity Westfield America Inc ("WEA") (i)	Common stock, preferred stock and units	31 Dec	26.2%	28.4%	1,828,276	2,101,087
					1,828,276	2,101,087
United Kingdom investments						
Broadmarsh Retail Limited Partnership ("Broadmarsh") (ii)	Partnership interest	30 June	75.0%	75.0%	180,297	186,863
Wilmslow No's 1 to 6 Limited Partnership ("Wilmslow") (iii)	Partnership interest	30 June	50.0%	50.0%	333,277	349,356
Two Rivers Limited Partnership ("Two Rivers") (iv)	Partnership interest	30 June	0.0%	18.8%	–	41,244
					513,574	577,463
					2,341,850	2,678,550

29 DETAILS OF EQUITY ACCOUNTED ASSOCIATES (continued)

During the financial year, WAT and WEA operated solely as retail property investors in the United States. Broadmarsh, Wilmslow and Two Rivers operated solely as retail property investors in the United Kingdom.

- (i) At 30 June 2003 the Group held a 14.5% (2002: 15.6%) interest in WAT; at that date WAT held a 75.8% (2002: 73.9%) interest in WEA. At 30 June 2003 the Group held a 15.4% (2002: 17.3%) interest in WEA. The Group's aggregate economic interest in WEA, held directly or indirectly via its interest in WAT, amounts to 26.2% (2002: 28.4%). The Group holds options to convert its common and preferred stock in WEA into units in WAT at no additional cost.
- (ii) The Group has a 75% economic interest in Broadmarsh. The Group has equal representation and voting rights on the Board of Broadmarsh resulting in joint control, and as a consequence, significant influence. Accordingly, Broadmarsh has been accounted for as an associate in accordance with AASB 1016: Accounting for Investments in Associates.
- (iii) The Group's interest in Wilmslow was acquired on 28 September 2000, in respect of the purchase of 6 properties in the United Kingdom.
- (iv) The Group's interest in Two Rivers was acquired on 14 March 2001, and was subsequently sold in 2 tranches on 6 September 2002 and 31 January 2003.

	UNITED STATES		UNITED KINGDOM		CONSOLIDATED	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
(b) Details of the Group's aggregate share of equity accounted associates net profit						
WAT and its controlled entity WEA	199,424	115,524			199,424	115,524
Rodamco North America	–	86,100			–	86,100
Broadmarsh			8,519	8,631	8,519	8,631
Wilmslow			18,938	13,294	18,938	13,294
Two Rivers			1,165	2,233	1,165	2,233
Profit from equity accounted associates before income tax expense	199,424	201,624	28,622	24,158	228,046	225,782
Income tax expense	(5,264)	(8,238)	–	–	(5,264)	(8,238)
Share of net profits of equity accounted associates	194,160	193,386	28,622	24,158	222,782	217,544

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

29 DETAILS OF EQUITY ACCOUNTED ASSOCIATES (continued)

	UNITED STATES		UNITED KINGDOM		CONSOLIDATED	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
(c) Carrying value of the Group's investments in equity accounted associates						
Balance at the beginning of the year	2,101,087	1,221,949	577,463	548,089	2,678,550	1,770,038
Additions	–	957,222	19,529	36,969	19,529	994,191
Disposals	–	–	(42,282)	–	(42,282)	–
Share of associates net profit	194,160	193,386	28,622	24,158	222,782	217,544
Dividends and distributions, net of tax	(192,746)	(211,386)	(25,913)	(17,497)	(218,659)	(228,883)
Share of revaluation increment	56,159	117,949	–	–	56,159	117,949
Foreign currency translation differences	(330,384)	(178,033)	(43,845)	(14,256)	(374,229)	(192,289)
Carrying value of investments in equity accounted associates	1,828,276	2,101,087	513,574	577,463	2,341,850	2,678,550
(d) Details of the Group's aggregate share of equity accounted associates assets, liabilities, share capital and reserves						
Cash	47,729	64,325	34,244	34,317	81,973	98,642
Receivables	37,229	26,421	4,226	5,852	41,455	32,273
Property investments ⁽ⁱ⁾	3,630,428	4,567,293	1,131,874	1,243,136	4,762,302	5,810,429
Other assets	148,084	32,518	4,422	26,194	152,506	58,712
Payables	(304,548)	(197,142)	(52,912)	(50,634)	(357,460)	(247,776)
Interest bearing liabilities	(1,730,646)	(2,392,328)	(608,280)	(681,402)	(2,338,926)	(3,073,730)
Net assets	1,828,276	2,101,087	513,574	577,463	2,341,850	2,678,550
Share capital	1,797,130	1,785,282	499,154	558,869	2,296,284	2,344,151
Asset revaluation reserve	237,889	207,118	–	–	237,889	207,118
Other reserves	25	2,292	–	–	25	2,292
Foreign currency translation reserve	(246,143)	65,716	–	–	(246,143)	65,716
Undistributed income	39,375	40,679	14,420	18,594	53,795	59,273
Shareholders equity	1,828,276	2,101,087	513,574	577,463	2,341,850	2,678,550

(i) The Group's United States investment is held through the listed entity WAT and WAT's unlisted controlled entity WEA. The United States property investments, which comprise 63 properties, are carried at fair value determined by a systematic three year cycle of revaluations based upon appraisals conducted by independent valuers.

The Group's property investments held in Wilmslow Limited Partnerships are carried at fair value determined by independent valuations, performed by Knight Frank Grubb & Ellis as at 30 June 2002, of the six underlying retail property investments.

29 DETAILS OF EQUITY ACCOUNTED ASSOCIATES (continued)

	UNITED STATES		UNITED KINGDOM		CONSOLIDATED	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
(e) The Group's share of capital expenditure commitments, contingent liabilities and lease rentals in respect of equity accounted associates						
Capital expenditure commitments						
Due within one year	92,553	88,778	–	–	92,553	88,778
Due between one and five years	46,651	31,183	–	–	46,651	31,183
	139,204	119,961	–	–	139,204	119,961
Contingent liabilities						
Performance guarantees	46,583	47,655	–	–	46,583	47,655

Lease rental commitments

At balance date WAT and its controlled entity WEA have operating lease expenditure commitments which are not required to be disclosed in their half year report. At 31 December 2002, the total commitment was US\$21.6 billion, with US\$21.5 billion due between 10 and 100 years. The annual non recourse ground lease payments in connection with the World Trade Centre 99 year lease totalled US\$21.4 billion. The present value of these non recourse lease payments over the maximum term of the lease using a discount rate of 8.0% is estimated at US\$299.1 million.

Following the terrorist attacks on the World Trade Centre on 11 September 2001 which destroyed the complex, including the retail component leased by WEA's affiliate, extensive insurance discussions and legal proceedings have occurred and are ongoing as at the date of this report. Since the attacks, WEA has lodged partial proofs of loss with respect to business interruption losses with the insurers. Without prejudice, the insurers have made interim advances without accepting the claims. Pending the resolution of all legal proceedings and until all insurance monies payable as a result of the attacks have been received, it is not possible to estimate the total settlement value arising from the process. Management continues to believe that WEA's insurance coverage is adequate to protect its initial investment and to reimburse its continuing cash costs for the foreseeable future.

On 15 September 2003 WEA announced it had commenced discussions and had signed a non-binding letter of intent with the Port Authority of New York and New Jersey for the Port Authority to purchase its interest in the World Trade Centre retail net lease for US\$140 million. This is expected to allow WEA to recover its initial investment, associated costs and relieve it of its obligation for future lease payments. The arrangement is subject to completion of negotiations, legal documentation, due diligence and the required approvals.

As a result, WAT remains confident that the destruction of the retail component of the World Trade Centre will not have a material adverse impact on WAT's consolidated financial position or results from operations.

In addition, four centres in the United Kingdom are subject to head leases granted by local authorities ranging from 120 to 200 years resulting in a commitment to pay the head lessors 5% to 33% of the rental income of the shopping centres.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

30 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Interest rates

US\$, UK£ and A\$ notional principal or contract amounts of interest rate derivatives for the hedging of interest rate exposures on Group's foreign currency assets and liabilities are:

Interest rate derivatives contracted at the reporting date and outstanding at:	CONSOLIDATED			
	Average rate excluding margin		Amounts (Payable)/Receivable	
	2003 %	2002 %	2003 000	2002 000
US\$ fixed rate payable swaps				
30 June 2002	–	5.16%	–	US\$(717,600)
30 June 2003	4.67%	5.12%	US\$(795,600)	US\$(680,600)
30 June 2004	5.21%	5.21%	US\$(634,100)	US\$(634,100)
30 June 2005	5.31%	5.56%	US\$(461,100)	US\$(359,900)
30 June 2006	5.02%	5.44%	US\$(424,000)	US\$(187,700)
30 June 2007	5.03%	5.59%	US\$(381,600)	US\$(145,300)
UK£ fixed rate payable swaps				
30 June 2002	–	6.53%	–	£(40,000)
30 June 2003	5.67%	6.53%	£(60,000)	£(40,000)
30 June 2004	4.88%	6.53%	£(112,000)	£(40,000)
30 June 2005	4.88%	6.53%	£(112,000)	£(40,000)
30 June 2006	4.88%	6.53%	£(112,000)	£(40,000)
30 June 2007	4.13%	–	£(112,000)	–
A\$ fixed rate receivable swaps				
30 June 2002	–	5.95%	–	A\$801,000
30 June 2003	5.76%	5.94%	A\$1,041,000	A\$846,000
30 June 2004	6.04%	6.04%	A\$890,000	A\$890,000
30 June 2005	5.99%	6.05%	A\$742,000	A\$572,000
30 June 2006	6.06%	6.19%	A\$682,000	A\$310,000
30 June 2007	6.13%	6.42%	A\$602,000	A\$230,000

At 30 June 2003 the aggregate fair value compared to the aggregate book value of the above hedging arrangements amounted to a deficit of \$65.5 million (2002: deficit of \$57.1 million).

30 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Exchange rates

	CONSOLIDATED			
	2003 000	2003 000	2002 000	2002 000
US Dollars ("US\$")				
Contracts to pay US\$ and receive A\$ (hedging US dollar denominated net assets)				
Maturing within one year	A\$204,804	US\$(142,662)	–	–
Maturing between one and five years	A\$237,311	US\$(135,000)	A\$906,487	US\$(605,964)
Maturing after five years	A\$1,038,657	US\$(629,800)	A\$448,282	US\$(237,500)
	A\$1,480,772	US\$(907,462)	A\$1,354,769	US\$(843,464)
At 30 June 2003 the Group's US\$ denominated net assets amounted to		US\$1,131,455		US\$957,402
UK Pound ("UK£")				
Contracts to pay UK£ and receive A\$ (hedging UK£ denominated net assets)				
Maturing between one and five years	A\$426,171	£(162,000)	A\$426,171	£(162,000)
	A\$426,171	£(162,000)	A\$426,171	£(162,000)
At 30 June 2003 the Group's UK£ denominated net assets amounted to		£171,673		£169,935
(c) Forward Exchange Contracts				
Maturing within 12 months				
Contracts to buy A\$ and sell US\$	A\$75,465 – 77,387	(US\$40,300)	A\$101,333 – 107,802	(US\$58,000)
Contracts to buy A\$ and sell NZ\$	A\$6,268	(NZ\$8,450)	A\$9,025	(NZ\$11,800)
Maturing between 12 to 24 months				
Contracts to buy A\$ and sell US\$	A\$67,310	(US\$34,600)	A\$60,846 – 62,768	(US\$32,500)
Contracts to buy A\$ and sell NZ\$	–	–	\$A3,153	(NZ\$4,200)
Maturing after 24 months				
Contracts to buy A\$ and sell US\$	A\$242,949	(US\$128,700)	A\$69,141	(US\$34,600)

Differences arising on settlement of forward exchange contracts which hedge the Group's foreign currency denominated income are recognised when the underlying foreign currency income is recorded in the financial statements. As at 30 June 2003, the aggregate fair value of the above hedging contracts amounted to a surplus of \$51.1 million (2002: surplus of \$4.8 million).

In addition, at 30 June 2003 there were forward exchange contracts to sell A\$12.5 million and buy US\$8.2 million. These are to hedge specific US\$ denominated expenses, payable within 12 months.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

30 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(d) Credit risks

At 30 June 2003 the Group had no significant concentration of credit risk with any single counterparty or groups of counterparties. In accordance with the policies determined by the Board of Directors, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of a number of prime financial institutions. The aggregate credit risk in respect of derivative financial instruments is \$206.6 million.

(e) Foreign currency translation

The Group has adopted the revised Accounting Standard AASB 1012: Foreign Currency Translation. The Group uses forward exchange contracts to hedge specific commitments including US and NZ dollar denominated income, assets and liabilities (refer note 30(c)). These hedge commitments were not recorded in the Statement of Financial Position in previous years. As at 30 June 2003, the unrealised exchange difference in respect of the above foreign exchange contracts are recorded in the Statement of Financial Position as follows:

	CONSOLIDATED	
	2003 \$000	2002 \$000
Current Assets		
Receivables under forward exchange contracts	14,859	3,453
Unrealised exchange loss on forward exchange contracts	1,125	1,192
Non Current Assets		
Receivables under forward exchange and other derivative contracts	65,578	75,046
Unrealised exchange loss on forward exchange contracts	–	483
Current Liabilities		
Payables under forward exchange contracts	(1,125)	(1,192)
Unrealised exchange gain on forward exchange contracts	(14,859)	(3,453)
Non Current Liabilities		
Payables under forward exchange and other derivative contracts	–	(64,401)
Unrealised exchange gain on forward exchange contracts	(65,578)	(11,128)

There is no impact on the Statement of Financial Performance for this change in accounting policy.

	CONSOLIDATED		PARENT COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
31 UNHEDGED FOREIGN CURRENCY MONETARY ITEMS				
US\$ denominated net assets	US\$223,993	US\$113,938	–	US\$50,823
UK£ denominated net assets	£9,673	£7,935	–	–
NZ\$ denominated net assets	NZ\$10,157	NZ\$6,279	–	–
Total A\$ equivalent	368,462	228,965	–	90,128
32 AUDITORS REMUNERATION				
Amounts received or due and receivable by the auditors of the parent company and any other entity in the economic entity for:				
- Audit or review of the financial reports	931	433	56	30
- Accounting services	299	235	–	–
- Acquisitions and other capital transactions	149	59	–	–
- Taxation advice and compliance	272	302	–	–
- Information technology technical services	63	–	–	–
- Valuation of management rights	–	56	–	–
- Other services	16	7	–	–
	1,730	1,092	56	30
Amounts received or due and receivable by Affiliates of the auditors of the parent company for:				
- Audit or review of the financial reports	348	268	–	–
- Accounting services	18	112	–	–
- Taxation advice and compliance	395	505	–	–
- Information technology technical services	12	274	–	–
- Other services	8	162	–	–
	781	1,321	–	–
	2,511	2,413	56	30

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

	CONSOLIDATED		PARENT COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
33 REMUNERATION OF DIRECTORS AND EXECUTIVES				
(a) Directors Remuneration				
Amounts paid or payable by the Group in respect of the financial year to Directors (including Executive Directors as asterisked * below).	23,151	21,309	22,630	21,309
The number of directors of the parent company whose remuneration falls within the following bands:				
\$0 to \$9,999	–	7	–	–
\$40,000 to \$49,999	2	–	–	–
\$70,000 to \$79,999	2	–	–	–
\$80,000 to \$89,999	1	–	–	–
\$90,000 to \$99,999	1	–	–	–
\$100,000 to \$109,999	1	–	–	–
\$130,000 to \$139,999	3	3	3	3
\$140,000 to \$149,999	1	1	1	1
\$160,000 to \$169,999	1	1	1	1
\$180,000 to \$189,999	1	1	1	1
\$1,000,000 to \$1,009,999*	1	–	1	–
\$1,200,000 to \$1,209,999*	–	1	–	1
\$2,700,000 to \$2,709,999*	–	1	–	1
\$3,250,000 to \$3,259,999*	1	–	1	–
\$4,010,000 to \$4,019,999*	–	1	–	1
\$4,100,000 to \$4,109,999*	1	–	1	–
\$11,920,000 to \$11,929,999*	–	1	–	1
\$13,390,000 to \$13,399,999*	1	–	1	–
	17	17	10	10
(b) Directors Retirement Benefits				
Aggregate amounts paid by the Group to persons or prescribed superannuation funds in connection with the retirement of Directors; (such amounts also being included as part of remuneration set out in Note 33(a)).	633	508	590	508

	CONSOLIDATED		PARENT COMPANY			
	2003 \$000	2002 \$000	2003 \$000	2002 \$000		
33 REMUNERATION OF DIRECTORS AND EXECUTIVES <i>(continued)</i>						
(c) Executives Remuneration						
Amounts paid or payable in respect of the financial year to Australian Executive Officers, including Executive Directors, whose total income exceeds \$100,000 (including Executive Directors as asterisked * below)						
	82,575	74,547	82,575	74,547		
The number of Australian Executives including Executive Directors of the Group whose remuneration falls within the following bands:						
\$100,000	to	\$109,999	39	33	39	33
\$110,000	to	\$119,999	37	33	37	33
\$120,000	to	\$129,999	42	25	42	25
\$130,000	to	\$139,999	20	22	20	22
\$140,000	to	\$149,999	21	16	21	16
\$150,000	to	\$159,999	15	19	15	19
\$160,000	to	\$169,999	16	11	16	11
\$170,000	to	\$179,999	13	20	13	20
\$180,000	to	\$189,999	15	10	15	10
\$190,000	to	\$199,999	9	8	9	8
\$200,000	to	\$209,999	7	14	7	14
\$210,000	to	\$219,999	5	8	5	8
\$220,000	to	\$229,999	7	7	7	7
\$230,000	to	\$239,999	10	6	10	6
\$240,000	to	\$249,999	5	7	5	7
\$250,000	to	\$259,999	9	4	9	4
\$260,000	to	\$269,999	2	4	2	4
\$270,000	to	\$279,999	8	2	8	2
\$280,000	to	\$289,999	2	6	2	6
\$290,000	to	\$299,999	1	3	1	3
\$300,000	to	\$309,999	3	1	3	1
\$310,000	to	\$319,999	–	2	–	2
\$320,000	to	\$329,999	3	–	3	–
\$330,000	to	\$339,999	1	1	1	1
\$340,000	to	\$349,999	2	–	2	–
\$350,000	to	\$359,999	2	4	2	4
\$360,000	to	\$369,999	2	–	2	–
\$370,000	to	\$379,999	2	–	2	–
\$380,000	to	\$389,999	2	–	2	–
\$390,000	to	\$399,999	2	2	2	2
\$420,000	to	\$429,999	1	–	1	–
\$450,000	to	\$459,999	–	1	–	1
\$470,000	to	\$479,999	1	2	1	2
\$480,000	to	\$489,999	–	1	–	1

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

			CONSOLIDATED		PARENT COMPANY	
			2003	2002	2003	2002
			\$000	\$000	\$000	\$000
33 REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)						
(c) Executives Remuneration (continued)						
\$540,000	to	\$549,999	1	–	1	–
\$550,000	to	\$559,999	1	–	1	–
\$590,000	to	\$599,999	2	–	2	–
\$600,000	to	\$609,999	–	3	–	3
\$630,000	to	\$639,999	1	–	1	–
\$640,000	to	\$649,999	–	1	–	1
\$650,000	to	\$659,999	1	1	1	1
\$660,000	to	\$669,999	1	–	1	–
\$700,000	to	\$709,999	–	3	–	3
\$770,000	to	\$779,999	–	1	–	1
\$790,000	to	\$799,999	1	–	1	–
\$810,000	to	\$819,999	2	–	2	–
\$860,000	to	\$869,999	1	–	1	–
\$960,000	to	\$969,999	–	1	–	1
\$1,000,000	to	\$1,009,999*	1	–	1	–
\$1,120,000	to	\$1,129,999	1	–	1	–
\$1,200,000	to	\$1,209,999*	–	1	–	1
\$2,700,000	to	\$2,709,999*	–	1	–	1
\$3,250,000	to	\$3,259,999*	1	–	1	–
\$4,010,000	to	\$4,019,999*	–	1	–	1
\$4,100,000	to	\$4,109,999*	1	–	1	–
\$11,920,000	to	\$11,929,999*	–	1	–	1
\$13,390,000	to	\$13,399,999*	1	–	1	–
			320	286	320	286

34 ECONOMIC DEPENDENCY

Group entities act as manager of Westfield Trust and as the property manager and developer of properties in which Westfield Trust, directly or indirectly, has an interest. These activities, charged at normal commercial rates, contributed the following amounts to the Group's revenue for the financial year: \$28.4 million (2002: \$24.3 million) in respect of funds management activities; \$59.8 million (2002: \$54.9 million) in respect of property management activities; and \$391.7 million (2002: \$264.8 million) in respect of development and construction activities. During the year, a Group entity pursuant to licensing arrangements, provided the Westfield Trust internet sites for marketing and promotion. Licence fees payable are based on normal commercial terms and are included in the above revenue amount in respect of property management activities.

Group entities act as manager of the Westfield America Trust ("WAT") and as manager and adviser of its controlled entity Westfield America, Inc ("WEA"). Group entities also act as the property manager and developer of properties in which, directly or indirectly, WAT and WEA have an interest. These activities, charged at normal commercial rates, contributed the following amounts to the Group's revenue for the financial year: \$30.3 million (2002: \$20.1 million) in respect of funds management activities; \$69.7 million (2002: \$51.7 million) in respect of property management activities; and \$307.3 million (2002: \$400.6 million) in respect of development and construction activities. During the year a group entity entered into certain licensing arrangements to provide WEA internet sites for marketing and promotion. Licence fees payable are based on normal commercial terms and are included in the above revenue amount in respect of property management activities.

In the United Kingdom, Group entities act as the property manager and developer for associate entities in which they have an interest. These activities, charged at normal commercial rates, contributed to the Group's revenue for the financial year: \$12.9 million (2002: \$9.9 million) in respect of management activities and \$28.4 million (2002: \$2.6 million) in respect of development and construction activities.

As at 30 June 2003 an aggregate amount of \$58.7 million (2002: \$84.5 million) was recognised as a current receivable from the entities referred to above.

35 SUPERANNUATION COMMITMENTS

The Group sponsors accumulation style superannuation funds and plans to provide retirement benefits to its employees. There are no unfunded liabilities in respect of these superannuation funds and plans. The Group does not sponsor defined benefits style superannuation funds and plans.

36 EMPLOYEES

At 30 June 2003 the Group employed 4,130 (2002: 3,469) staff, including full-time, part-time and casual staff.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

37 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Group is set out in this note unless disclosed elsewhere in these Financial Statements.

(a) Names of Directors

Each person holding the position of Director of the Parent Company at any time during the financial year is listed below:

FP Lowy, AC	Chairman
FG Hilmer, AO	Deputy Chairman
DH Lowy, AM	Deputy Chairman
RA Ferguson	Non-Executive Director
DM Gonski, AO	Non-Executive Director
SP Johns	Executive Director – Capital Markets
PS Lowy	Managing Director
SM Lowy	Managing Director
DR Wills, AO	Non-Executive Director
CM Zampatti, AM	Non-Executive Director

(b) Directors' Securities in the Group

The aggregate number of securities in the Group held as at 30 June 2003 directly, indirectly or beneficially by Directors of the Parent Company are set out below:

	Ordinary Shares	Options
FP Lowy, AC		
DH Lowy, AM		1,250,000
PS Lowy	158,565,536	1,250,000
SM Lowy		1,250,000
RA Ferguson	57,525	
DM Gonski, AO	121,555	
FG Hilmer, AO	76,555	
SP Johns	1,098,400	500,000
DR Wills, AO	20,000	
CM Zampatti, AM	196,005	

During the financial year:

- (i) SP Johns acquired 46,600 fully paid ordinary shares in the Company pursuant to the exercise of awards under the Executive Performance Share Plan which was established in accordance with the Listing Rules of the Australian Stock Exchange Limited and approved by Members of the Company at the Annual General Meeting held on 12 November 1998.
- (ii) DH Lowy on account of Noah Lowy acquired 1,000 fully paid ordinary shares in the Company by way of an on-market purchase.
- (iii) A director related entity of DH Lowy acquired 500 fully paid ordinary shares in the Company by way of an on-market purchase. These shares were subsequently transferred to another director related entity of the Lowy directors.
- (iv) A director related entity of DR Wills acquired 4,500 fully paid ordinary shares in the Company by way of an on-market purchase.

37 RELATED PARTY DISCLOSURES (continued)

(c) Securities – Director Related Entities

- (i) During the financial year, the Trustee of the Westfield Executive Option Plan Trust ("Trust") acquired 300,000 (2002: 466,742), transferred 517,488 (2002: nil) and disposed of 206,250 (2002: 352,500) shares in the Company in accordance with the Rules of the Westfield Holdings Limited Executive Option Plan. At 30 June 2003 the Trust held 7,969,425 (2002: 8,393,163) shares.
- (ii) During the financial year, the Trustee of the Westfield Executive Option Plan Trust transferred 517,488 shares in the Company to a US based Trust established in connection with the Company's Executive Performance Share Plan which was approved by Members of the Company at the Annual General Meeting held 12 November 1998.
- (iii) During the financial year, the Trustees of the Westfield Superannuation Funds disposed of 165,737 (2002: 867,539) shares in the Company in accordance with the Rules of the Superannuation Funds.

(d) Other transactions of Directors and Director Related Entities

- (i) During the financial year:
 - (a) an aggregate amount of \$161,731 (2002: \$135,413) was recognised as income relating to administrative services provided by the Group on commercial terms to, and business usage of assets of the Group on commercial terms by, director related entities of FP Lowy, DH Lowy, PS Lowy and SM Lowy, of which an aggregate amount of \$1,656 (2002: \$1,491) was recognised as a current receivable from such director related entities as at 30 June 2003 for the usage of such assets;
 - (b) an aggregate amount of \$201,851 (2002: \$269,432) was recognised as an expense relating to business usage by the Group on commercial terms of assets owned by director related entities of FP Lowy, DH Lowy, PS Lowy and SM Lowy; and
 - (c) an aggregate amount of \$250,317 (2002: \$345,402) was recognised as an expense relating to the provision of consultancy services to the Group on commercial terms by a director related entity of DM Gonski.
- (ii) During the financial year, in accordance with the Rules of the Westfield Holdings Limited Executive Option Plan ("Option Plan") which was established in accordance with the Listing Rules of Australian Stock Exchange Limited and approved by Members of the Parent Company at its Annual General Meeting on 12 November 1998, an entity in the Group advanced \$89,610,924 (2002: \$4,560,432) to the Trustee of the Westfield Executive Option Plan Trust ("Trust") in order for it to fund its repayment of bank loans and to meet its expense obligations during the year. Furthermore during the year, Trust repaid loans from the Group of \$16,091,222 (2002: \$26,949,000). As at 30 June 2003 the amount owing by the Trust was \$80,480,714 (2002: \$6,961,012). During the year, no interest was charged on this loan.
- (iii) During the financial year, transactions occurred between the Group and Directors and director related entities which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends by the Parent Company in respect of ordinary shares held in the Parent Company.
- (iv) During the financial year, there were transactions on commercial terms between the Parent Company and entities in the wholly owned Group under which the Parent Company received interest and dividends and paid management fees. The Parent Company also subscribed for capital in entities in the wholly owned Group.

(e) Other related party transactions

In connection with the acquisition by Westfield Trust of the issued capital in the AMP Shopping Centre Trust (now named WestArt Trust), the Group has agreed that it will rebate management fees derived from properties which form part of the WestArt Trust portfolio ("WestArt Properties") and the manager's service charge for Westfield Trust for the period from 11 August 2003 to 31 December 2005 ("Rebate Period") to the extent necessary to enable Westfield Trust to derive a 7% p.a. ungeared yield from the WestArt Properties which are held by Westfield Trust in the Rebate Period. The benefit of this rebate is limited to the aggregate of:

- (a) the property management fees derived by the Group from management of the WestArt Properties; and
- (b) the incremental manager's service charge, attributable to the acquisition of the WestArt portfolio, derived by the Group in managing Westfield Trust.

The rebate does not apply in respect of any financial period after 31 December 2005 and is not transferable to any third party.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2003

38 THE WESTFIELD HOLDINGS LIMITED GROUP

Entities Incorporated in Australia

Parent Company
Westfield Holdings Limited

Subsidiaries

Adurant Pty Limited
Alphen Pty Limited
Annsa Pty Limited

Bobian Pty Limited
Cavemont Pty Limited
Croissy Pty Limited

* Descon Invest Pty Limited
Gaural Pty Limited
Greissen Limited
Lourens Pty Limited
Lycus Pty Limited
Marchet Limited
Mitcec Limited
Nauthiz Pty Limited
Orta Pty Limited
Parliv Pty Limited
Regional Shopping Centre Nominees Pty Limited
Risemond Pty Limited
Salazar Pty Limited (In liquidation)
Samel Pty Limited
Titania Services Pty Limited
Tunini Pty Limited (In liquidation)
Variscite Pty Limited

Westfield Alliances Carindale Pty Limited

Westfield Alliances (NZ) Pty Limited

Westfield Alliances Pty Limited
Westfield America Management Limited
Westfield American Investments Pty Limited
Westfield Capital Assets Pty Limited
Westfield Capital Corporation Finance Pty Limited
Westfield Capital Corporation Limited
Westfield Capital Financial Services Limited
Westfield Custodian Pty Limited
Westfield Design and Construction Pty Limited
Westfield Developments Pty Limited
Westfield European Investments Pty Limited
Westfield Funds Management Limited
Westfield Internet Shoppingtown Pty Limited
Westfield Limited
Westfield Management Limited

Westfield No. 1 Pty Limited

Westfield No. 4 Pty Limited
Westfield (Parramatta) Pty Limited
Westfield Projects (Australia) Limited
Westfield Promotion Fund Management Pty Limited
Westfield Queensland Pty Limited
Westfield RSCF Management Limited
Westfield Services Pty Limited
Westfield Services Trust
Westfield Shoppingtown Carousel Pty Limited

Westfield Shopping Centre Management Co Pty Limited
Westfield Shopping Centre Management Co (A.C.T.) Pty Limited
Westfield Shopping Centre Management Co (Qld.) Pty Limited
Westfield Shopping Centre Management Co (S.A.) Pty Limited
Westfield Shopping Centre Management Co (Vic.) Pty Limited
Westfield U.S. Investments Pty Limited
WestNM Trust
WestUS Pty Limited
WestUS Trust
Woodfield Pty Limited
WRS Pty Limited
Zed Investments Pty Limited

Entities Incorporated in the United States

WCMI (Texas), Inc.

* Westfield Benefit, Inc.
Westfield Concession Management, Inc.
Westfield Corporation, Inc.

Westfield Gift Card Management, Inc.
Westfield Management Acquisition, Inc.
Westfield Management Company, General Partnership
Westfield Project Management Corporation, Inc.
Westland Realty, Inc.
Westfield Services, Inc.
Westfield U.S. Advisory, Limited Partnership
Westfield U.S. Management, Limited Partnership

Entities Incorporated in New Zealand

Westfield Leasing (NZ) Limited
Westfield (New Zealand) Limited
Westfield Properties (New Zealand) Limited
Westfield Shopping Centre Management Co (NZ) Limited

Entities Incorporated in the United Kingdom

Westfield Shoppingtowns Limited
Westfield UK General Partner Limited
Westfield UK Limited Partnership
Westfield UK (Nominee) Limited

Entities Incorporated in Jersey

The Westfield Jersey Unit Trust
Westfield Management Jersey Limited
Westfield Management Jersey (Nominee) Limited

Entities Incorporated in Luxembourg

* Darmor SA

Entities Incorporated in Malaysia

Westasia Malls Sdn Bhd
Westfield Shoppingtowns Corporation Sdn Bhd

Entities Incorporated in Singapore

* WRMS Pte Limited

Westfield Holdings Limited owns, either directly or indirectly, a 100% (2002: 100%) interest in the above subsidiaries' issued ordinary capital, except as noted below:

Denotes subsidiaries that are 85% owned, directly or indirectly, by Westfield Holdings Limited.

* This entity became a subsidiary during the financial year.

DIRECTORS' DECLARATION

The Directors of Westfield Holdings Limited ("Company") declare that:

- (a) the financial statements of the Company and the consolidated entity for the year ended 30 June 2003 ("Financial Statements") and the notes thereto comply with the accounting standards;
- (b) the Financial Statements and the notes thereto give a true and fair view of the financial position and performance of the Company together with all the entities it is required by the accounting standards to include in those statements;
- (c) in the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297.

Made on 29 September 2003 in accordance with a resolution of the Board of Directors.



FP Lowy, AC
Chairman



SP Johns
Executive Director, Capital Markets

INDEPENDENT AUDIT REPORT

Independent audit report to the members of Westfield Holdings Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Westfield Holdings Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Westfield Holdings Limited is in accordance with:


(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of Westfield Holdings Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.



Ernst & Young



B J Long
Partner
Sydney

29 September 2003

DIRECTORS' REPORT

for the year ended 30 June 2003

The Directors of Westfield Holdings Limited ("Company") submit the following Report for the year ended 30 June 2003 ("Financial Year").

Review of Operations and State of Affairs

A review of the operations during the Financial Year of the Company together with all the entities is required by the accounting standards to include in consolidated financial statements ("Group") and the results of those operations are contained in the Chairman's and Managing Directors' Reviews, at pages 2 to 5 of the Annual Report.

There were no significant changes in the Group's state of affairs during the Financial Year.

Principal Activities

The principal activities of the Group during the Financial Year were the investment in, management of, and the performance of, development and construction services and funds management in relation to retail property. There were no significant changes in the nature of those activities during the Financial Year.

Subsequent Events

No matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

Future Developments

Likely developments in the Group's operations in future financial years and the expected results of those operations are described in the Managing Directors' Review and portfolio reviews at pages 4 to 13.

Environmental Performance

Environmental laws and regulations are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and meet the necessary levels of compliance with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Dividends

The following dividends were paid to Members during the Financial Year:

13.00 cents per share final dividend (40% franked at the corporate tax rate of 30%) for the six months ended 30 June 2002, paid 30 September 2002	\$73,271,361
---	--------------

12.02 cents per share interim dividend (40% franked at the corporate tax rate of 30%) for the six months ended 31 December 2002, paid 31 March 2003	\$67,823,865
---	--------------

The following final dividend was declared on 28 August 2003 for payment to Members with respect to the Financial Year, but has not been paid as at the date of this Report:

13.55 cents per share final dividend (50% franked at the corporate tax rate of 30%) for the six months ended 30 June 2003, payable 30 September 2003	\$76,457,955
--	--------------

The Directors

The names of the Directors in office and the relevant interests of each Director in ordinary shares in the Company as at the date of this Report are shown below. There has been no change to the Board membership during or since the end of the Financial Year.

Director	Number of Shares	Options *
FP Lowy, AC	158,495,536	1,250,000
DH Lowy, AM		
PS Lowy		
SM Lowy		
RA Ferguson	57,525	
DM Gonski, AO	121,555	
FG Hilmer, AO	76,555	
SP Johns	1,098,400	500,000
DR Wills, AO	20,000	
CM Zampatti, AM	196,005	

* Options issued in accordance with the Company's Executive Option Plan.

Details of the qualifications, experience and special responsibilities of each of the Company's Directors are set out on pages 18 to 19 of this Annual Report.

The number of Directors' meetings, including meetings of Committees of the Board of Directors, held during the Financial Year and the number of those meetings attended by each of the Directors of the Company are shown below:

Director	Board Meetings		Committee Meetings	
	Held	Attended	Held	Attended
FP Lowy, AC	8	8	3	3
RA Ferguson	8	8	3	3
DM Gonski, AO	8	8	7	7
FG Hilmer, AO	8	8	7	7
SP Johns	8	8	–	–
DH Lowy, AM	8	8	–	–
PS Lowy	8	8	–	–
SM Lowy	8	8	–	–
DR Wills, AO	8	8	–	–
CM Zampatti, AM	8	8	–	–

Emoluments

The Group's remuneration policies are designed to attract and retain high calibre Directors and senior executives capable of meeting the specific management needs of the Group.

Within that framework, the Remuneration Committee of the Board reviews the remuneration packages and other terms of employment for Executive Directors and relevant senior executives. The Remuneration Committee is concerned to ensure that, in line with market practice, remuneration packages are structured so as to include an appropriate balance of base salary, medium term incentive (by way of annual bonus) and, in appropriate cases, long term incentive (by way of participation in the Company's option and share plans). In determining the level of annual incentive payments, regard is had to the Group's performance during the period under consideration, as well as to the individual's performance and the performance of relevant operational divisions.

Fees paid to Non-Executive Directors are determined by the Board within the current maximum aggregate limit set by Members. Directors' fees are reviewed annually by the Board within that limit, taking into consideration the level of fees paid to Non-Executive Directors by companies of a similar size and stature.

DIRECTORS' REPORT continued

for the year ended 30 June 2003

Details of the emolument of each Non-Executive Director, Executive Director and the five additional Executive Officers receiving the highest emoluments are detailed below together with the details of share options issued during the Financial Year.

	FEES ⁽¹⁾	SALARY PACKAGE ⁽²⁾⁽⁴⁾	ANNUAL INCENTIVE ⁽³⁾⁽⁴⁾	SUPER- ANNUATION CONTRI- BUTIONS	OTHER BENEFITS	AMORTI- SATION OF SHARE OPTIONS ⁽⁸⁾	TOTAL	NO. OF OPTIONS ISSUED ⁽⁶⁾⁽⁷⁾	EXER- CISE PRICE \$
	\$	\$	\$	\$	\$	\$	\$		\$
NON-EXECUTIVE DIRECTORS									
FG Hilmer, AO	110,000			70,000			180,000		
DH Lowy, AM	90,000			70,000		522,500	682,500		
DM Gonski, AO	72,500			70,000			142,500		
RA Ferguson	65,000			70,000			135,000		
DR Wills, AO	60,000			70,000			130,000		
CM Zampatti, AM	60,000			70,000			130,000		
EXECUTIVE DIRECTORS									
FP Lowy, AC		932,541	12,381,000		⁽⁵⁾ 79,734		13,393,275		
PS Lowy*		USD 850,000	USD 1,550,000			USD 305,192	USD 2,705,192		
SM Lowy		850,000	2,400,000			522,500	3,772,500		
SP Johns		600,000	400,000			209,000	1,209,000		
EXECUTIVE OFFICERS									
R Green*		USD 1,026,292	USD 1,250,000				USD 2,276,292		
P Allen**		GBP 319,923	GBP 325,000		⁽⁹⁾ GBP 51,730	GBP 73,761	GBP 770,414	500,000 ⁽⁶⁾	13.14
								35,164 ⁽⁷⁾	0.00
P Schwartz*		USD 469,217	USD 100,000			USD 537,181	USD 1,106,398	240,000 ⁽⁶⁾	13.52
								149,968 ⁽⁷⁾	0.00
M Teperson		625,000	500,000			392,290	1,517,290	720,000 ⁽⁶⁾	13.14
J Schroder*		USD 452,588	USD 200,000			USD 101,471	USD 754,059	75,000 ⁽⁶⁾	13.14
								150,000 ⁽⁶⁾	12.91
								40,170 ⁽⁷⁾	0.00

* These individuals are based in the USA, and the amounts shown were determined under USD denominated service arrangements.

** This individual is based in the UK, and the amounts shown were determined under a GBP denominated service arrangement.

These USD and GBP amounts were included in the Financial Statements at the applicable translation rate.

(1) Fees (being base fees and committee fees) paid and payable in respect of the Financial Year.

(2) Salary is the total remuneration package (inclusive of superannuation contributions, benefits in kind and fringe benefits tax thereon) paid and payable in respect of the Financial Year.

(3) Annual incentive includes all amounts paid and payable in respect of the Financial Year.

(4) Salary and annual incentives includes amounts paid to the Director/Executive Officer or to entities affiliated with the Director/Executive Officer for services provided by the Director/Executive Officer.

(5) Amounts accrued in accordance with Service Agreement in respect of the Financial Year. The amount payable on retirement is subject to the provisions of the Service Agreement and the Corporations Act.

(6) These options were granted during the year pursuant to the Company's Executive Option Plan which was established in accordance with the Listing Rules of the Australian Stock Exchange Limited and approved by Shareholders at the 1998 Annual General Meeting. The exercise price for the options was set at 105% of the market value of the Company's shares at the time the options were granted.

The Company's policy is not to ascribe values to options granted with an exercise price at or above market price.

(7) These share awards were granted pursuant to the Company's Executive Performance Share Plan. The exercise price for the share awards was set at nil at the time the share awards were granted.

(8) Amortisation of share options for the period.

(9) Amortisation of loan.

Options

Details of the unissued ordinary shares in the Company under options as at the date of this Report are provided in Note 19 in the Notes to the Financial Statements on pages 34 to 40.

Details of fully paid ordinary shares in the Company which were issued during or since the end of the Financial Year as a result of the exercise of options over unissued shares are provided in Note 19(e) in the Notes to the Financial Statements on page 40.

Indemnities and Insurance Premiums

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of the Group.

The Company's Constitution provides that a person who is or has been a Director or Secretary of the Company is entitled to be indemnified out of the property of the Company against liabilities by the person in that capacity and for all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of that capacity unless the Company is forbidden by statute to indemnify the person or an indemnity by the Company of the person would, if given, be made void by statute.

The Group has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Group as permitted by the Corporations Act 2001 (Cwlth). The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

Audit and Compliance Committee

As at the date of this Report, the Company had an Audit and Compliance Committee of the Board of Directors.

Rounding

The Company is of a kind referred to in Australian Securities & Investments Commission Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest thousand dollars.

Westland Realty, Inc. Sub Group

By an order dated 28 October 2002, the Australian Securities & Investments Commission made an order relieving the Directors from compliance with the requirement to ensure that the financial year of the Company's United States incorporated subsidiary Westland Realty, Inc. ("WRI") coincides with the financial year of the Company for the years commencing from 1 July 2002 and ending 30 June 2005.

Although the financial year of WRI ends on 31 December, the Financial Statements have been made out so as to include accounts of WRI for a period coinciding with the Financial Year.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



FP Lowy, AC
Chairman
29 September 2003



SP Johns
Executive Director, Capital Markets

CORPORATE GOVERNANCE

Set out below is a statement of the main corporate governance practices which the Westfield Holdings Limited Group ("Group") had in place during the financial year ended 30 June 2003.

The Board of Directors

The ultimate responsibility for corporate governance resides with the Company's Board of Directors which comprises ten Directors, six of whom are Non-Executive Directors. The Chairman of the Board is FP Lowy, and the Deputy Chairmen are FG Hilmer and DH Lowy. Details of the Directors in office as at the date of this statement appear at pages 18 to 19 of this Annual Report.

It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Group, and non-executive members who have outstanding track records and reputations attained at the highest levels of industry, and who are able to bring to the Board a broad range of general commercial expertise and experience.

The membership of the Board is reviewed by the full Board from time to time having regard to the ongoing needs of the Group. Directors are initially appointed by the full Board. They are subject to election by Members at the Annual General Meeting following their appointment and, except in the case of the Managing Director (or one of them, when there is more than one Managing Director), are subject to re-election by Members at three-yearly intervals thereafter.

Full Board meetings are held at regular intervals throughout the year, with additional meetings being held if necessary. Directors are provided with Board reports containing sufficient information to enable informed discussion of all agenda items in advance of Board meetings. Any Non-Executive Director may, if that Director deems it necessary, seek independent legal advice on any matter connected with the performance of their duties. In such cases, the Company will reimburse the reasonable costs of such advice. Directors are asked to notify the Company Secretary in advance of seeking such advice.

Board Responsibilities

The Board is accountable to Members and seeks to ensure that the business objectives of the Group are aligned with the expectations of Members and that the operations of the Group are being effectively managed in a manner that is properly focussed on those business objectives as well as conforming to regulatory and ethical requirements.

The Board has established an Audit and Compliance Committee and a Remuneration Committee to assist it in discharging its responsibilities. These committees are described below.

Other committees of the Board may be established from time to time to deal with specific matters.

Audit and Compliance Committee

The Audit and Compliance Committee comprises two Non-Executive Directors, namely:

FG Hilmer, AO (Chairman)	Non-Executive Director
DM Gonski, AO	Non-Executive Director

The primary function of the Audit and Compliance Committee is to ensure that an effective internal control framework exists within the Group, through the establishment and maintenance of adequate internal controls to safeguard the assets of the business and to ensure the integrity and reliability of financial and management reporting systems. The Audit and Compliance Committee:

- reviews and reports to the Board on the half year and annual reports and financial statements of the Group;
- is responsible for nominating the Company's external auditor and reviewing the adequacy, scope and quality of the annual statutory audit and half year statutory audit review;
- reviews the effectiveness of the Group's internal control environment, including the effectiveness of internal control procedures;
- monitors and reviews the reliability of financial reporting;
- monitors and reviews the compliance of the Group with applicable laws and regulations;
- determines the scope of the internal audit function to ensure that its resources are adequate and effectively used, including the co-ordination of the internal and external audit functions; and
- monitors the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Group.

The Audit and Compliance Committee has accepted, as a matter of principle, the need for the Group to have in place an adequate compliance and control framework based upon appropriate written procedures, policies and guidelines to enable areas of legal risk to the business to be identified and appropriately reacted to, and to ensure that members of staff are informed as to those areas of material legal risk relevant to the operational activities in which they are engaged.

Compliance officers have been appointed for the Australian, United States, United Kingdom and New Zealand operations of the Group. Those officers are responsible for reviewing and monitoring the efficacy of compliance systems within the Group on an ongoing basis to ensure appropriate measures are in place to educate staff as to their compliance responsibilities, and to report to the Audit and Compliance Committee on those matters.

The Audit and Compliance Committee meets with the external auditors at least twice a year and more frequently if required. The internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Compliance Committee or the Chairman of the Board.

The Audit and Compliance Committee reports to the full Board after each committee meeting.

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors and one Executive Director, namely:

FP Lowy, AC (Chairman)	Executive Director
RA Ferguson	Non-Executive Director
DM Gonski, AO	Non-Executive Director
FG Hilmer, AO	Non-Executive Director

The function of the Remuneration Committee is to review the remuneration packages and other terms of employment for Executive Directors and relevant senior executives. Remuneration packages are set at levels designed to attract and retain high calibre senior executives capable of meeting the specific management needs of the Group. Where the service agreements of Executive Directors provide for an annual salary review, that review is undertaken by the Remuneration Committee.

The Remuneration Committee also approves the grant of options and share awards to executives selected for participation in the Company's option and share plans.

Fees paid to Non-Executive Directors are determined by the Board, within the current maximum aggregate limit set by Members. Directors' fees are reviewed annually by the Board within that limit, taking into consideration the level of fees paid to Non-Executive Directors by companies of a similar size and stature.

Recommendations of the ASX Corporate Governance Council

In March 2003 the ASX Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations (the "Governance Principles"). The Company is obliged to disclose the extent of its compliance with the Governance Principles in its annual report in respect of the financial year ending 30 June 2004.

The Company is currently working on a range of initiatives designed to achieve a high degree of compliance with the Governance Principles. Those initiatives include the formalisation of a number of policies and charters which are based on the recommendations made in the Governance Principles. As those initiatives are agreed and implemented by the Board during the course of the financial year ending 30 June 2004, the market will be informed both through the ASX and through the posting of relevant information on the Company's website (www.westfield.com).

SHAREHOLDING INFORMATION

as at 16 September 2003

Twenty Largest Holders of Ordinary Shares

	Number of shares	% of Issued shares
1 Cordera Holdings Pty Limited	95,424,340	16.88
2 JP Morgan Nominees Australia Limited	60,264,191	10.66
3 National Nominees Limited	45,606,147	8.07
4 Westpac Custodian Nominees Limited	40,017,723	7.08
5 Westfield C Fund Pty Limited	15,869,903	2.81
6 Franley Holdings Pty Limited	15,617,400	2.76
7 Citicorp Nominees Pty Limited	14,673,481	2.60
8 Queensland Investment Corporation	10,054,509	1.78
9 Mr Frank P Lowy	9,185,000	1.62
10 Citicorp Nominees Pty Limited <CFS WSLE Imputation Fnd A/C>	7,959,240	1.41
11 Amondi Pty Limited <WEOPT A/C>	7,936,925	1.40
12 ANZ Nominees Limited	7,669,890	1.36
13 AMP Life Limited	5,914,569	1.05
14 Commonwealth Custodial Services Limited	5,086,954	0.90
15 Franley Securities Pty Limited	5,000,000	0.88
16 Citicorp Nominees Pty Limited <CFS Imputation Fund A/C>	4,683,622	0.83
17 Citicorp Nominees Pty Limited <CFS WSLE Aust Share Fnd A/C>	4,630,543	0.82
18 Citicorp Nominees Pty Limited <CFS WSLE Geared Shr Fnd A/C>	4,451,624	0.79
19 Zurich Investment Management Limited <Zurich Aust Equities A/C>	4,208,002	0.74
20 Citicorp Nominees Pty Limited <CFS WSLE Industrial Shr A/C>	3,389,564	0.60
	367,643,627	65.04

Voting Rights

At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Distribution Schedule

Category	Number of Options	Number of Option Holders	Number of Shares	Number of Shareholders	% of shares in each category
1-1,000	12,697	15	15,367,203	28,575	2.72
1,001-5,000	136,012	68	31,170,016	14,521	5.51
5,001-10,000	136,227	17	11,246,858	1,542	1.99
10,001-100,000	5,559,436	160	41,834,813	1,479	7.40
100,001 and over	16,060,430	20	465,660,902	244	82.38
Total	21,904,802	280	565,279,792	46,361	100.00

As at 16 September 2003, 140 Shareholders held less than a marketable parcel of quoted securities.

Substantial Shareholders

The names of the Company's substantial shareholders and the number of ordinary shares in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Company, are as follows:

Members of the Lowy family and associates	159,389,320
Commonwealth Bank of Australia	39,552,529

CORPORATE DIRECTORY

Westfield Holdings Limited

ABN 66 001 671 496

Financial Calendar

28 August 2003

Full year profit and dividend announced

16 September 2003

Record date for final dividend

30 September 2003

Final dividend payable

14 November 2003

Annual General Meeting

February 2004

Half-year profit & interim dividend announced

March 2004

Shares trade ex-dividend

Record date for interim dividend

Interim dividend payable

Annual General Meeting

Friday, 14 November 2003

at 10.00 am in the Grand Ballroom,

The Westin Sydney Hotel

1 Martin Place, Sydney NSW 2000

Registered Office

Level 24, Westfield Towers

100 William Street

Sydney NSW 2011

Telephone: +61 2 9358 7000

Facsimile: +61 2 9358 7077

United States Office

12th Floor

11601 Wilshire Boulevard

Los Angeles California 90025

Telephone: +1 310 478 4456

Facsimile: +1 310 478 1267

New Zealand Office

Level 3

Corner Remuera Road & Nuffield Street

Newmarket, Auckland

Telephone: +64 9 978 5050

Facsimile: +64 9 978 5070

United Kingdom Office

6th Floor, MidCity Place

71 High Holborn

London WC1V 6EA

Telephone: +44 20 7061 1400

Facsimile: +44 20 7061 1401

Secretaries

Maureen T McGrath

Simon J Tuxen

Auditors

Ernst & Young

The Ernst & Young Building

321 Kent Street

Sydney NSW 2000

Investor Information

Westfield Holdings Limited

Level 24, Westfield Towers

100 William Street

Sydney NSW 2011

Telephone: +61 2 9358 7575

Facsimile: +61 2 9358 7824

E-mail: holdings@westfield.com.au

Principal Share Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

GPO Box 7045

Sydney NSW 2001

Telephone: +61 3 9615 5970

Enquiries: 1300 132 211

Facsimile: +61 2 8234 5050

E-mail: westfield@computershare.com.au

Website: computershare.com

Branch Share Registries

Computershare Investor Services Pty Limited

Level 27, Central Plaza One

345 Queen Street

Brisbane QLD 4000

Computershare Investor Services Pty Limited

c/-Ernst & Young

51 Allara Street

Canberra ACT 2601

Listings

Australian Stock Exchange – WSF

Website

westfield.com

Westfield