CIMIC

# HALF YEAR REPORT (APPENDIX 4D) & MANAGEMENT COMMENTARY

FOR THE SIX MONTHS ENDED 30 JUNE 2015 - ISSUED 23 JULY 2015

CIMIC GROUP LIMITED ABN 57 004 482 982

INTEGRITY 〉 ACCOUNTABILITY 〉 INNOVATION 〉 DELIVERY

# HALF YEAR REPORT (APPENDIX 4D)

FOR THE SIX MONTHS ENDED 30 JUNE 2015 - ISSUED 23 JULY 2015

CIMIC GROUP LIMITED ABN 57 004 482 982

CIMIC Group Limited
ABN 57 004 482 982

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# Results for Announcement to the Market

## for the six months ended 30 June 2015

Name of Entity

CIMIC GROUP LIMITED

| | 6 months to June 2015 $m | 6 months to June 2014 $m ^(restated) | % Change |
|---|---|---|---|
| Revenue - Group, joint ventures and associates from continuing operations | 8,680.4 | 9,062.4 | (4%) |
| Revenue - Joint ventures and associates from continuing operations | 1,469.4 | 694.0 | 112% |
| Revenue from continuing operations | 7,211.0 | 8,368.4 | (14%) |
| Profit / (loss) attributable to members of the parent entity from continuing operations | 257.2 | 202.2 | 27% |
| Profit / (loss) attributable to members of the parent entity | 257.2 | 291.3 | (12%) |

For a brief explanation of the figures reported above: refer to page 37 onwards.

| Change of Name |
|---|
| At the Annual General Meeting held on 21 April 2015, it was resolved to change the Company name from 'Leighton Holdings Limited' to 'CIMIC Group Limited', effective from 24 April 2015. The Company's ASX code changed from LEI to CIM. |

| Details of Reporting Period | |
|---|---|
| Current reporting period: | Six (6) months to 30 June 2015 |
| Previous corresponding period: | Six (6) months to 30 June 2014 |

| Dividends – June 2015 | Amount per security | Franked amount per security | |
|---|---|---|---|
| Interim dividend | 46.0¢ | 46.0¢ | 100% |
| Previous corresponding period | 57.0¢ | 14.25¢ | 25% |

| Key Dividend Dates | Date |
|---|---|
| Ex dividend date: | 14 September 2015 |
| Record date for determining entitlements to the dividend: | 16 September 2015 |
| Date for payment of dividend: | 2 October 2015 |

*^Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

# Consolidated Statement of Profit or Loss

for the six months ended 30 June 2015

| | Note | 6 months to June 2015 $m | 6 months to June 2014 $m ^(restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | 7,211.0 | 8,368.4 |
| Expenses | 3 | (6,718.3) | (8,013.2) |
| Finance costs | 4 | (129.0) | (105.8) |
| Share of profits / (losses) of associates and joint venture entities | | (0.1) | 27.8 |
| Profit / (loss) before tax | | 363.6 | 277.2 |
| Income tax (expense) / benefit | | (105.4) | (81.8) |
| **Profit / (loss) for the period from continuing operations** | | 258.2 | 195.4 |
| **Discontinued operations** | | | |
| **Profit / (loss) for the period from discontinued operations** | 10 | - | 89.2 |
| **Profit / (loss) for the period** | | 258.2 | 284.6 |
| (Profit) / loss for the period attributable to non-controlling interests | | (1.0) | 6.7 |
| **Profit / (loss) for the period attributable to members of the parent entity** | | 257.2 | 291.3 |
| Dividends per share - Interim | 6 | 46.0¢ | 57.0¢ |
| **Earnings per share for profit / (loss) from continuing and discontinued operations** | | | |
| Basic earnings per share | 7 | 76.0¢ | 86.2¢ |
| Diluted earnings per share | 7 | 75.7¢ | 85.8¢ |
| **Earnings per share for profit / (loss) from continuing operations** | | | |
| Basic earnings per share | 7 | 76.0¢ | 59.9¢ |
| Diluted earnings per share | 7 | 75.7¢ | 59.6¢ |
| **Earnings per share for profit / (loss) from discontinued operations** | | | |
| Basic earnings per share | 7 | - | 26.3¢ |
| Diluted earnings per share | 7 | - | 26.2¢ |

^ *Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

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

# Consolidated Statement of Profit or Loss and other Comprehensive Income

for the six months ended 30 June 2015

| | 6 months to June 2015 $m | 6 months to June 2014 $m ^(restated) |
|---|---|---|
| Profit / (loss) for the period attributable to members of the parent entity | 257.2 | 291.3 |
| Other comprehensive income attributable to members of the parent entity: | | |
| *Items that may be reclassified to profit or loss* | | |
| - Foreign exchange translation differences (net of tax) | 62.4 | (27.3) |
| - Effective portion of changes in fair value of cash flow hedges (net of tax) | (0.1) | (4.9) |
| - Change in fair value of available-for-sale assets (net of tax) | (0.2) | 4.4 |
| *Items that will not be reclassified to profit or loss* | | |
| - Change in value of equity reserves (net of tax) | - | - |
| Other comprehensive income / (expense) for the period | 62.1 | (27.8) |
| Total comprehensive income / (expense) for the period attributable to members of the parent entity | 319.3 | 263.5 |
| *Total comprehensive income / (expense) for the period attributable to members of the parent entity:* | | |
| Total comprehensive income / (expense) for the period | 320.3 | 256.8 |
| Total comprehensive (income) / expense for the period attributable to non-controlling interests | (1.0) | 6.7 |
| Total comprehensive income / (expense) for the period attributable to members of the parent entity | 319.3 | 263.5 |
| Continuing operations | 319.3 | 174.4 |
| Discontinued operations | - | 89.1 |
| Total comprehensive income / (expense) for the period attributable to members of the parent entity | 319.3 | 263.5 |

*^ Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

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

# Consolidated Statement of Financial Position

as at 30 June 2015

| | Note | June 2015 $m | December 2014 $m |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | 2,349.7 | 1,976.9 |
| Trade and other receivables | 9 | 3,003.1 | 3,426.1 |
| Trade and other receivables - proceeds receivable on sale of controlled entities and businesses | 9 | - | 1,643.2 |
| Current tax assets | | 37.1 | 53.0 |
| Inventories: consumables and development properties | | 352.2 | 361.6 |
| Assets held for sale | 11 | 85.5 | 254.4 |
| *Total current assets* | | 5,827.6 | 7,715.2 |
| Trade and other receivables | 9 | 851.1 | 922.8 |
| Inventories: development properties | | 306.8 | 356.7 |
| Investments accounted for using the equity method | 12 | 1,087.8 | 1,013.6 |
| Other investments | | 114.6 | 112.3 |
| Deferred tax assets | | 195.8 | 240.8 |
| Property, plant and equipment | | 1,596.6 | 1,626.5 |
| Intangibles | | 536.9 | 556.0 |
| *Total non-current assets* | | 4,689.6 | 4,828.7 |
| **Total assets** | | 10,517.2 | 12,543.9 |
| **Liabilities** | | | |
| Trade and other payables | | 3,747.2 | 4,309.8 |
| Current tax liabilities | | 135.7 | 622.9 |
| Provisions | | 270.3 | 310.9 |
| Interest bearing liabilities | 15 | 610.4 | 1,163.3 |
| Liabilities associated with assets held for sale | 11 | 51.1 | 93.8 |
| *Total current liabilities* | | 4,814.7 | 6,500.7 |
| Trade and other payables | | 280.6 | 272.6 |
| Provisions | | 168.3 | 157.0 |
| Interest bearing liabilities | 15 | 1,384.2 | 1,832.0 |
| *Total non-current liabilities* | | 1,833.1 | 2,261.6 |
| **Total liabilities** | | 6,647.8 | 8,762.3 |
| **Net assets** | | 3,869.4 | 3,781.6 |
| **Equity** | | | |
| Share capital | | 2,052.5 | 2,052.5 |
| Reserves | | 280.8 | 219.0 |
| Retained earnings | | 1,509.2 | 1,482.2 |
| Total equity attributable to equity holders of the parent | | 3,842.5 | 3,753.7 |
| Non-controlling interests | | 26.9 | 27.9 |
| **Total equity** | | 3,869.4 | 3,781.6 |

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

# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2015

| | Share Capital $m | Reserves $m | Retained Earnings $m | Attributable to Equity Holders $m | Non-controlling Interests $m | Total Equity $m |
|---|---|---|---|---|---|---|
| Total equity at 1 January 2014 | 2,028.6 | (9.7) | 1,201.3 | 3,220.2 | 25.9 | 3,246.1 |
| Profit for the period | - | - | 291.3 | 291.3 | (6.7) | 284.6 |
| Other comprehensive income | - | (27.8) | - | (27.8) | - | (27.8) |
| Transactions with owners in their capacity as owners: | | | | | | |
| - Contributions of equity | 23.9 | - | - | 23.9 | - | 23.9 |
| - Dividends | - | - | (202.6) | (202.6) | - | (202.6) |
| - Share based payments | - | (9.5) | - | (9.5) | - | (9.5) |
| - Other | - | - | - | - | 0.8 | 0.8 |
| Total transactions with owners | 23.9 | (9.5) | (202.6) | (188.2) | 0.8 | (187.4) |
| Total equity at 30 June 2014 | 2,052.5 | (47.0) | 1,290.0 | 3,295.5 | 20.0 | 3,315.5 |

| | Share Capital $m | Reserves $m | Retained Earnings $m | Attributable to Equity Holders $m | Non-controlling Interests $m | Total Equity $m |
|---|---|---|---|---|---|---|
| Total equity at 1 January 2015 | 2,052.5 | 219.0 | 1,482.2 | 3,753.7 | 27.9 | 3,781.6 |
| Profit for the period | - | - | 257.2 | 257.2 | 1.0 | 258.2 |
| Other comprehensive income | - | 62.1 | - | 62.1 | - | 62.1 |
| Transactions with owners in their capacity as owners: | | | | | | |
| - Contributions of equity | - | - | - | - | - | - |
| - Dividends | - | - | (230.2) | (230.2) | - | (230.2) |
| - Share based payments | - | (0.3) | - | (0.3) | - | (0.3) |
| - Other | - | - | - | - | (2.0) | (2.0) |
| Total transactions with owners | - | (0.3) | (230.2) | (230.5) | (2.0) | (232.5) |
| Total equity at 30 June 2015 | 2,052.5 | 280.8 | 1,509.2 | 3,842.5 | 26.9 | 3,869.4 |

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

# Consolidated Statement of Cash Flows

for the six months ended 30 June 2015

| | 6 months to June 2015 $m | 6 months to June 2014 $m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash receipts in the course of operations (including GST) | 8,593.1 | 11,787.5 |
| Cash payments in the course of operations (including GST) | (7,739.9) | (11,709.0) |
| Cash flows from operating activities | 853.2 | 78.5 |
| | | |
| Dividends received | 12.7 | 7.9 |
| Interest received | 11.0 | 14.1 |
| Finance costs paid | (128.0) | (97.9) |
| Income taxes (paid) / received | (254.8) | (39.7) |
| Net cash from operating activities | 494.1 | (37.1) |
| | | |
| **Cash flows from investing activities** | | |
| Payments for intangibles | (2.8) | (13.8) |
| Payments for property, plant and equipment | (155.6) | (442.1) |
| Proceeds from sale of property, plant and equipment | 35.1 | 42.7 |
| Payments for investments in controlled entities and businesses | - | (110.0) |
| Proceeds from sale of investments in controlled entities and businesses | 1,588.9 | - |
| Income tax paid in relation to proceeds from sale of investments in controlled entities and businesses | (263.0) | - |
| Payments for investments | - | (0.4) |
| Net cash from investing activities | 1,202.6 | (523.6) |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from share issues | - | 23.9 |
| Cash payments in relation to employee share plans | (4.6) | (5.1) |
| Proceeds from borrowings | 732.7 | 840.4 |
| Repayment of borrowings | (1,776.1) | (137.8) |
| Repayment of finance leases | (63.0) | (93.8) |
| Dividends paid to non-controlling interests | - | (0.1) |
| Dividends paid to owners of the Company | (230.2) | (202.6) |
| Net cash from financing activities | (1,341.2) | 424.9 |
| | | |
| Net increase / (decrease) in cash held | 355.5 | (135.8) |
| Net cash at the beginning of the period | 1,976.9 | 1,720.7 |
| Effects of exchange rate fluctuations on cash held | 17.3 | (10.7) |
| Net cash at reporting date | 2,349.7 | 1,574.2 |

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

# Notes to the Consolidated Financial Statements

for the six months ended 30 June 2015

**1. BASIS OF PREPARATION**

The consolidated interim financial report is presented in Australian dollars and has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets that have been measured at fair value at reporting date.

CIMIC Group Limited is a Company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 30 June 2015 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group") and the Consolidated Entity's interest in associates and joint ventures. The Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The consolidated interim financial report does not include all the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 31 December 2014.

The consolidated interim financial report was authorised for issue by the Directors on 23 July 2015.

**Significant accounting policies**

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are the same as those applied by the Group in the financial report for the year ended 31 December 2014.

***Change in accounting standards***

New and amended accounting standards that apply for the first time to the 30 June 2015 interim period include AASB 2014-1 *Amendments to Australian Accounting Standards – Part A Annual Improvements 2010-2012 and 2011-2013 cycles*, AASB 2014-1 *Amendments to Australian Accounting Standards – Part E Financial Instruments*, and AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 10 (December 2010)*. While these standards introduced new disclosure requirements, they did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

**Accounting estimates and judgements**

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the full financial report for the year ended 31 December 2014.

# Notes continued

for the six months ended 30 June 2015

**2. REVENUE**

| | Note | 6 months to June 2015 $m | 6 months to June 2014 $m ^(restated) |
|---|---|---|---|
| Construction contracting services | | 5,103.9 | 5,902.0 |
| Mining contracting services | | 1,518.6 | 1,997.3 |
| Property development revenue | | 456.6 | 365.1 |
| Other revenue | | 75.0 | 59.5 |
| Revenue from external customers | | 7,154.1 | 8,323.9 |
| | | | |
| Interest | | | |
| - Related parties | | 12.2 | 11.7 |
| - Other parties | | 11.1 | 11.8 |
| Unwinding of discounts on non-current receivables | | | |
| - Related parties | | 3.6 | 2.9 |
| - Other parties | | 26.4 | 12.2 |
| Dividends / distributions | | 3.6 | 5.9 |
| Interest and dividends | | 56.9 | 44.5 |
| | | | |
| Total revenue from continuing operations[1] | 5 | 7,211.0 | 8,368.4 |

[1] *30 June 2014: Total revenue from continuing operations excludes $2,678.2 million of revenue relating to discontinued operations. Refer to note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

*^Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

# Notes continued

for the six months ended 30 June 2015

**3. EXPENSES**

| | Note | 6 months to June 2015 $m | 6 months to June 2014 $m ^(restated) |
|---|---|---|---|
| Materials | | (1,108.8) | (1,373.8) |
| Subcontractors | | (2,300.7) | (2,731.3) |
| Plant costs | | (520.3) | (585.9) |
| Personnel costs | | (1,775.9) | (2,314.2) |
| Depreciation of property, plant and equipment | 4 | (228.4) | (278.6) |
| Amortisation of intangibles | 4 | (24.4) | (13.2) |
| Net gain / (loss) on sale of assets | 4 | 24.0 | 9.3 |
| Impairments | 4 | (1.7) | (5.3) |
| Property development - cost of goods sold | | (428.7) | (387.2) |
| Foreign exchange gains / (losses) | | (10.1) | 4.4 |
| Operating lease payments - plant and equipment | | (115.3) | (141.2) |
| Operating lease payments - other | | (69.0) | (49.2) |
| Design, engineering and technical consulting fees | | (34.4) | (46.5) |
| Other expenses | | (124.6) | (100.5) |
| Total expenses from continuing operations[1] | | (6,718.3) | (8,013.2) |

[1] *30 June 2014: Total expenses from continuing operations excludes $2,548.5 million of expenses relating to discontinued operations. Refer to 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

*^Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

# Notes continued

for the six months ended 30 June 2015

**4. ITEMS INCLUDED IN PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS[1]**

| | 6 months to June 2015 $m | 6 months to June 2014 $m ^(restated) |
|---|---|---|
| **Finance costs** | | |
| Interest | | |
| - Related parties | (0.9) | (2.6) |
| - Other parties | (96.3) | (73.6) |
| Finance charge for finance leases | (8.6) | (10.4) |
| Facility fees | | |
| - Bank guarantees, insurance bonds and letters of credit | (14.5) | (13.8) |
| - Other | (7.7) | (4.2) |
| Impact of discounting | | |
| - Related parties | (1.0) | (1.2) |
| Total finance costs | (129.0) | (105.8) |
| **Depreciation of property, plant and equipment** | | |
| Buildings | (0.6) | (1.1) |
| Leasehold land, buildings and improvements | (6.1) | (8.1) |
| Plant and equipment | (221.7) | (269.4) |
| Total depreciation of property, plant and equipment | (228.4) | (278.6) |
| **Amortisation** | | |
| - Intangibles | (24.4) | (13.2) |
| **Net gain / (loss) on sale of assets** | | |
| - Controlled entities | 23.8 | - |
| - Plant and equipment | 0.2 | 9.3 |
| Total gain / (loss) on sale of assets | 24.0 | 9.3 |
| **Impairments** | | |
| - Property development and property joint venture write-downs | (1.7) | (5.3) |
| - Property, plant and equipment | - | - |
| Total impairments | (1.7) | (5.3) |

*[1] 30 June 2014: Items included in profit / (loss) before tax from continuing operations exclude the following relating to discontinued operations: $0.5 million of finance costs, $31.3 million of depreciation, and $1.8 million of amortisation.*

*^Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

# Notes continued

for the six months ended 30 June 2015

## 5. SEGMENT INFORMATION

**Description of segments**

Operating segments have been identified based on separate financial information that is regularly reviewed by the CIMIC Chief Executive Officer, the Chief Operating Decision Maker ("CODM"). The CIMIC Group is structured on a decentralised basis comprising the following main segments and a corporate head office:

- Construction
- Contract mining
- Public Private Partnerships ("PPP's")
- Engineering
- Habtoor Leighton Group ("HLG")
- Commercial & Residential

The performance of each segment forms the primary basis for all management reporting to the CODM.

The composition of the Group's reportable segments was changed in the six month reporting period to 31 December 2014. Accordingly, segment data for the prior period to 30 June 2014 presented for comparative purposes has been restated to reflect the newly reportable and amended segments in accordance with AASB 8 *Operating Segments*. Whilst the Group has identified PPP's and Engineering as newly reportable segments, the results of these segments are considered immaterial in the current reporting period and have been included in the corporate segment.

The types of services from which segments derive revenue, are included in note 2: *Revenue*. The Group's share of revenue from associates and joint ventures is included in the revenue reported for each applicable operating segment. Performance is measured based on segment result. Information regarding the results of each reportable segment, as reported to the CODM, is included on pages 13-14. The corporate segment represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments.

Differences in the reporting for management and financial accounting are individually, and in total, not material. These differences are contained in the results of the corporate segment.

# Notes continued

for the six months ended 30 June 2015

### 5. **SEGMENT INFORMATION** CONTINUED

| **6 months to June 2015** | Construction $m | Contract Mining $m | Habtoor Leighton Group $m | Commercial & Residential $m | Corporate $m | Eliminations $m | Total $m |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Segment revenue before interest | 5,198.1 | 1,639.4 | 548.1 | 616.9 | 765.1 | (140.5) | 8,627.1 |
| Interest revenue | - | - | - | 26.4 | 26.9 | - | 53.3 |
| Segment revenue | 5,198.1 | 1,639.4 | 548.1 | 643.3 | 792.0 | (140.5) | 8,680.4 |
| Inter-segment revenue | (72.9) | - | - | - | (67.6) | 140.5 | - |
| Segment joint venture and associate revenue | (36.6) | (99.1) | (548.1) | (92.4) | (693.2) | - | (1,469.4) |
| External revenue | 5,088.6 | 1,540.3 | - | 550.9 | 31.2 | - | 7,211.0 |
| **Result** | | | | | | | |
| Segment result before interest | 333.5 | 119.2 | - | 86.4 | (46.5) | - | 492.6 |
| Interest | (7.4) | (10.4) | - | (2.4) | (108.8) | - | (129.0) |
| Segment result | 326.1 | 108.8 | - | 84.0 | (155.3) | - | 363.6 |
| Income tax (expense) / benefit | | | | | | | (105.4) |
| Profit / (loss) for the period | | | | | | | 258.2 |
| (Profit) / loss for the period attributable to non-controlling interests | | | | | | | (1.0) |
| Profit / (loss) for the period attributable to members of the parent entity | | | | | | | 257.2 |
| **Other** | | | | | | | |
| Share of profit / (loss) of associates and joint venture entities | (1.9) | 7.5 | - | 8.9 | (14.6) | - | (0.1) |
| Depreciation & amortisation | (83.6) | (165.8) | - | (0.6) | (2.8) | - | (252.8) |
| Other material non-cash expenses | - | - | - | (1.7) | - | - | (1.7) |

# Notes continued

for the six months ended 30 June 2015

**5. SEGMENT INFORMATION** CONTINUED

| **6 months to June 2014**^restated | Construction $m | Contract Mining $m | Habtoor Leighton Group $m | Commercial & Residential $m | Corporate $m | Eliminations $m | Total $m |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Segment revenue before interest | 5,969.7 | 2,148.0 | 260.7 | 511.4 | 233.0 | (99.0) | 9,023.8 |
| Interest revenue | - | - | - | 12.3 | 26.3 | - | 38.6 |
| Segment revenue | 5,969.7 | 2,148.0 | 260.7 | 523.7 | 259.3 | (99.0) | 9,062.4 |
| Inter-segment revenue | (72.2) | - | - | - | (26.8) | 99.0 | - |
| Segment joint venture and associate revenue | (80.1) | (53.0) | (260.7) | (94.2) | (206.0) | - | (694.0) |
| External revenue | 5,817.4 | 2,095.0 | - | 429.5 | 26.5 | - | 8,368.4 |
| **Result** | | | | | | | |
| Segment result before interest | 267.5 | 82.2 | 1.6 | 11.9 | 19.8 | - | 383.0 |
| Interest | (9.5) | (10.4) | - | (2.9) | (83.0) | - | (105.8) |
| Segment result | 258.0 | 71.8 | 1.6 | 9.0 | (63.2) | - | 277.2 |
| Income tax (expense) / benefit | | | | | | | (81.8) |
| Profit / (loss) for the period | | | | | | | 195.4 |
| (Profit) / loss for the period attributable to non-controlling interests | | | | | | | 6.8 |
| Profit / (loss) for the period attributable to members of the parent entity | | | | | | | 202.2 |
| **Other** | | | | | | | |
| Share of profit / (loss) of associates and joint venture entities | 2.0 | 8.8 | 1.6 | 16.2 | (0.8) | - | 27.8 |
| Depreciation & amortisation | (96.5) | (191.6) | - | (1.0) | (2.7) | - | (291.8) |
| Other material non-cash expenses | (5.3) | - | - | - | - | - | (5.3) |

*^Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

# Notes continued

for the six months ended 30 June 2015

**6. DIVIDENDS**

| | Cents per share | $m |
|---|---|---|
| **2015 interim dividend** | | |
| Subsequent to reporting date the Company announced a 100% franked interim dividend in respect of the period ended 30 June 2015. The dividend is payable on 2 October 2015. This dividend has not been provided for in the consolidated statement of financial position. | 46.0 | 155.7 |
| **Dividends recognised in the reporting period to 30 June 2015** | | |
| 31 December 2014 final dividend (including special dividend) 100% franked paid on 10 April 2015 | 68.0 | 230.2 |
| **Dividends recognised in the reporting period to 31 December 2014^** | | |
| 30 June 2014 interim ordinary dividend 25% franked paid on 3 October 2014 | 57.0 | 193.0 |
| 31 December 2013 final ordinary dividend 50% franked paid on 4 April 2014 | 60.0 | 202.6 |
| | | 395.6 |

*^The unfranked portion of the dividend has been declared Conduit Foreign Income.*

# Notes continued

for the six months ended 30 June 2015

### 7. EARNINGS PER SHARE

| | 6 months to June 2015 | 6 months to June 2014 ^(restated) |
|---|---|---|
| **Basic earnings per share** | | |
| From continuing operations | 76.0¢ | 59.9¢ |
| From discontinued operations | - | 26.3¢ |
| Total basic earnings per share | 76.0¢ | 86.2¢ |
| **Diluted earnings per share** | | |
| From continuing operations | 75.7¢ | 59.6¢ |
| From discontinued operations | - | 26.2¢ |
| Total diluted earnings per share | 75.7¢ | 85.8¢ |
| **Profit / (loss) attributable to members of the parent entity used in the calculation of basic and diluted earnings per share ($m)** | | |
| From continuing operations | 257.2 | 202.1 |
| From discontinued operations | - | 89.2 |
| | 257.2 | 291.3 |
| **Weighted average number of shares used as the denominator** | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 338,503,563 | 337,894,171 |
| Weighted average effect of share options on issue[1] | - | - |
| Contingently issuable shares[2] | 1,169,668 | 1,426,054 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | 339,673,231 | 339,320,225 |

*^Certain amounts shown here do not correspond to the consolidated interim financial report as at 30 June 2014 and have been re-presented to separately show those operations now classified as discontinued, as detailed in note 10: Acquisitions, disposals and discontinued operations of controlled entities and businesses.*

*[1]Share options are not dilutive for 30 June 2015 as all unexercised and outstanding 2009 options granted on 4 May 2009 lapsed on 4 May 2014. Share options were also not dilutive for 30 June 2014.*

*[2]Contingently issuable shares relate to share rights under plans disclosed in the 31 December 2014 Annual Report (Note 37: Employee Benefits). There have been no changes to these plans since this date.*

### 8. NET TANGIBLE ASSET BACKING

| | June 2015 | December 2014 |
|---|---|---|
| Net tangible asset backing per ordinary share | $9.84 | $9.53 |

# Notes continued

for the six months ended 30 June 2015

**9. TRADE AND OTHER RECEIVABLES**

| | June 2015 $m | December 2014 $m |
|---|---|---|
| Contract debtors | 3,138.6 | 3,302.6 |
| Contract debtors provision[3] | (675.0) | (675.0) |
| Net contract debtors | 2,463.6 | 2,627.6 |
| Proceeds receivable on sale of controlled entities and businesses | - | 1,643.2 |
| Trade debtors | 180.7 | 511.5 |
| Other amounts receivable | 333.9 | 359.0 |
| Prepayments | 32.8 | 41.1 |
| Derivative financial assets | 1.4 | 1.2 |
| Amounts receivable from related parties[1] | 816.8 | 771.7 |
| Non-current tax asset[2] | 25.0 | 36.8 |
| Total trade and other receivables | 3,854.2 | 5,992.1 |
| | | |
| Current | 3,003.1 | 5,069.3 |
| Non-current | 851.1 | 922.8 |
| Total trade and other receivables | 3,854.2 | 5,992.1 |
| | | |
| **Additional information on contract debtors** | | |
| Amounts due from customers | 2,463.6 | 2,627.6 |
| Amounts due to customers | (569.3) | (662.5) |
| Net Contract debtors | 1,894.3 | 1,965.1 |

[1]*The Group has the following trade and other receivables relating to Al Habtoor Leighton LLC ("HLG").*

- *loan receivables:*
  - *non-current interest free shareholder loans provided to HLG of US$112.3 million (31 December 2014: US$109.6 million) equivalent to $144.0 million (31 December 2014: $135.3 million), maturing on 30 September 2017;*
  - *non-current interest bearing loans of US$415.0 million (31 December 2014: US$415.0 million) equivalent to $532.1 million (31 December 2014: $512.3 million), maturing on 30 September 2017; and*
  - *the repayment of the above loans is subject to certain restrictions as a result of the loans being subordinate to other external debt held by HLG. Repayment of these amounts is expected to occur after the settlement of HLG's external debt, or where HLG receives prior written consent from the financier, or where a permitted payment under the financing arrangement occurs.*
- *non-current interest receivable of US$75.9 million (31 December 2014: US$67.1 million), equivalent to $97.3 million (31 December 2014: $82.9 million), is receivable from HLG on the interest bearing shareholder loans.*

[2]*The non-current tax asset of $25.0 million (31 December 2014: $36.8 million) represents the amount of income taxes recoverable from the payment of tax in excess of the amounts due to the relevant tax authority not expected to be received within twelve months after reporting date.*

[3]*The Group raised in the prior reporting period a contract debtors provision to cover the risk on a portfolio basis of unrecoverable contract debtors.*

## 9. TRADE AND OTHER RECEIVABLES CONTINUED

| | 6 months to June 2015 $m | 12 months to December 2014 $m |
|---|---|---|
| **Contract debtors provision** | | |
| Balance at beginning of reporting period | (675.0) | - |
| Net provision (made) / used | - | (675.0) |
| Balance at reporting date | (675.0) | (675.0) |

## 10. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS OF CONTROLLED ENTITIES AND BUSINESSES

**June 2015 acquisitions and disposals of controlled entities and businesses**

On 31 March 2015 and 15 May 2015, a subsidiary of Thiess Pty Limited, a controlled entity of the Company, disposed of its interests in PT Solo Ngawi Jaya, PT Ngawi Kertosono Jaya and PT Cinere Serpong Jaya for $64.0 million. In the six months to 30 June 2015 the disposed companies contributed $nil net profit after tax to the consolidated net profit for the period.

There were no acquisitions of controlled entities and businesses during the period to 30 June 2015.

**June 2014 acquisitions and disposals of controlled entities and businesses**

There were no acquisitions or disposals of controlled entities and businesses during the period to 30 June 2014.

**Discontinued operations of controlled entities and businesses**

On 12 December 2014, the Group sold 100% of its shareholding in the John Holland Group (“JHG”) to CCCC International Holding Limited (“CCCCI”). As the Group no longer controls JHG, the transaction was recorded as a disposal of controlled entities during the period to 31 December 2014.

On 17 December 2014, the Group sold 50% of its share of the Thiess Services and Leighton Contractors Services businesses (“Services”) to funds managed by affiliates of Apollo Global Management, LLC (“Apollo”), and entered into a joint venture with Apollo. As the Group no longer controls Services, the transaction was recorded as a disposal of controlled entities and the acquisition of an interest in a joint venture entity during the period to 31 December 2014.

The John Holland Group, Thiess Services and Leighton Contractors Services businesses were not classified as discontinued operations as at 30 June 2014, and accordingly the comparative consolidated statement of profit and loss and consolidated statement of profit and loss and other comprehensive income have been re-presented (as required under AASB 5) to show the discontinued operations separately from continuing operations.

The combined results of the discontinued operations (JHG and Services businesses) included in the profit for the period are set out on page 19. The comparative profit from discontinued operations has been re-presented to include those operations classified as discontinued.

# Notes continued

## for the six months ended 30 June 2015

**10. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS OF CONTROLLED ENTITIES AND BUSINESSES** CONTINUED

| | 6 months to June 2015 $m | 6 months to June 2014 $m |
|---|---|---|
| **Profit for the period from discontinued operations** | | |
| Revenue | - | 2,678.2 |
| Expenses | - | (2,548.5) |
| Finance Costs | - | (0.5) |
| Share of profits / (losses) of associates and joint venture entities | - | 5.9 |
| Profit / (loss) before tax from discontinued operations | - | 135.1 |
| Income tax (expense) / benefit from discontinued operations | - | (45.9) |
| **Profit / (loss) for the period from discontinued operations** | - | 89.2 |
| **Cash flows from discontinued operations** | | |
| Net cash from / (used in) operating activities | - | (270.2) |
| Net cash from / (used in) investing activities | - | (19.2) |
| Net cash from / (used in) financing activities | - | (3.8) |
| Net cash flow for the period | - | (293.2) |

# Notes continued

for the six months ended 30 June 2015

**11. HELD FOR SALE**

***PT Arutmin Indonesian Mining Assets and Liabilities ("Arutmin")***

On 23 December 2013 PT Thiess Contractors Indonesia ("TCI"), a wholly owned subsidiary of Thiess Pty Limited, signed a Deed of Settlement and Termination Agreement ("STA") with PT Arutmin Indonesia, for the sale of selected assets of TCI.

The assets and associated finance lease liabilities relating to Arutmin were classified as held for sale under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* at 31 December 2014.

During the reporting period, both the composition of the assets and liabilities to be sold and the expected timing of the sale changed. This resulted in $175.2 million of assets held for sale being reclassified to property, plant and equipment and inventories. The associated finance lease liabilities of $43.4 million were also reclassified to interest bearing liabilities. The change in assets and associated finance lease liabilities held for sale had no impact on the profit or loss for the current and prior reporting periods.

The remaining assets and associated finance lease liabilities have continued to be classified as held for sale at 30 June 2015 as the sale is still expected within 12 months of the reporting date.

| | June 2015 $m | December 2014 $m |
|---|---|---|
| | Arutmin | Arutmin |
| **Assets** | | |
| Inventories: consumables | - | 30.5 |
| *Total current assets* | - | 30.5 |
| Property, plant and equipment* | 77.9 | 222.6 |
| *Total non-current assets* | 77.9 | 222.6 |
| **Total assets** | 77.9 | 253.1 |
| **Liabilities** | | |
| Interest bearing liabilities* | (50.4) | (93.8) |
| *Total current liabilities* | (50.4) | (93.8) |
| *Total non-current liabilities* | - | - |
| **Total liabilities** | (50.4) | (93.8) |

****Other held for sale***
Other held for sale includes mining equipment of $7.6 million and $0.7 million interest bearing liabilities (31 December 2014 mining equipment: $1.3 million) actively marketed for sale in addition to the Arutmin amounts disclosed above.

# Notes continued

for the six months ended 30 June 2015

### 12. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

The Group has the following investments in associates:

| Name of entity | Principal activity | Country | Ownership interest June 2015 % | Ownership interest December 2014 % |
|---|---|---|---|---|
| Al Habtoor Leighton LLC | Construction | United Arab Emirates | 45 | 45 |
| Dunsborough Lakes Village Syndicate[1] | Development | Australia | 20 | 20 |
| LCIP Co-Investment Unit Trust[3] | Investment | Australia | 11 | 11 |
| Macmahon Holdings Limited[1] | Construction, Contract Mining | Australia | 20 | 20 |
| Sedgman Limited[1] | Construction, Contract Mining | Australia | 37 | 37 |
| Paradip Multi Cargo Berth Private Limited[2] | Development | India | 26 | 26 |
| Wellington Gateway General Partner No.1 Limited[3] | Investment | New Zealand | 15 | 15 |
| Wellington Gateway General Partner No.2 Limited[3] | Investment | New Zealand | 15 | 15 |

All associates have a statutory reporting date of 31 December with the following exceptions:

[1]*Entities have a 30 June statutory reporting date.*
[2]*Entity has a 31 March statutory reporting date.*
[3]*The Group's investment has been equity accounted as a result of the Group's active participation on the Board and the Group's ability to impact decision making, leading to the assessment that significant influence exists.*

# Notes continued

for the six months ended 30 June 2015

**12. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD** CONTINUED

*Al Habtoor Leighton LLC ("HLG")*

During the reporting period, the carrying value of the Group's investment in HLG increased from $383.4 million to $398.2 million (equivalent to US$310.6 million at 30 June 2015 and 31 December 2014). The increase was due to a foreign exchange translation gain of $14.8 million. The recoverable amount of the Group's investment was calculated using a value in use calculation.

The key assumptions used in the value in use calculation:

| | | |
|---|---|---|
| Discount rate | ➢ | 15% (31 December 2014: 16%) |
| Growth rate | ➢ | 3% (31 December 2014: 3%) for cash flows beyond five years. This rate does not exceed the expected long-term average growth rate for the Middle East & North Africa ("MENA") region |
| Legacy project receivables | ➢ | There continues to be a delay in payment from clients in the MENA region, particularly for projects in progress at the time the Group invested in HLG. It is assumed of the remaining unprovided legacy project receivables, 46% will be collected within twenty-four months and 54% collected subsequently (31 December 2014: 61% and 39% respectively) |
| Borrowings | ➢ | Borrowings obtained to fund working capital will be progressively repaid during the forecast period |
| Forecast cash flow | ➢ | The calculation uses five year cash flow projections based on forecasts provided by HLG's management, risk adjusted downward by the Group. Cash flows beyond five years are extrapolated using the estimated growth rate |

Management considers that for the recoverable amount to fall below the carrying value there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring as unlikely.

The Group has pledged the following security against borrowings by HLG under two facilities totalling US$284.3 million (31 December 2014: two facilities totalling US$292.5 million):

- letters of credit of US$72.4 million (31 December 2014: US$78.7 million), equivalent to $92.8 million (31 December 2014: $97.1 million); and
- guarantees of US$211.9 million (31 December 2014: US$213.8 million), equivalent to $271.7 million (31 December 2014: $264.0 million).

# Notes continued

for the six months ended 30 June 2015

**12. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD** CONTINUED

The Group has the following joint venture entities:

| | | | Ownership interest | |
|---|---|---|---|---|
| Name of entity | Principal activity | Country | June 2015 % | December 2014 % |
| A.C.N. 115 687 057 Pty Ltd (formerly known as Promet Engineers Pty Limited)[1] | Construction | Australia | 50 | 50 |
| Akudjura Facilities Management Pty Limited | Contract Mining | Australia | 50 | - |
| APM Group (Aust) Pty Ltd & Broad Construction Services (NSW/VIC) Pty Ltd[1] | Construction | Australia | 50 | 50 |
| Applemead Proprietary Limited | Development | Australia | 50 | 50 |
| Auckland Road Maintenance Alliance (West) Management JV[1] | Construction | New Zealand | 50 | 50 |
| Bac Devco Pty Limited[1] | Development | Australia | 33 | 33 |
| Barclay Mowlem Thiess Joint Venture[1] | Construction | Australia | 50 | 50 |
| City West Property Holding Trust (Section 63 Trust) | Development | Australia | 50 | 50 |
| City West Property Holdings Pty Limited | Development | Australia | 50 | 50 |
| City West Property Investment (No. 1) Trust | Development | Australia | 50 | 50 |
| City West Property Investment (No. 2) Trust | Development | Australia | 50 | 50 |
| City West Property Investment (No. 3) Trust | Development | Australia | 50 | 50 |
| City West Property Investment (No. 4) Trust | Development | Australia | 50 | 50 |
| City West Property Investment (No. 5) Trust | Development | Australia | 50 | 50 |
| City West Property Investment (No. 6) Trust | Development | Australia | 50 | 50 |
| City West Property Investments (No. 1) Pty Limited | Development | Australia | 50 | 50 |
| City West Property Investments (No. 2) Pty Limited | Development | Australia | 50 | 50 |
| City West Property Investments (No. 3) Pty Limited | Development | Australia | 50 | 50 |
| City West Property Investments (No. 4) Pty Limited | Development | Australia | 50 | 50 |
| City West Property Investments (No. 5) Pty Limited | Development | Australia | 50 | 50 |
| City West Property Investments (No. 6) Pty Limited | Development | Australia | 50 | 50 |
| Cockatoo Iron Ore[1] | Contract Mining | Australia | 50 | 50 |
| Cockatoo Mining Pty Ltd[1] | Contract Mining | Australia | 50 | 50 |
| Copperstring Pty Ltd[1] | Construction | Australia | - | 50 |
| Doubleone 3 Unit Trust | Development | Australia | 50 | 50 |
| Erskineville Residential Project Pty Ltd | Construction | Australia | 50 | 50 |
| Fallingwater Trust[1] | Development | Australia | 15 | 15 |
| Garlanja Joint Venture[1] | Construction | Australia | 75 | 75 |
| Hollywood Apartments Pty Ltd | Development | Australia | 50 | 50 |
| Hollywood Apartments Trust | Development | Australia | 50 | 50 |
| Kentz E & C Pty Ltd | Construction | Australia | 50 | 50 |
| Kings Square No.4 Unit Trust | Development | Australia | 50 | 50 |
| Kings Square Pty Ltd | Development | Australia | 50 | 50 |
| Kurunjang Development Pty Ltd[1] | Investment | Australia | 50 | 50 |

# Notes continued

for the six months ended 30 June 2015

**12. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD** CONTINUED

| | | | Ownership interest | |
|---|---|---|---|---|
| Name of entity | Principal activity | Country | June 2015 % | December 2014 % |
| LCS Employment Agency Ltd | Services | Macau | 50 | 50 |
| Leighton Abigroup Joint Venture[1] | Construction | Australia | 50 | 50 |
| Leighton BMD JV[1] | Construction | Australia | 50 | 50 |
| Leighton Construction India (Private) Limited[2] | Construction | India | 50 | 50 |
| Leighton Contractors & Baulderstone Hornibrook Bilfinger Berger Joint Venture[1] | Construction | Australia | 50 | 50 |
| Leighton Kumagai Joint Venture (MetroRail)[1] | Construction | Australia | 55 | 55 |
| Leighton OSE Joint Venture[2] | Construction | India | 50 | 50 |
| Leighton Samsung John Holland Joint Venture | Construction | Australia | 33 | - |
| Leighton Services UAE Co LLC | Services | UAE | 50 | 50 |
| Leighton/Ngarda Joint Venture (LNJV)[1] | Construction | Australia | 88 | 88 |
| Leighton-Infra 13 Joint Venture[2] | Construction | India | 50 | 50 |
| Leighton Holland Browse JV | Construction | Australia | 50 | 50 |
| LS Hold Co Pty Ltd | Services | Australia | 50 | 50 |
| Majwe Mining Joint Venture (Proprietary) Limited | Contract Mining | Botswana | 60 | 60 |
| Manukau Motorway Extension[1] | Construction | New Zealand | 50 | 50 |
| Marine & Civil Pty Ltd[1] | Construction | Australia | 50 | 50 |
| Mode Apartments Pty Ltd | Development | Australia | 50 | - |
| Mode Apartments Unit Trust | Development | Australia | 50 | - |
| Moonee Ponds Pty Ltd | Development | Australia | 50 | 50 |
| Mosaic Apartments Holdings Pty Ltd[1] | Development | Australia | 50 | 50 |
| Mosaic Apartments Pty Ltd[1] | Development | Australia | 50 | 50 |
| Mosaic Apartments Unit Trust | Development | Australia | 50 | 50 |
| Mulba Mia Leighton Broad Joint Venture[1] | Construction | Australia | 50 | 50 |
| New Future Alliance (SIHIP) | Construction | Australia | 66 | 66 |
| Nextgen Group Holdings Pty Limited | Services | Australia | 29 | 29 |
| Ngarda Civil and Mining Pty Limited[1] | Contract Mining | Australia | 50 | 50 |
| Northern Gateway Alliance | Construction | New Zealand | 50 | 50 |
| Riverina Estate Developments Pty Ltd[1] | Investment | Australia | 50 | 50 |
| Riverina Estate Developments Trust[1] | Development | Australia | 50 | 50 |
| RTL JV | Mining | Australia | 44 | 44 |
| RTL Mining and Earthworks Pty Ltd[1] | Construction | Australia | 44 | 44 |
| S.A.N.T. (MGT-HOLDING) PTY LTD | Construction | Australia | 50 | - |
| S.A.N.T. (TERM-HOLDING) PTY LTD | Construction | Australia | 50 | - |
| SmartReo Pty Ltd | Construction | Australia | 50 | 50 |
| Southern Gateway Alliance (Mandurah) | Construction | Australia | 69 | 69 |
| The Kurunjang Development Trust[1] | Development | Australia | 50 | 50 |

**12. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD** CONTINUED

| | | | Ownership interest | |
|---|---|---|---|---|
| Name of entity | Principal activity | Country | June 2015<br>% | December 2014<br>% |
| Thiess Alstom Joint Venture[1] | Construction | Australia | 50 | 50 |
| Thiess Barnard Joint Venture | Construction | Australia | 50 | 50 |
| Thiess Black and Veatch Joint Venture (VIC) | Construction | Australia | 50 | 50 |
| Thiess Black and Veatch Joint Venture[1] | Construction | Australia | 50 | 50 |
| Thiess Downer EDI Works JV[1] | Construction | Australia | 75 | 75 |
| Thiess Hochtief Joint Venture[1] | Construction | Australia | 50 | 50 |
| Thiess United Group Joint Venture[1] | Construction | Australia | 50 | 50 |
| Viridian Noosa Pty Ltd[1] | Development | Australia | 50 | 50 |
| Viridian Noosa Trust[1] | Development | Australia | 50 | 50 |
| VR Pakenham Pty Ltd[1] | Development | Australia | - | 50 |
| VR Pakenham Trust[1] | Development | Australia | - | 50 |
| Wallan Project Pty Ltd[1] | Investment | Australia | 50 | 50 |
| Wallan Project Trust[1] | Investment | Australia | 50 | 50 |
| Wedgewood Road Hallam No. 1 Pty Ltd | Development | Australia | 50 | 50 |
| Wedgewood Road Hallam Trust | Development | Australia | 50 | 50 |
| Wellington Tunnels Alliance | Construction | New Zealand | 50 | 50 |
| Wrap Southbank Unit Trust | Development | Australia | 48 | 48 |

All joint venture entities have a statutory reporting date of 31 December with the following exceptions:
[1]*Entities have a 30 June statutory reporting date.*
[2]*Entities have a 31 March statutory reporting date.*

These entities have different statutory reporting dates to the Group as they are aligned with the joint venture partners' reporting date and / or the reporting date is prescribed by local statutory requirements.

Where the Group has an ownership interest in a joint venture entity greater than 50% but does not control the arrangement due to the existence of joint control, the joint venture is not consolidated.

# Notes continued

for the six months ended 30 June 2015

**13. JOINT OPERATIONS**

The Group has the following interest in joint operations:

| Name of arrangement | Principal activity | Country | Ownership interest June 2015 % | Ownership interest December 2014 % |
|---|---|---|---|---|
| Bacchus Marsh[1] | Development | Australia | 50 | 50 |
| Baulderstone Leighton Joint Venture | Construction | Australia | 50 | 50 |
| Casey Fields[1] | Development | Australia | 55 | 55 |
| China State Leighton Joint Venture | Construction | Hong Kong | 50 | 50 |
| CHT Joint Venture | Construction | Australia | 50 | 50 |
| Deer Park[1] | Development | Australia | 50 | 50 |
| Edenbrook Estate[1] | Development | Australia | 50 | 50 |
| Erskineville Residential Project | Development | Australia | 50 | 50 |
| EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV) | Construction | Australia | 50 | 50 |
| Gammon - Leighton Joint Venture | Construction | Hong Kong | 50 | 50 |
| Garlanja Joint Venture[1] | Construction | Australia | 25 | 25 |
| Henry Road Pakenham Joint Venture[1] | Development | Australia | - | 50 |
| HYLC Joint Venture[1] | Construction | Australia | 50 | 50 |
| John Holland - Leighton (South East Asia) Joint Venture | Construction | Hong Kong | 50 | 50 |
| Leighton - China State Joint Venture | Construction | Hong Kong | 51 | - |
| Leighton - Chun Wo Joint Venture | Construction | Hong Kong | 84 | 84 |
| Leighton - Gammon Joint Venture | Construction | Hong Kong | 50 | 50 |
| Leighton/HEB Joint Venture | Construction | New Zealand | 80 | 80 |
| Leighton Abigroup Consortium (Epping to Thornleigh) | Construction | Australia | 50 | 50 |
| Leighton China State John Holland Joint Venture (City of Dreams)[1] | Construction | Macau | 40 | 40 |
| Leighton China State Joint Venture (Wynn Resort) [1] | Construction | Macau | 50 | 50 |
| Leighton-China State-Van Oord Joint Venture | Construction | Hong Kong | 45 | 45 |
| Leighton Contractors Downer Joint Venture[1] | Construction | Australia | 50 | 50 |
| Leighton Fabrication and Modularisation Ltd | Construction | Thailand | 50 | - |
| Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga)[1] | Construction | Australia | 50 | 50 |
| Leighton Fulton Hogan Joint Venture (SH16 Causeway Upgrade) | Construction | New Zealand | 50 | 50 |
| Leighton John Holland Joint Venture (Thomson Line) | Construction | Singapore | 50 | 50 |
| Leighton Offshore-John Holland Joint Venture (LTA Project) | Construction | Singapore | 50 | 50 |
| Leighton Swietelsky Joint Venture[1] | Services | Australia | 50 | 50 |
| Leighton-Able Joint Venture | Construction | Hong Kong | 51 | 51 |
| Leighton-Chubb E&M Joint Venture | Construction | Hong Kong | 50 | 50 |
| Leighton-John Holland Joint Venture | Construction | Hong Kong | 55 | 50 |
| Leighton-John Holland Joint Venture (Lai Chi Kok) | Construction | Hong Kong | 51 | 51 |
| Leighton-Total Joint Operation | Construction | Indonesia | 70 | 70 |
| Link 200 Joint Venture[1] | Construction | Hong Kong | 48 | 48 |

# Notes continued

for the six months ended 30 June 2015

**13. JOINT OPERATIONS** CONTINUED

| Name of arrangement | Principal activity | Country | Ownership interest June 2015 % | Ownership interest December 2014 % |
|---|---|---|---|---|
| Link 200 Station Joint Venture[1] | Construction | Hong Kong | 60 | 60 |
| Link 200 Tunnel Joint Venture[1] | Construction | Hong Kong | 60 | 60 |
| Murray & Roberts Marine Malaysia - Leighton Contractors Malaysia Joint Venture | Construction | Malaysia | 50 | 50 |
| N.V. Besix S.A. & Thiess Pty Ltd (Best JV) | Construction | Australia | 50 | 50 |
| NRT - Infrastructure Joint Venture | Construction | Australia | 50 | 50 |
| Rizzani Leighton Joint Venture | Construction | Australia | 50 | - |
| Taiwan Track Partners Joint Venture | Construction | Taiwan | - | 28 |
| Task Joint Venture (Thiess & Sinclair Knight Merz) | Construction | Australia | 60 | 60 |
| Thiess Balfour Beatty Joint Venture | Construction | Australia | 67 | 67 |
| Thiess Black and Veatch Joint Venture[1] | Construction | Australia | 50 | 50 |
| Thiess Decmil Kentz Joint Venture[1] | Construction | Australia | 33 | 33 |
| Thiess Degremont JV | Construction | Australia | 65 | 65 |
| Thiess Degremont Nacap Joint Venture[1] | Construction | Australia | 33 | 33 |
| Thiess John Holland Dragados Joint Venture | Construction | Australia | 50 | 50 |
| Thiess MacDow Joint Venture[1] | Construction | Australia | 50 | 50 |
| Thiess Pty Ltd & York Civil Pty Ltd | Construction | Australia | 65 | 65 |
| Thiess Sedgman Joint Venture[1] | Construction | Australia | 50 | 50 |
| Thiess Southbase Joint Venture | Construction | New Zealand | 50 | 50 |
| Veolia Water - Leighton - John Holland Joint Venture (formerly known as John Holland Veolia Water Australia Joint Venture (Hong Kong Sludge)) | Construction | Hong Kong | 24 | 24 |
| Thiess John Holland Joint Venture (Airport Link) | Construction | Australia | 50 | 50 |
| Thiess John Holland Joint Venture (Eastlink) | Construction | Australia | 50 | 50 |
| Thiess John Holland Joint Venture (Lane Cove Tunnel) | Construction | Australia | 50 | 50 |
| Thiess John Holland Motorway Services[1] | Construction | Australia | 50 | 50 |

All joint operations have a reporting date of 31 December with the following exceptions:
[1]*Arrangements have a 30 June reporting date.*

These entities have different statutory reporting dates to the Group as they are aligned with the joint operations partners' reporting date and / or the reporting date is prescribed by local statutory requirements.

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

***Fair value hierarchy***

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy. Fair value of financial assets and liabilities has been determined based on either the listed price or the net present value of cash flows using current market rates of interest. The carrying amounts of other financial assets and liabilities in the Group's balance sheet approximate fair values.

The fair value of interest bearing liabilities is:

- *Listed debt:* 10-Year-Fixed-Rate Guaranteed Notes fair value US$211.8 million, equivalent to $271.5 million; carrying value US$201.3 million, equivalent to $258.1 million (31 December 2014: fair value US$529.1 million, equivalent to $678.3 million; carrying value US$500.0 million, equivalent to $641.0 million); and
- *Unlisted debt*: Guaranteed Senior Notes fair value US$571.0 million, equivalent to $732.1 million; carrying value US$519.0 million, equivalent to $665.4 million (31 December 2014: fair value of US$569.3 million, equivalent to $729.9 million; carrying value US$519.0 million equivalent to $665.4 million).

The table below analyses other financial instruments carried at fair value, listed in order of valuation method. The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

| **30 June 2015** | Level 1 $m | Level 2 $m | Level 3 $m | Total $m |
|---|---|---|---|---|
| **Assets** | | | | |
| Equity and stapled securities available-for-sale | | | | |
| - Listed | 1.6 | - | - | 1.6 |
| - Unlisted | - | - | 63.5 | 63.5 |
| Financial assets at fair value through profit or loss | | | | |
| - Listed | - | - | - | - |
| - Unlisted | - | - | 49.5 | 49.5 |
| Derivatives | - | 1.4 | - | 1.4 |
| Total assets | 1.6 | 1.4 | 113.0 | 116.0 |
| **Liabilities** | | | | |
| Derivatives | - | (1.1) | - | (1.1) |
| Total liabilities | - | (1.1) | - | (1.1) |

# Notes continued

for the six months ended 30 June 2015

**14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** CONTINUED

| **31 December 2014** | Level 1 $m | Level 2 $m | Level 3 $m | Total $m |
|---|---|---|---|---|
| **Assets** | | | | |
| Equity and stapled securities available-for-sale | | | | |
| - Listed | 1.6 | - | - | 1.6 |
| - Unlisted | - | - | 63.7 | 63.7 |
| Financial assets at fair value through profit or loss | | | | |
| - Listed | - | - | - | - |
| - Unlisted | - | - | 47.0 | 47.0 |
| Derivatives | - | 1.2 | - | 1.2 |
| Total assets | 1.6 | 1.2 | 110.7 | 113.5 |
| **Liabilities** | | | | |
| Derivatives | - | (0.7) | - | (0.7) |
| Total liabilities | - | (0.7) | - | (0.7) |

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies. Level 3 instruments comprise unlisted equity and stapled securities and unlisted financial assets at fair value through profit and loss; the determination of the fair value of these securities is discussed below. The tables below analyses the changes in Level 3 instruments as follows:

| | 6 months to June 2015 $m | 12 months to December 2014 $m |
|---|---|---|
| **Unlisted equity and stapled securities available-for-sale** | | |
| Balance at beginning of reporting period | 63.7 | 57.4 |
| Additions | - | - |
| Gains / (losses) recognised in other comprehensive income | (0.2) | 6.3 |
| Impairment | - | - |
| Balance at reporting date | 63.5 | 63.7 |

| | 6 months to June 2015 $m | 12 months to December 2014 $m |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| Balance at beginning of reporting period | 47.0 | 33.7 |
| Additions | - | 10.0 |
| Gains recognised through profit or loss | 2.5 | 3.3 |
| Impairment | - | - |
| Balance at reporting date | 49.5 | 47.0 |

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

# Notes continued

for the six months ended 30 June 2015

**14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** CONTINUED

***Methods and valuation techniques***

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

*Listed and unlisted investments*

The fair values of listed investments are determined on an active market valuation basis using observable market data such as current bid prices. The fair values of unlisted investments are determined by the use of internal valuation techniques using discounted cash flows. Where practicable the valuations incorporate observable market data. Assumptions are generally required with regard to future expected revenues and discount rates.

*Cash flow hedges*

The Group's foreign currency forward contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates and are included in Level 2 of the fair value hierarchy.

***Valuation process***

The internal valuation process for unlisted investments, unlisted debt and cash flow hedges is managed by a team in the Group finance department which performs the valuations required for financial reporting purposes. The valuation team reports to the Group's Chief Financial Officer ("CFO"). Discussions on valuation processes and outcomes are held between the valuation team and CFO as required.

**15. INTEREST BEARING LIABILITIES**

| | June 2015 $m | December 2014 $m |
|---|---|---|
| *Current* | | |
| Interest bearing loans | 454.2 | 983.9 |
| Finance lease liabilities | 110.0 | 94.7 |
| Interest bearing liabilities - limited recourse loans | 46.2 | 84.7 |
| *Total current liabilities* | 610.4 | 1,163.3 |
| *Non-current* | | |
| Interest bearing loans | 1,217.7 | 1,635.8 |
| Finance lease liabilities | 166.5 | 188.1 |
| Interest bearing liabilities - limited recourse loans | - | 8.1 |
| *Total non-current liabilities* | 1,384.2 | 1,832.0 |
| Total interest bearing liabilities[1,] | 1,994.6 | 2,995.3 |

[1] *30 June 2015: total interest bearing liabilities excludes $51.1 million of interest bearing liabilities included in liabilities held for sale as at the end of reporting period (31 December 2014: $93.8 million). Refer to note 11: Held for sale.*

**15. INTEREST BEARING LIABILITIES** CONTINUED

**Interest Bearing Loans**

***Syndicated Loans***

On 21 June 2013, CIMIC Finance Limited (formerly Leighton Finance Limited), a wholly owned subsidiary of the Company, entered into a syndicated bank facility for $1.0 billion, maturing on 21 June 2016. On 8 December 2014 the maturity date of this facility was extended to 8 December 2017. Carrying amount at 30 June 2015: $525.0 million (carrying amount at 31 December 2014: $600.0 million).

***Guaranteed Senior Notes***

*CIMIC Finance Limited (2008)*

On 15 October 2008, CIMIC Finance Limited, a wholly owned subsidiary of the Company, issued a total of US$280.0 million Guaranteed Senior Notes in three series:

- Series A Notes: US$111.0 million Guaranteed Senior Notes at the rate of 6.91% which matured on 15 October 2013
- Series B Notes: US$90.0 million Guaranteed Senior Notes at the rate of 7.19% maturing on 15 October 2015
- Series C Notes: US$79.0 million Guaranteed Senior Notes at the rate of 7.66% maturing on 15 October 2018

Interest on the above notes is paid semi-annually on the 15th day of April and October in each year. Carrying amount at 30 June 2015: US$169.0 million (31 December 2014: US$169.0 million) equivalent to $216.7 million (31 December 2014: $208.6 million), of which US$90.0 million is due for repayment within twelve months from the reporting date.

*CIMIC Finance (USA) Pty Limited (2010)*

On 21 July 2010, CIMIC Finance (USA) Pty Limited (formerly Leighton Finance (USA) Pty Limited), a wholly owned subsidiary of the Company, issued a total of US$350.0 million Guaranteed Senior Notes in three series:

- Series A Notes: US$90.0 million Guaranteed Senior Notes at the rate of 4.51% maturing on 21 July 2015
- Series B Notes: US$145.0 million Guaranteed Senior Notes at the rate of 5.22% maturing on 21 July 2017
- Series C Notes: US$115.0 million Guaranteed Senior Notes at the rate of 5.78% maturing on 21 July 2020

Interest on the above notes is paid semi-annually on the $21^{st}$ day of January and July in each year. Carrying amount at 30 June 2015: US$350.0 million (31 December 2014: US$350.0 million) equivalent to $448.7 million (31 December 2014: $432.1 million), of which US$90.0 million is due for repayment within twelve months from the reporting date.

The Group repaid the Series A Notes of US$90.0 million, equivalent to $115.4 million on 21 July 2015.

*CIMIC Finance (USA) Pty Limited (2012)*

On 13 November 2012, CIMIC Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, issued US$500.0 million of 10-Year Fixed-Rate Guaranteed Senior Notes.

The notes bear interest from 13 November 2012 at the rate of 5.95% per annum and mature on 13 November 2022. Interest on the notes will be paid semi-annually on the $13^{th}$ day of May and November in each year. Carrying amount at 30 June 2015: US$201.3 million (31 December 2014: US$500.0 million) equivalent to $258.1 million (31 December 2014: $617.3 million).

The Group repaid US$298.7 million, equivalent to $382.9 million, of Guaranteed Senior Notes on 24 June 2015.

***Bilateral Loans***

During the reporting period, CIMIC Finance Limited, a wholly owned subsidiary of the Company, drew down $200.0 million under two existing bilateral facilities. Carrying amount at 30 June 2015: $200.0 million (31 December 2014: $500.0 million being five bilateral facilities). The amounts drawn under the facilities are expected to be settled within twelve months after the reporting date.

In the previous reporting period, Leighton Contractors (India) Private Limited and Leighton LLC, both wholly owned subsidiaries of the Company, entered into new short term bilateral facilities. At 30 June 2015 these facilities were repaid in full (carrying amount at 31 December 2014: $151.1 million).

# Notes continued

for the six months ended 30 June 2015

**15. INTEREST BEARING LIABILITIES** CONTINUED

***Other Unsecured Loans***

Other unsecured loans outstanding as at 30 June 2015: $23.4 million (31 December 2014: $110.6 million). Other unsecured loans expected to be settled within twelve months after reporting date: $23.4 million (31 December 2014: $110.6 million).

**Finance Lease Liabilities**

The Group has leased mining plant and equipment in Indonesia, Mongolia and Australia under finance leases that expire within three years of the reporting date.

**Limited Recourse Loans**

The Group has limited recourse property development loans secured against certain property development assets of the Group and overseas borrowings by subsidiaries secured against the assets of the overseas subsidiaries. Carrying amount as at 30 June 2015: $46.2 million (31 December 2014: $92.8 million).

**16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no material changes in contingent liabilities or contingent assets since 31 December 2014.

**17. EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to reporting date:

- The Group declared a 100% franked dividend of 46.0 cents per share.

# Directors' Declaration

In the opinion of the Directors of CIMIC Group Limited ("the Company"):

1) the consolidated interim financial report and notes set out on pages 3 to 32, are in accordance with the *Corporations Act 2001* including:

   a) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2015 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

   b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

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

Dated at Sydney this 23rd day of July 2015.

Signed in accordance with a resolution of Directors:

| | |
|---|---|
| Marcelino Fernández Verdes | Russell Chenu |
| *Executive Chairman and Chief Executive Officer* | *Chairman Audit and Risk Committee* |

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Independent Auditor's Review Report to the members of CIMIC Group Limited

We have reviewed the accompanying interim financial report of CIMIC Group Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2015, and the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 33.

Directors' Responsibility for the Interim Financial Report
The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of CIMIC Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of CIMIC Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of CIMIC Group Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

G. Couttas

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants
Sydney, 23 July 2015

Deloitte Touche Tohmatsu
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The Directors
CIMIC Group Limited
472 Pacific Highway
ST LEONARDS NSW 2065

23 July 2015

Dear Directors

Auditors Independence Declaration to CIMIC Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CIMIC Group Limited.

As lead audit partner for the review of the interim financial report of CIMIC Group Limited for the financial half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants

# MANAGEMENT COMMENTARY

FOR THE SIX MONTHS ENDED 30 JUNE 2015 - ISSUED 23 JULY 2015

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## FINANCIAL HIGHLIGHTS

| Shareholder returns ($) | 6 months to 30 June 2015 | 6 months to 30 June 2014 | |
|---|---|---|---|
| Closing share price | $21.75 | $19.73 | |
| Interim ordinary dividends per share[1] | 46.0c | 39.6c | |
| NPAT payout ratio[1] | 60% | 60% | |
| Earnings per share (basic)[1] | 76.0c | 59.9c | |

| Financial performance ($m) | Reported 6 months to 30 June 2015 | Reported 6 months to 30 June 2014 | Comparable[2] 6 months to 30 June 2014 |
|---|---|---|---|
| Revenue[3] | 7,157.7 | 8,329.8 | 8,329.8 |
| EBIT[4] | 439.3 | 344.4 | 381.5 |
| EBIT margin | 6.1% | 4.1% | 4.6% |
| Net finance costs[4] | (75.7) | (67.2) | (67.2) |
| Profit before tax | 363.6 | 277.2 | 314.3 |
| Income tax | (105.4) | (81.8) | (81.8) |
| Profit after tax | 258.2 | 195.4 | 232.5 |
| Non-controlling interests | (1.0) | 6.7 | 6.7 |
| NPAT from continuing operations | 257.2 | 202.1 | 239.2 |
| NPAT margin | 3.6% | 2.4% | 2.9% |
| NPAT from discontinued operations | - | 89.2 | 52.1 |
| NPAT | 257.2 | 291.3 | 291.3 |

| Financial position ($m) | As at 30 June 2015 | As at 31 March 2015 | As at 31 Dec 2014 Proforma[5] | As at 30 June 2014 |
|---|---|---|---|---|
| Net cash/(debt) | 355.1 | 100.6 | 624.8 | (1,207.6) |
| Operating leases | (570.0) | (618.0) | (604.8) | (750.0) |
| Net cash/(debt) including operating leases | (214.9) | (517.4) | 20.0 | (1,957.6) |
| Equity | 3,869.4 | 3,758.3 | 3,781.6 | 3,315.5 |
| Gearing[6] | 5.3% | 12.1% | Below zero | 37.1% |
| Net contract debtors[7] | 1,894.3 | 2,230.3 | 1,965.1 | 3,717.8 |

| Cash flow ($m) | 6 months to 30 June 2015 | 6 months to 30 June 2014 |
|---|---|---|
| Operating activities: | | |
| Operating cash flow[8] | 853.2 | 78.5 |
| Investing activities: | | |
| Proceeds from divestment | 1,588.9 | - |
| Net capital expenditure | (120.5) | (399.4) |
| Financing activities: | | |
| Net debt (repayments)/drawdown[9] | (1,043.4) | 702.6 |

1 HY14 dividend and earnings per share are for continuing operations. The HY14 dividend payout ratio was based on UNPAT.
2 Comparable HY14 includes 50% of Leighton Services in continuing operations. Refer to reconciliation in section titled 'Prior comparable period'.
3 Revenue excludes revenue from joint ventures and associates of $1,469.4 million (HY14 $694.0 million) and interest income of $53.3 million (HY14 $38.6 million). Including these items, revenue was $8,680.4 million (HY14 $9,062.4 million).
4 Net finance costs include interest income of $53.3 million (HY14 $38.6 million). Refer to reconciliation in section titled 'Earnings and margins'.
5 Proforma financial position at 31 December 2014 showed the financial position after receipt of cash from divestments.
6 Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.
7 Net contract debtors represent the net of amounts due from customers and amounts due to customers.
8 Cash flow from operating activities is before dividends, interest, finance costs and tax.
9 Debt repayments represent repayment of existing borrowings, net of new borrowings.

## HIGHLIGHTS

**WORK IN HAND**

- New work of $7,003 million brought work in hand to $28,507 million.
- CIMIC is bidding on approximately $20 billion of new tenders (CIMIC's share) which are expected to be awarded in the second half of 2015.
- In contract mining, over $5 billion in tenders are expected to be awarded in the second half of 2015, as the Group seeks to further diversify by geography and commodity.

**RESULTS**

**Improved operating cash flow**

- Strong operating cash flow[10] of $853.2 million was delivered.
- Operating cash flow and proceeds from divestments enabled $1 billion of debt repayments.

**Margin expansion**

- Significant cost savings drove strong EBIT and NPAT increases of 15.1% and 7.5% respectively on the prior comparable period[11], despite the short-term softening in revenue.
- Margins expanded with EBIT and NPAT margins up at 6.1% and 3.6%, representing 150 and 70 basis point increases on the prior comparable period[11]
- Both construction and contract mining delivered strong increases in contributions.

**De-risked, deleveraged and strengthened balance sheet**

- Quarter two 2015 delivered improvements in net debt and net contract debtors, with the latter reducing by $336.0 million or 15.1%.
- As a result, gearing improved from 12.1% to 5.3% in quarter two due to strong operating cash inflows, even with the payment of $748.0 million in dividends, income tax and tax on the profit on divestments.

**FORECAST**

- Forecast 2015 NPAT in the range of $450 million to $520 million is confirmed, subject to market conditions.

[10] Cash flow from operating activities is before dividends, interest, finance costs and tax.
[11] Performance is to comparable HY14 which includes 50% of Leighton Services in continuing operations. Refer to reconciliation in section titled 'Prior comparable period'.

## FINANCIAL PERFORMANCE

### REVENUE

Revenue[12] was $7,157.7 million in the six months ended 30 June 2015 and may be analysed by segment as follows:

| $m | 6 months to June 2015 | % | 6 months to June 2014 | % |
|---|---|---|---|---|
| Construction | 5,088.6 | 71.1 | 5,817.4 | 69.8 |
| Contract mining | 1,540.3 | 21.5 | 2,095.0 | 25.2 |
| Commercial & residential | 524.5 | 7.3 | 417.2 | 5.0 |
| Corporate | 4.3 | 0.1 | 0.2 | - |
| **Total revenue from continuing operations** | **7,157.7** | **100.0** | **8,329.8** | **100.0** |

Construction revenue was $5,088.6 million for six months ended 30 June 2015, down $728.8 million on June 2014. This reflected the transition from resources to infrastructure construction in Australia, in particular the completion of LNG-related projects. Importantly, work in hand, a forward indicator of revenue, increased in the period, (refer section titled 'Work in hand').

Major projects by revenue included:

- rail and road activities in Australia, including the North West Rail Link (now called Sydney Metro Northwest) in New South Wales, Moreton Bay Rail Link in Queensland, Gateway WA and upgrades to the Pacific Highway;
- social infrastructure projects including the New Royal Adelaide Hospital;
- activities in Hong Kong, including the Passenger Clearance Building for the Hong Kong Boundary Crossing Facilities, the West Kowloon Terminus Station and packages on the Shatin to Central Line, namely Exhibition Station and Western approach tunnel, Hung Hom Station and Stabling Sidings; and
- Wynn Palace resort development in Macau.

In contract mining, revenue was $1,540.3 million, down $554.7 million on June 2014. Compared with the second half of 2014, the decline was $207.6 million, indicating some stabilisation after the scope reductions in 2014. The Group continues to enhance its value proposition by working with clients to optimise productivity, workforce rosters and overall mine planning; and by leveraging the benefits of the Group's size and scale to generate savings.

Major projects by revenue included:

- Lake Vermont, Curragh North and Mt Owen coal mines in Australia;
- Solomon iron ore mine and Prominent Hill copper and gold mine in Australia; and
- Kaltim Prima Coal in Indonesia.

### EXPENSES

Total expenses of $6,718.3 million were recorded in the six months to June 2015, representing a reduction of 16.2% on expenses in the six months to June 2014. Significant cost savings were achieved as a result of initiatives undertaken in 2014. Cost savings arose from streamlining the operating model, removing duplication, and reducing management layers and bureaucracy. It is expected that further savings will occur as a result of the continuation of the transformation program this year, with a focus on the standardisation of business processes and systems, (refer section titled 'Strategic Review').

### NET FINANCE COSTS

Net finance costs[13] were $75.7 million in June 2015. On 24 June 2015, the Group completed a buy-back of US$298.7 million (A$383.0 million) of its US$500 million 10-Year Fixed-Rate Guaranteed Senior Notes which bear an interest rate of 5.95% and mature in November 2022. The buy-back resulted in one-off costs in the half year but will deliver significantly reduced interest costs over the term of the Notes. Other finance costs reduced following the receipt of cash from the divestments of John Holland and Services in April 2015 and March 2015 respectively.

### TAX

The Group reported a total tax expense of $105.4 million for the six months to June 2015. This equates to an overall effective tax rate of 29.0% and compares with an effective tax rate of 29.5% for the six months to June 2014. The effective tax rate is driven by the blend of different tax rates on profits and losses from the various jurisdictions in which the Group operates.

[12] Revenue excludes revenue from joint ventures and associates of $1,469.4 million (HY14 $694.0 million) and interest income of $53.3 million (HY14 $38.6 million). Including these items, revenue was $8,680.4 million (HY14 $9,062.4 million).

[13] Net finance costs include interest income of $53.3 million (HY14 $38.6 million). Refer to reconciliation in section titled 'Earnings and margins'.

**EARNINGS AND MARGINS**

As a result of the revenue and cost items outlined above, EBIT and NPAT were $439.3 million and $257.2 million respectively, representing increases of 15.1% and 7.5% on the prior comparable period[14]. EBIT and NPAT margins expanded to 6.1% and 3.6%, representing 150 and 70 basis point increases on the prior comparable period.

The reconciliation of EBIT and NPAT is as follows:

| | Reported 6 months to 30 June 2015 | Reported 6 months to 30 June 2014 | Comparable 6 months to 30 June 2014 |
|---|---|---|---|
| **$m** | | | |
| EBIT | 439.3 | 344.4 | 381.5 |
| Interest Revenue | 53.3 | 38.6 | 38.6 |
| Finance Costs | (129.0) | (105.8) | (105.8) |
| Net Finance Costs | (75.7) | (67.2) | (67.2) |
| Profit before tax | 363.6 | 277.2 | 314.3 |
| Income tax | (105.4) | (81.8) | (81.8) |
| Profit after tax | 258.2 | 195.4 | 232.5 |
| Non-controlling interests | (1.0) | 6.7 | 6.7 |
| **NPAT from continuing operations** | **257.2** | **202.1** | **239.2** |

**PRIOR COMPARABLE PERIOD**

The prior comparable period has been adjusted to include 50% of Leighton Contractors' and Thiess' operations and maintenance services businesses after-tax equity accounted contribution in continuing operations. The reconciliation is as follows:

| | Reported 6 months to 30 June 2014 | Plus 50% of Services | Comparable 6 months to 30 June 2014 |
|---|---|---|---|
| **$m** | | | |
| EBIT | 344.4 | 37.1 | 381.5 |
| Interest Revenue | 38.6 | | 38.6 |
| Finance Costs | (105.8) | | (105.8) |
| Net Finance Costs | (67.2) | | (67.2) |
| Profit before tax | 277.2 | 37.1 | 314.3 |
| Income tax | (81.8) | | (81.8) |
| Profit after tax | 195.4 | 37.1 | 232.5 |
| Non-controlling interests | 6.7 | | 6.7 |
| **NPAT from continuing operations** | **202.1** | **37.1** | **239.2** |

[14] Performance is to comparable HY14 which includes 50% of Leighton Services in continuing operations. Refer to reconciliation in section titled 'Prior comparable period'.

## SEGMENT ANALYSIS

The pre-tax results for the operating segments are summarised below (refer note 5 to the Interim Financial Report). Construction and contract mining operations delivered strong increases in pre-tax contributions, rising 26% and 52% respectively.

| **Reported** | | | | | | |
|---|---|---|---|---|---|---|
| **6 months to June 2015** | | | | | | |
| **$m** | **Construction** | **Contract mining** | **HLG**[15] | **Commercial & residential** | **Corporate**[16] | **Total** |
| Revenue [15] | 5,088.6 | 1,540.3 | - | 524.5 | 4.3 | 7,157.7 |
| EBIT[17] | 333.5 | 119.2 | - | 60.0 | (73.4) | 439.3 |
| Net finance costs[17] | (7.4) | (10.4) | - | 24.0 | (81.9) | (75.7) |
| **Profit before tax** | **326.1** | **108.8** | **-** | **84.0** | **(155.3)** | **363.6** |

| **Reported** | | | | | | |
|---|---|---|---|---|---|---|
| **6 months to June 2014** | | | | | | |
| **$m** | **Construction** | **Contract mining** | **HLG**[15] | **Commercial & residential** | **Corporate** | **Total** |
| Revenue[15] | 5,817.4 | 2,095.0 | - | 417.2 | 0.2 | 8,329.8 |
| EBIT[17] | 267.5 | 82.2 | 1.6 | (0.4) | (6.5) | 344.4 |
| Net finance costs[17] | (9.5) | (10.4) | - | 9.4 | (56.7) | (67.2) |
| **Profit before tax** | **258.0** | **71.8** | **1.6** | **9.0** | **(63.2)** | **277.2** |

[15] Revenue excludes revenue from joint ventures and associates of $1,469.4 million (HY14 $694.0 million) and interest income of $53.3 million (HY14 $38.6 million). Including these items, revenue was $8,680.4 million (HY14 $9,062.4 million). CIMIC's share of HLG's revenue was $548.1 million (HY14 $260.7 million).

[16] HY15 Corporate segment includes CIMIC's share of the Services investment partnership.

[17] Net finance costs include interest income of $53.3 million (HY14 $38.6 million). Refer to reconciliation in section titled 'Earnings and margins'.

## FINANCIAL POSITION

### NET DEBT AND GEARING

Net debt and gearing are set out below in comparison to 31 March 2015, 31 December 2014 and 30 June 2014.

| **$m** | **June 2015** | **March 2015**[18] | **Proforma December 2014** [19] | **June 2014** |
|---|---|---|---|---|
| Cash and cash equivalents | 2,349.7 | 2,126.7 | 1,976.9 | 1,574.2 |
| Cash due from divestments | - | 853.0 | 1,643.2 | - |
| Current interest bearing liabilities | (610.4) | (633.8) | (1,163.3) | (927.1) |
| Non-current interest bearing liabilities | (1,384.2) | (2,245.3) | (1,832.0) | (1,854.7) |
| **Net cash/(debt)** | **355.1** | **100.6** | **624.8** | **(1,207.6)** |
| Operating leases | (570.0) | (618.0) | (604.8) | (750.0) |
| **Net cash/(debt) including operating leases** | **(214.9)** | **(517.4)** | **20.0** | **(1,957.6)** |
| | | | | |
| Equity | 3,869.4 | 3,758.3 | 3,781.6 | 3,315.5 |
| Gearing[20] | 5.3% | 12.1% | Below zero | 37.1% |

*Gearing*

Gearing[21] was 5.3% at 30 June 2015. This represents a substantial improvement from June 2014 when gearing was 37.1% and was due to the deleveraging of the balance sheet late in 2014 and the focus on cash collection.

Importantly, in quarter two 2015 gearing reduced from 12.1% to 5.3% due to strong operating cash inflows, even with the payment of $748 million in dividends, income tax, and tax on the profit on divestments. The improvement in quarter two 2015 built on the positive trend delivered in the second half of 2014. It partially offset the increase in gearing in quarter one which was caused by seasonal working capital requirements and foreign exchange rate movements.

*Interest bearing liabilities*

Current and non-current interest bearing liabilities totalled $1,994.6 million at 30 June 2015, compared with $2,995.3 million at December 2014 and $2,781.8 million at June 2014. The $1,000.7 million reduction in interest bearing liabilities since December 2014 was due to the buy-back of A$383.0 million (US$298.7 million) of US$500 million 10-Year Fixed-Rate Guaranteed Senior Notes, the repayment of other bilateral, syndicated and other unsecured loans, and foreign exchange rate movements.

In the second half of 2015, the Group has repaid US$90 million of senior notes which matured on 21 July 2015, with an interest rate of 4.51%. It has a further US$90 million of senior notes maturing on 15 October 2015, with an interest rate of 7.19%. The Group is reviewing the potential to repay more of its current and non-current debt facilities.

*Bonding*

The Group has significant bonding and guarantee facilities available which are integral to the successful delivery of current and future work in hand. Bonds and guarantees in use at June 2015 were $3,193.2 million. An additional $2,338.2 million was undrawn of which $1,441.6 million was committed and $896.6 million was uncommitted.

*Credit ratings*

S&P has an investment credit-grade rating for CIMIC of 'BBB-/A-3' with a stable outlook while Moody's has an investment-grade rating for CIMIC of 'Baa3' with a stable outlook.

[18] Net cash/(debt) is adjusted to include the impact of collection of the $853.0 million proceeds from the divestment of JHG which was received in 2Q15.

[19] Net cash/(debt )is adjusted to include the impact of collection of the $1,643.2 million proceeds from the divestment of Services which was received in 1Q15 and JHG which was received in 2Q15.

[20] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.

[21] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.

**OTHER CAPITAL EMPLOYED**

Major elements of the balance sheet, other than cash and interest bearing liabilities (refer section titled 'Net debt and gearing'), are set out below in comparison to 31 December 2014 and 30 June 2014.

| $m | June 2015 | December 2014 | June 2014 |
|---|---|---|---|
| Current trade and other receivables | 3,003.1 | 3,426.1 | 5,453.5 |
| Current trade and other payables | (3,747.2) | (4,309.8) | (5,026.7) |
| Property, plant and equipment | 1,596.6 | 1,626.5 | 1,843.7 |
| Non-current trade and other receivables | 851.1 | 922.8 | 788.9 |
| Equity-accounted investments | 1,087.8 | 1,013.6 | 805.7 |

*Current trade and other receivables*

Current trade and other receivables of $3,003.1 million included $2,463.6 million of amounts due from customers which are analysed below (refer section titled 'Net contract debtors'). The remaining balance relates to sundry debtors, joint venture working capital, and other receivables.

*Net contract debtors*

The net amount owed to the Group on its construction and mining contracts, called net contract debtors, was $1,894.3 million at 30 June 2015[22]. It is set out below in comparison to 31 March 2015, 31 December 2014 and 30 June 2014.

| $m | June 2015 | March 2015 | December 2014 | June 2014 |
|---|---|---|---|---|
| Net contract debtors | 1,894.3 | 2,230.3 | 1,965.1 | 3,717.8 |

Net contract debtors have reduced by $1,823.5 million, or approximately 50%, since 30 June 2014 representing a substantial de-risking of the balance sheet. The reduction can be analysed as:

- $546.5 million underlying reduction in net contract debtors;
- $675.0 million contract debtors provision in December 2014; and
- $602.0 million from the deconsolidation of assets sold with the divestments in 2014.

In quarter two 2015, CIMIC continued to deliver an improving trend in net contract debtors. Net contract debtors decreased by $336.0 million, with a reduction in debtors and underclaims offsetting a reduction in overclaims as projects completed. The improvement in quarter two built on the significant improvement in the second half of 2014 and more than offset the increase in net contract debtors during quarter one caused by the run-off of overclaims and foreign exchange rate movements.

*Current trade and other payables*

Current trade and other payables of $3,747.2 million include trade creditors, joint venture payables, and other creditors. Overall, the balance has reduced since 31 December 2014 following year-end cash management initiatives.

*Property, plant and equipment*

At 30 June 2015, the Group's property, plant and equipment balance was $1,596.6 million, with an additional $570.0 million financed by the Group under operating leases. Net increase in property, plant and equipment for the period were $198.5 million and depreciation was $228.4 million

*Non-current trade and other receivables*

Non-current trade and other receivables of $851.1 million included $773.4 million of loan receivables and accrued interest owed by HLG. The increase over the December 2014 balance of $730.5 million was due to the retranslation of HLG's US denominated loans.

[22] Refer Note 9: Trade and Other Receivables in the Interim Financial Report.

*Equity-accounted investments*
Equity-accounted investments include the Group's holdings in HLG, the Services investment partnership, Nextgen Group, Sedgman Limited and Macmahon Holdings Limited. Also included in this item are project-related associates and joint ventures, such as the Transmission Gully PPP in New Zealand, and various construction and property joint ventures.

*HLG*
The Group's total exposure to HLG as at 30 June 2015 was $1,536.1 million and comprised:
- $398.2 million carrying value of the investment;
- $773.4 million in loan receivables and accrued interest, in non-current receivables; and
- $364.5 million in off-balance sheet letters of credit and guarantees.

The $61.1 million increase in the total exposure over the six months ended 30 June 2015 was due to the retranslation of US denominated amounts.

HLG recorded an increase in revenues from $260.7 million to $548.1 million and a break-even performance during the six months. It continued to diversify its client and geographic base through its contract wins, including the US$608 million[23] award for the construction of reservoirs and pumping stations for Qatar's electricity and water corporation, KAHRAMAA.

'IPO-ready' remains the key strategic aim for HLG, contingent upon the ongoing award of new work, the further recovery of outstanding receivables, and the pay-down of shareholder loans from CIMIC. The Group continues to view its investment in HLG as offering long-term growth opportunities in the Middle East and North Africa.

*Services Investment Partnership*
In December 2014, the Group announced a 50:50 investment partnership for Leighton Contractors' and Thiess' merged operations and maintenance services businesses with funds managed by affiliates of Apollo Global Management LLC. CIMIC continues to have access to upside value through its share of the services investment partnership which is equity accounted. During the six months ended 30 June 2015, Visionstream Australia, a division of the Services investment partnership, won a $270 million award for the first year of a five year Multi-Technology Integrated Master Agreement with NBN, Australia's broadband network.

*Nextgen Group*
During the first half of 2013, the Group sold 70.1% of its non-core telecommunications assets but continues to have access to upside value through its share of the joint venture which is equity accounted.

*Listed investments*
As at 30 June 2015, investments in listed entities were:
- Sedgman Limited: CIMIC owned 36.7% of the resources engineering company;
- Macmahon Holdings Limited: CIMIC owned 19.6% of the mining contracting company; and
- Devine Limited: CIMIC owned 50.6% of the property development company.

The investment in Devine is consolidated while the investments in Sedgman and Macmahon Holdings are equity-accounted.

[23] US dollar value as at the date of the announcement of the awards and at 100% value to HLG (CIMIC's share is 45%).

## CASH FLOW

### CASH FLOW FROM OPERATING ACTIVITIES

Operating cash flow totalled $853.2 million in the six months ended 30 June 2015, a significant improvement over the $78.5 million operating cash flow in June 2014.

| $m | June 2015 | June 2014 |
|---|---|---|
| Operating cash flow | 853.2 | 78.5 |
| Dividends, interest finance costs and taxes | (359.1) | (115.6) |
| **Cash flow from operating activities** | **494.1** | **(37.1)** |

### CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities totalled a $1,202.6 million inflow in the six months ended 30 June 2015, compared to $523.6 million outflow in June 2014. Importantly $1,588.9 million net cash was received from divestments. The proceeds enabled the strengthening of the balance sheet and the reduction in debt.

| $m | June 2015 | June 2014 |
|---|---|---|
| Net capital expenditure | (120.5) | (399.4) |
| Proceeds from divestments | 1,588.9 | - |
| Income tax paid on divestments | (263.0) | - |
| Payments for investments in controlled entities (LWIN) | - | (110.0) |
| Other | (2.8) | (14.2) |
| **Cash flow from investing activities** | **1,202.6** | **(523.6)** |

### CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities totalled a $1,341.2 million outflow in the six months ended 30 June 2015 compared to a $424.9 million inflow in the six months ended 30 June 2014. The repayment of borrowings net of new borrowings was $1,043.4 million and included the repurchase of $383.0 million (US$298.7 million) of US$500 million 10-Year Fixed-Rate Guaranteed Senior Notes and the repayment of other bilateral, syndicated and other unsecured loans.

| $m | June 2015 | June 2014 |
|---|---|---|
| Repayment of existing borrowings net of new borrowings | (1,043.4) | 702.6 |
| Finance leases | (63.0) | (93.8) |
| Dividends paid | (230.2) | (202.6) |
| Other | (4.6) | 18.7 |
| **Cash flow from financing activities** | **(1,341.2)** | **424.9** |

## WORK IN HAND

At 30 June 2015, work in hand was $28,507 million for the Group's operations[24], growing 1.7% from 31 March 2015. It may be analysed as follows:

| $m | June 2015 | % | March 2015 | % | December 2014 | % |
|---|---|---|---|---|---|---|
| Construction | 12,427 | 43.6 | 11,137 | 39.7 | 12,222 | 40.5 |
| Contract mining | 9,113 | 32.0 | 10,058 | 35.9 | 10,953 | 36.3 |
| HLG | 2,353 | 8.2 | 2,583 | 9.2 | 2,443 | 8.1 |
| Commercial & residential | 2,099 | 7.4 | 1,909 | 6.8 | 1,979 | 6.5 |
| Corporate[25] | 2,515 | 8.8 | 2,340 | 8.4 | 2,588 | 8.6 |
| **Total WIH** | **28,507** | **100** | **28,027** | **100** | **30,185** | **100** |

**CONTRACT AWARDS AND EXTENSIONS**

During the six month period, new orders of $7,003 million were awarded, demonstrating renewed momentum in work in hand. This comprised $4,735 million of new contracts and $2,268 million of contract extensions and variations including the impact of foreign exchange rate movements.

In Australia the major awards were:

- $900 million award for the WestConnex road project Stage 1B: M4 East in Sydney, adding to the $150 million award in December 2014 for Stage 1A: M4 Widening. The award is in joint venture with John Holland Group and Samsung (CIMIC's share is approximately $900 million);
- $570 million (approximately) award for parts of the CityLink Tulla Widening project in Melbourne, Victoria, by Transurban;
- $270 million award, to Visionstream Australia, a division of the Services investment partnership, for the first year of a five year Multi-Technology Integrated Master Agreement with NBN, Australia's broadband network. ($270 million is Visionstream's value of which CIMIC's share is $135 million);
- $224 million award for the Torrens Road to River Torrens Project on the North-South Corridor in Adelaide, South Australia. The award is in consortium (CIMIC's share is $224 million); and
- $160 million award for an extension to the Mitchell Freeway in Perth by Main Roads Western Australia.

During the period, CIMIC was also named as preferred contractor in consortium on a $480 million contract for the removal of four level crossings in Melbourne. The value of its share will be announced on execution of the contract.

Overseas the major awards were:

- $1.2 billion[26] contract by the Government of Hong Kong to develop a boundary control point between Hong Kong and China, the largest project ever won by CIMIC's Hong Kong operation as a sole contractor;
- $474 million[26] award for works on the Shatin to Central Line in Hong Kong by MTR Corporation. The award is in joint venture with China State Construction Engineering (Hong Kong) (CIMIC's share is $474 million);
- US$608 million[27] award for the construction of reservoirs and pumping stations for Qatar's electricity and water corporation, KAHRAMAA (US$608 million is HLG's value of which CIMIC 's share is US$274 million); and
- $175 million[26] services agreement for the Encuentro Oxides open pit copper mine in Chile.

**CONSTRUCTION WORK IN HAND**

At 30 June 2015, the Group's construction work in hand was $12,427 million, an increase of 11.6% from 31 March 2015. This level reflected a substantial increase in new orders in quarter two. Construction work in hand was diversified across a range of markets and sectors in Australia and overseas.

The major projects were:

- rail and road activities in Australia, including WestConnex Stages 1A and 1B and the North West Rail Link (now called Sydney Metro Northwest) in NSW, the Moreton Bay Rail Link in Queensland, and the CityLink Tulla Widening project in Victoria;
- rail activities in Hong Kong, including the Passenger Clearance Building for the Hong Kong Boundary Crossing Facilities, the West Kowloon Terminus Station and packages on the Shatin to Central Line, namely Exhibition Station and Western approach tunnel, Hung Hom Station, and Stabling Sidings;
- social infrastructure including the new Royal Adelaide Hospital and the new Northern Beaches Hospital in Sydney; and
- Wynn Palace resort development in Macau.

[24] Work in hand includes CIMIC's share of work in hand from joint ventures and associates.
[25] Corporate includes CIMIC's share of the Services investment partnership.
[26] Australia dollar value as at date of the announcement of the award.
[27] US dollar value as at the date of the announcement of the award.

**CONTRACT MINING WORK IN HAND**
At 30 June 2015, the Group's contract mining work in hand was $9,113 million, representing a decline of 9.4% from 31 March 2015 with reductions in scope reflecting the challenging environment in the resources sector. Importantly, during the period CIMIC won its first award in Latin America.

The major projects were:
- Lake Vermont, Mt Owen, Sonoma and Curragh North coal mines in Australia;
- Solomon iron ore mine and Prominent Hill copper and gold mine in Australia;
- Kaltim Prima Coal and Wahana coal mines in Indonesia;
- Ukhaa Khudag coal mine in Mongolia; and
- Encuentro Oxides open pit copper mine in Chile.

**HLG WORK IN HAND**
As at 30 June 2015, HLG's work in hand was $5,229 million and the Group's share was $2,353 million, after doubling in the prior year. The major projects were:
- road and water-related construction including the New Orbital Highway in Qatar, the Bidbid Sur Road in Oman, and pipelines for the Mega Reservoir Corridor Main 1 (Packages A and B) and the construction of Mega Reservoir Primary Reservoir and Pumping Stations (PRPS 3) for KAHRAMAA, in Qatar;
- social infrastructure construction including the Sheikh Shakboot Medical City in Abu Dhabi and the healthcare centre and proton therapy centre in Saudi Arabia, both in joint venture; and
- building construction including the Habtoor Palace complex, Jewel of the Creek (Package Eight) and three residential towers and a multi-storey car park in Dubai, the Northgate Mall in Doha, and accommodation and utilities on four artificial islands for the Zakum Offshore Oilfield in Abu Dhabi.

**OPPORTUNITIES**
CIMIC's markets offer a large range of new project opportunities, particularly as governments in Australia and Asia roll out initiatives to address significant infrastructure deficits. (Refer section titled 'Operating Environment'). Importantly CIMIC has tendered on, or has been shortlisted to tender on, several major projects in Australia including:
- WestConnex Stage 2 in NSW;
- Level crossing removals package in Vic;
- Kingsford Smith Drive upgrade in Qld;
- Capital Metro in ACT; and
- Perth Airport Link, Perth Freight Link in two sections, and Tonkin Highway upgrade in WA.

Beyond these projects, State Governments are progressively identifying infrastructure requirements which will come to market in the next few years, including for example the Sydney Metro City and Southwest, and Western Harbour Tunnel and WestConnex extensions in NSW; and the Melbourne Metro Rail Project in Victoria. In Asia, the CIMIC Group is also bidding on or expecting to bid on several infrastructure projects, in particular in Hong Kong and Singapore.

**PIPELINE**
As a result of the opportunities described above, CIMIC is bidding on approximately $20 billion of new tenders (CIMIC's share) which are expected to be awarded in the second half of 2015, including over $5 billion in tenders in contract mining as the Group seeks to diversify by geography and commodity.

## STRATEGIC REVIEW

In June 2014, CIMIC announced a Strategic Review of its operations, with the objective of positioning the Group to deliver sustainable long-term growth in cash backed profits by:

- strengthening the balance sheet;
- streamlining the operating model; and
- improving project delivery.

**PHASE ONE**

Phase one of the transformation was delivered in 2014 with the reorganisation of the CIMIC Group's operating model into four activity based businesses focused on construction, contract mining, PPPs, and engineering establishing a more streamlined, simplified and efficient structure. In addition, the divestments of John Holland, and the Services investment partnership at the end of 2014 substantially strengthened and de-risked the balance sheet.

**PHASE TWO**

Key initiatives in Phase two of the transformation include:

- the ongoing standardisation and simplification of business systems, processes and tools with the aim of improving consistency, accountability and reporting of information;
- the streamlining of the Group's information and communications technology delivery model to achieve cost efficiencies and to support the new operating model;
- internal structuring to align operational assets and people with the new activity based model; and
- cost reduction initiatives to increase our competitive position.

The adoption of the CIMIC name, which represents Construction, Infrastructure, Mining and Concessions, was approved at the 2015 AGM. The new name better represents what the Group stands for, reflects the core activities of the Operating Companies and marks the significance of the transformation. In addition, the engineering division has been branded as EIC Activities and our PPP business as Pacific Partnerships, both with fresh branding.

To support the reorganisation of the Group, CEO roadshows promoting CIMIC culture and principles have been undertaken. The Group's governance framework has been revised, and policy documents are being updated and standardised, to ensure increased accountability within the governance framework. The Group's remuneration framework has been refreshed to align with the new operating model.

Turning to the balance sheet, as part of the Strategic Review in June 2014, CIMIC announced the evaluation of divestment and partnering opportunities for John Holland, the Services businesses and Leighton Properties. Transactions on the first two have been successfully executed while dialogue on a range of potential options for Leighton Properties continues. Other non-core assets will be subject to review as and when appropriate.

With respect to FleetCo, CIMIC is continuing to investigate a range of strategic options including the introduction of industrial partners. The timing and structure of any successful outcome remains dependent on market conditions. Structured appropriately, it could free up a significant amount of the Group's capital.

As part of the Strategic Review, CIMIC heightened its focus on working capital management and, in particular, the recovery of trade receivables. A substantial de-risking of the balance sheet has occurred since June 2014, due to the on-going reduction in underlying contract debtors and, at the end of the 2014 year, the establishment of a $675 million portfolio provision and the deconsolidation of assets sold with the divestments. The focus on the collection of receivables continues and further balance sheet initiatives are targeted.

## OPERATING ENVIRONMENT

### ECONOMIC OUTLOOK

The Reserve Bank of Australia, in its May 2015 Statement on Monetary Policy, estimated the GDP growth rate for Australia will continue at a below-average pace for a little longer and pick up gradually to an above-average pace over 2016/17. The growth forecast for the year ending June 2016 is 2.5-3.5% and for the year ending June 2017 is 2.75-4.25%. This is in line with the Government's forecasts at the Federal Budget in May for 2.75% for 2015/16 year and 3.25% in 2016/17. The Budget attributes the slight downward revision to the sustained fall in mining-related investment and a slower than expected recovery of non-mining business investment.

Overseas, the IMF issued revised growth forecasts for the Asia and Pacific regions in May 2015 stating that the outlook is stable and robust with growth expected to hold steady at 5.6% in 2015 easing to 5.5% in 2016. In the Middle East, the IMF expects a modest recovery to continue despite the oil price decline and regional conflicts.

### DOMESTIC CONSTRUCTION MARKET OUTLOOK

The non-resource infrastructure construction market is expected to become the most important source of growth over the next five years in Australia, underpinned by large urban passenger transport projects in the eastern states, with the Federal Government focused on upgrading Australia's infrastructure.

In the 2014 Federal Budget, the Government announced a total Federal commitment to new projects of $50 billion by 2020, which is also intended to act as a catalyst for stimulating State Government and private sector investment, with the objective of exceeding $125 billion in new public and private infrastructure investment over the next decade. The 2015 Federal Budget maintained this $50 billion commitment with $7 billion estimated for the 2015/2016 year.

Growth in transport infrastructure construction is being supported by an extensive asset recycling program by some State Governments. In New South Wales, for example, following the passing of legislation to partially privatise the NSW electricity network in June 2015, the Government confirmed that the Sydney Rapid Transit project, including a second harbour crossing, will proceed.

Investment will also be supported by the private sector financing of major projects under PPP models. In its Utilities and Infrastructure Market Update in March 2014, ANZ International & Institutional Bank estimated PPP projects worth around $50 billion[28] will commence by 2020.

### DOMESTIC CONTRACT MINING OUTLOOK

The Australian mining sector helped to drive the resources boom of the past decade and has substantially increased production capacity and export volumes. However, driven by continued pressure on commodity prices, the sector is currently focusing on the efficient extraction and production of resources while exploration and capital expenditure have been reduced.

CIMIC Group's work as a contract miner is primarily linked to production and export volumes. Nevertheless, while the mining industry is in efficiency and cost consolidation modes, contracting activity remains challenging. The Group continues to work collaboratively with its clients to improve efficiency and productivity.

In the near-term, according to BIS Shrapnel[29], there is a relatively flat growth outlook for the value of contract mining as opposing forces offset each other: uncertainty surrounding global commodity demand and weak prices, offset by rising production volumes. From 2016/17 however, the combination of a weaker Australian dollar, strengthening commodity prices and rising production volumes should result in the overall contract mining market beginning to recover.

In the medium to longer-term, resources fundamentals remain solid and the Group aims to further develop its position as the world's leading contract miner.

### INTERNATIONAL MARKETS OUTLOOK

The Group's international markets generally have a positive outlook with the emerging economies typically forecasting higher growth rates than established geographies. Importantly in South East Asia, countries continue to roll out multi-billion dollar infrastructure investment programs in response to growing demand and infrastructure deficits.

In the Middle East, construction spending in the Gulf Cooperation Council is expected to continue to grow, driven by diversification away from hydrocarbons and the region hosting several key international events over the next decade.

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[28] While the underlying projects may change, the aggregate spend is likely to remain similar.
[29] BIS Shrapnel: Mining in Australia 2014-2029.

## FUTURE DEVELOPMENTS

**2015 FORECAST**

Full year 2015 NPAT is forecast to be within the range of $450 million to $520 million, subject to market conditions. The forecast range is driven by substantial improvement in margins, from improved project delivery, continuation of the current cost saving program and reduced finance costs from the deleveraging of the balance sheet.

**PROSPECTS**

The Group is well-placed as a long-term provider of construction, mining, PPP delivery and operations and maintenance services in Australia and overseas, in particular in many Asian locations. The opportunities in these markets and geographies will continue to be the main drivers of demand for the Group.

In the mid-to-longer term, the pipeline of urban infrastructure projects in Australia remains strong, underpinning demand for the Group's construction, PPP and operations and maintenance services. The Group has positioned itself to optimise its capabilities in this market and to grow its share of large and complex PPP projects, offering end-to-end services to its clients. It is envisaged that the on-boarding of longer-dated construction and services contracts under the PPP model through the dedicated entity, Pacific Partnerships, will enhance the profitability, quality and sustainability of the Group's work in hand. Internationally, the Group's markets generally have a positive outlook and many countries continue to roll out major infrastructure investment programs which will provide a range of opportunities.

The urbanisation and industrialisation of Asia also underpins demand for resources and energy. Sustained production volumes will continue to drive contract mining opportunities for the CIMIC Group. Given the buying power, scale and value proposition offered by the Group, these services are expected to remain in demand.

In the mid-to-longer term, the Group will seek to expand its presence in existing markets and export its skills to new markets. The Group will also look to expand into other countries, for example by exporting its contract mining skills into North and South America, an initiative which has already commenced with the recent award of mining services for the Encuentro Oxides open pit copper mine in Chile. The Group may also consider making investments in local companies to support its expansion.

## GLOSSARY

| Term | Description |
|---|---|
| HY15/HY14 | Six month period ended 30 June 2015/2014 |
| 2H15/2H14 | Six month period ended 31 December 2015/2014 |
| 2014 Financial Year or FY14 | Financial year ended 31 December 2014 |
| 2015 Financial Year or FY15 | Financial year ended 31 December 2015 |
| Company or CIMIC | CIMIC Group Limited (previously Leighton Holdings Limited) |
| cps | Cents per share |
| EBIT | Earnings before interest and taxes |
| EBITDA | Earnings before interest, taxes, depreciation and amortisation |
| EIC Activities | As part of the Strategic Review CIMIC established a dedicated Engineering company which is now called EIC Activities. |
| GDP | Gross domestic product |
| Group | CIMIC Group Limited and certain entities it controls |
| HLG | Habtoor Leighton Group |
| IMF | International Monetary Fund |
| John Holland sale | In December 2014, the Group announced the successful divestment of John Holland to CCCC International Holding Limited |
| JV | Joint venture |
| LAIO | Leighton Asia, India and Offshore |
| LNG | Liquefied natural gas |
| LWIN | Leighton Welspun. The LWIN transaction in HY14 related to the acquisition of the 39.9% share of the LWIN joint venture which was not previously owned by the Group. |
| Moody's | Moody's Investors Service |
| NPAT | Net profit after tax |
| Operating Companies | Leighton Contractors, LAIO, Thiess, Pacific Partnerships, and EIC Activities |
| Pacific Partnerships | As part of the Strategic Review CIMIC established a dedicated PPP business which is now called Pacific Partnerships. |
| PAT | Profit after tax |
| PBT | Profit before tax |
| PPP | Public private partnership |
| 1Q15, 2Q15, 3Q15 or 4Q15 | First, second, third or fourth quarter of the 2015 Financial Year |
| Services investment partnership | In December 2014 the Group announced a 50:50 partnership for Leighton Contractors' and Thiess' operations and maintenance services businesses with certain funds managed by affiliates of Apollo Global Management. |
| S&P | Standard & Poor's |
| WIH | Work in hand |

## DIRECTORS' REPORT

The Directors of CIMIC Group Limited present their report for the half-year ended 30 June 2015 in respect of the Consolidated Entity constituted by the Company and the entities it controlled during the half year.

The Consolidated Entity's interim financial report for the half-year ended 30 June 2015 and the auditor's review report are presented on pages 3 to 34

The lead auditor's independence declaration is set out on page 35 and forms part of the Directors' Report for the half-year ended 30 June 2015.

A review of the operations of the Consolidated Entity and the results of those operations during the half-year (Management Commentary) are contained on pages 37 to 51 and form part of this report.

### INFORMATION REGARDING DIRECTORS

The Directors of the Company at any time during or since the end of the half-year are:

| | |
|---|---|
| **Marcelino Fernández Verdes**<br>*Executive Chairman and Chief Executive Officer*<br>An Executive Director and Chief Executive Officer since 13 March 2014 and a Non-executive Director since October 2012 | **Pedro López Jiménez**<br>A Non-executive Director since 13 March 2014 |
| **David P Robinson**<br>A Non-executive Director since December 1990 and alternate Director for Mr Pedro López Jiménez since 11 June 2014 | **Trevor Gerber**<br>An Independent Non-executive Director since 11 June 2014 |
| **Peter W Sassenfeld**<br>A Non-executive Director since November 2011 | **Russell Chenu**<br>An Independent Non-executive Director since 11 June 2014 |
| **José-Luis del Valle Pérez**<br>A Non-executive Director since 13 March 2014 | **Kirstin Ferguson**<br>An Independent Non-executive Director since 10 July 2014 |

### ALTERNATE DIRECTORS

| | |
|---|---|
| **Robert L Seidler AM**<br>An Alternate Director for Mr José-Luis del Valle Pérez and Mr Peter Sassenfeld since 11 June 2014 | **David Robinson**<br>An Alternate Director for Mr Pedro López Jiménez since 11 June 2014 |

### RETIRED DIRECTORS

| | |
|---|---|
| Nil | |

### ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the interim financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Dated at Sydney this **23rd day of July 2015**.

Signed in accordance with a resolution of the Directors:

**Marcelino Fernández Verdes**
*Executive Chairman* and *Chief Executive Officer*

**Russell Chenu**
*Director, Audit And Risk Committee Chairman*