CIMIC

Half Year Report 2019

Cross River Rail Tunnel, Stations and Development PPP (Pacific Partnerships, CPB Contractors, and UGL in a consortium) and Rail, Integration and Systems (CPB Contractors and UGL in an alliance), Queensland, Australia

Half Year Report (Appendix 4D) 2019

For the six months ended 30 June 2019
Issued 17 July 2019

CIMIC Group Limited
ABN 57 004 482 982

Level 25, 177 Pacific Highway,
North Sydney NSW 2060, Australia
T +61 2 9925 6666 F +61 2 9925 6000
www.cimic.com.au

Directors' Report

The Directors of CIMIC Group Limited present their report for the half-year ended 30 June 2019 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 2019 and the auditor's review report are presented on pages 5 to 39.

The lead auditor's independence declaration is set out on page 40 and forms part of the Directors' Report for the half-year ended 30 June 2019.

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 41 to 56 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 Executive Chairman since June 2014 having been a Non-executive Director since October 2012 until March 2014. He was CEO and Managing Director of the Company from March 2014 until October 2016.	**Michael Wright** CEO and Managing Director since 1 December 2017.
Russell Chenu Independent Non-executive Director since June 2014.	**José-Luis del Valle Pérez** Non-executive Director since March 2014.
Trevor Gerber Independent Non-executive Director since June 2014.	**Pedro López Jiménez** Non-executive Director since March 2014.
David P Robinson Non-executive Director since December 1990. Previously an Alternate Director for Mr Pedro López Jiménez (from June 2014 to 31 October 2017) and Mr Peter Sassenfeld (from November 2011 to June 2013).	**Peter W Sassenfeld** Non-executive Director since November 2011.
Kathryn Spargo Independent Non-executive Director since September 2017.	

ALTERNATE DIRECTORS	
Ángel Muriel Alternate Director for Mr Sassenfeld since November 2017.	**Robert L Seidler AM** Alternate Director for Mr del Valle Pérez since June 2014. Previously an Alternate Director for Mr Sassenfeld (June 2014 to October 2017).
Adolfo Valderas Alternate Director for Mr López Jiménez since November 2017.	

RETIRED DIRECTORS	
Nil	

ROUNDING OFF

As the Company is of a kind referred to in ASIC Corporations (rounding in Financial/Directors' Report) Instrument 2016/191, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Report to the nearest hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:

Michael Wright	Russell Chenu
Chief Executive Officer and Managing Director	*Chairman Audit and Risk Committee*

Sydney, 17 July 2019

Results for Announcement to the Market – Appendix 4D

for the six months ended 30 June 2019

Name of Entity

CIMIC GROUP LIMITED

	6 months to June 2019 $m	6 months to June 2018 $m Restated^	% Change
Revenue - Group	8,125.6	8,345.3	(2.6%)
Revenue - Joint ventures and associates	1,170.5	1,407.9	(16.9%)
Revenue[1]	6,955.1	6,937.4	0.3%
Profit / (loss) attributable to shareholders of the parent entity	366.7	362.8	1.1%

For a brief explanation of the figures reported above: refer to page 41 onwards.

Details of Reporting Period	
Current reporting period:	Six (6) months to 30 June 2019
Previous corresponding period:	Six (6) months to 30 June 2018

Dividends - June 2019	Amount per security	Franked amount per security	
Interim dividend	71.0c	71.0c	100%
Previous corresponding period	70.0¢	70.0¢	100%

Key Dividend Dates	Date
Ex-dividend date:	11 September 2019
Record date for determining entitlements to the dividend:	12 September 2019
Date for payment of interim dividend:	3 October 2019

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards*.

[1] *Revenue excludes revenue of joint ventures and associates.*

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2019

	Note	6 months to June 2019 $m	6 months to June 2018 $m Restated^
Revenue	2	6,955.1	6,937.4
Expenses	3	(6,389.0)	(6,406.6)
Share of profit / (loss) of associates and joint venture entities		2.9	20.9
Earnings before interest and tax ("EBIT")		569.0	551.7
Finance income		29.2	25.0
Finance costs		(94.6)	(74.1)
Net finance income / (costs)	4	(65.4)	(49.1)
Profit / (loss) before tax		503.6	502.6
Income tax (expense) / benefit		(136.0)	(145.7)
Profit / (loss) for the period		367.6	356.9
(Profit) / loss for the period attributable to non-controlling interests		(0.9)	5.9
Profit / (loss) for the period attributable to shareholders of the parent entity		366.7	362.8
Dividends per share - Interim	6	71.0¢	70.0¢
Basic earnings per share	7	113.1¢	111.9¢
Diluted earnings per share	7	113.1¢	111.8¢

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards*.

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 Other Comprehensive Income

for the six months ended 30 June 2019

	6 months to June 2019 $m	6 months to June 2018 $m Restated^
Profit / (loss) for the period attributable to shareholders of the parent entity	366.7	362.8
Other comprehensive income attributable to shareholders of the parent entity:		
Items that may be reclassified to profit or loss		
• Foreign exchange translation differences (net of tax)	73.7	43.7
• Effective portion of changes in fair value of cash flow hedges (net of tax)	(12.2)	(0.6)
Other comprehensive income / (expense) for the period	61.5	43.1
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	428.2	405.9
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity:		
Total comprehensive income / (expense) for the period	429.1	400.0
Total comprehensive (income) / expense for the period attributable to non-controlling interests	(0.9)	5.9
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	428.2	405.9

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards*.

The consolidated statement of 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 2019

	Note	30 June 2019 $m	31 December 2018 $m Restated^	31 December 2017 $m Restated^
Assets				
Cash and cash equivalents	9	2,002.7	2,141.7	1,813.8
Short term financial assets and investments	10	63.2	3.5	0.8
Trade and other receivables	11	3,946.0	3,122.1	3,215.7
Current tax assets		10.5	-	29.0
Inventories: consumables and development properties		396.1	315.1	210.8
Assets held for sale		0.7	1.5	32.2
Total current assets		6,419.2	5,583.9	5,302.3
Trade and other receivables	11	868.8	777.6	1,091.0
Inventories: development properties		111.2	111.1	167.6
Investments accounted for using the equity method		200.1	136.6	382.7
Other investments		110.5	105.4	169.2
Deferred tax assets		46.7	69.6	164.2
Property, plant and equipment		2,105.6	2,068.1	1,746.1
Intangibles		1,150.7	1,093.5	1,089.7
Total non-current assets		4,593.6	4,361.9	4,810.5
Total assets		11,012.8	9,945.8	10,112.8
Liabilities				
Trade and other payables		6,047.1	5,669.7	4,722.8
Dividend payable		278.9	-	-
Current tax liabilities		11.7	68.4	40.4
Provisions		336.8	326.0	311.8
Interest bearing liabilities	16	47.0	50.7	265.6
Lease liabilities		275.1	279.2	134.8
Total current liabilities		6,996.6	6,394.0	5,475.4
Trade and other payables		198.9	82.0	112.1
Provisions		64.3	62.4	69.3
Deferred tax liabilities		54.5	19.4	-
Interest bearing liabilities	16	650.8	472.1	637.8
Lease liabilities		599.1	629.7	509.5
Total non-current liabilities		1,567.6	1,265.6	1,328.7
Total liabilities		8,564.2	7,659.6	6,804.1
Net assets		2,448.6	2,286.2	3,308.7
Equity				
Share capital		1,750.3	1,750.3	1,750.3
Reserves		(452.8)	(514.3)	(554.3)
Retained earnings		1,182.4	1,094.6	2,134.5
Total equity attributable to equity holders of the parent		2,479.9	2,330.6	3,330.5
Non-controlling interests		(31.3)	(44.4)	(21.8)
Total equity		2,448.6	2,286.2	3,308.7

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards*.

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 2019

Restated^	Share[1] Capital $m	Reserves $m	Retained Earnings $m	Attributable to Equity Holders $m	Non-controlling Interests $m	Total Equity $m
Total equity at 1 January 2018	1,750.3	(554.3)	2,134.5	3,330.5	(21.8)	3,308.7
Opening balance adjustments:						
AASB 15	-	(7.2)	(932.2)	(939.4)	(13.9)	(953.3)
AASB 9	-	(72.9)	(416.0)	(488.9)	-	(488.9)
Adjusted total equity at 1 January 2018	1,750.3	(634.4)	786.3	1,902.2	(35.7)	1,866.5
Profit for the period	-	-	362.8	362.8	(5.9)	356.9
Other comprehensive income	-	43.1	-	43.1	-	43.1
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	(243.2)	(243.2)	-	(243.2)
- Share based payments	-	-	-	-	-	-
- Other	-	-	-	-	(0.1)	(0.1)
Total transactions with shareholders	-	-	(243.2)	(243.2)	(0.1)	(243.3)
Total equity at 30 June 2018	1,750.3	(591.3)	905.9	2,064.9	(41.7)	2,023.2

	Share[1] Capital $m	Reserves $m	Retained Earnings $m	Attributable to Equity Holders $m	Non-controlling Interests $m	Total Equity $m
Total equity at 1 January 2019	1,750.3	(514.3)	1,094.6	2,330.6	(44.4)	2,286.2
Profit for the period	-	-	366.7	366.7	0.9	367.6
Other comprehensive income	-	61.5	-	61.5	-	61.5
Transactions with shareholders in their capacity as shareholders:						
• Dividends	-	-	(278.9)	(278.9)	-	(278.9)
• Share based payments	-	-	-	-	-	-
• Other	-	-	-	-	12.2	12.2
Total transactions with shareholders	-	-	(278.9)	(278.9)	12.2	(266.7)
Total equity at 30 June 2019	1,750.3	(452.8)	1,182.4	2,479.9	(31.3)	2,448.6

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards*.

[1] *On 14 December 2017, the Board of CIMIC Group Limited approved a new proposal to conduct an on-market share buy-back of up to 10% of CIMIC's fully paid ordinary shares for a period of 12 months commencing on 29 December 2017. No shares were bought back under this proposal.*

On 14 December 2018, the Board of CIMIC Group Limited approved a new proposal to conduct an on-market share buy-back of up to 10% of CIMIC's fully paid ordinary shares for a period of 12 months commencing on 29 December 2018. As at 30 June 2019 no shares were bought back under this proposal.

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 2019

	Note	6 months to June 2019 $m	6 months to June 2018 $m Restated^
Cash flows from operating activities			
Cash receipts in the course of operations (including GST)		7,642.9	7,456.6
Cash payments in the course of operations (including GST)		(7,174.0)	(6,654.3)
Cash flows from operating activities	10	468.9	802.3
Interest received		14.8	13.8
Finance costs paid		(72.1)	(63.9)
Income taxes (paid) / received		(111.4)	(37.1)
Net cash from operating activities		300.2	715.1
Cash flows from investing activities			
Payments for intangibles		(1.0)	(3.2)
Payments for property, plant and equipment		(341.1)	(246.4)
Proceeds from sale of property, plant and equipment		14.6	11.9
Proceeds from sale of investments		-	1.2
Cash acquired on business acquisition		18.0	-
Payments for investments in controlled entities and businesses		(12.2)	-
Payments for investments		(24.1)	(15.4)
Advances to/loans to associates and joint ventures		(117.1)	(0.9)
Net cash from investing activities		(462.9)	(252.8)
Cash flows from financing activities			
Proceeds from borrowings		202.0	204.3
Repayment of borrowings		(41.7)	(247.4)
Repayment of lease liabilities		(154.4)	(78.7)
Net cash from financing activities		5.9	(121.8)
Net increase / (decrease) in cash held		(156.8)	340.5
Cash and cash equivalents at the beginning of the period		2,141.7	1,813.8
Effects of exchange rate fluctuations on cash held		17.8	26.6
Cash and cash equivalents at reporting date	9	2,002.7	2,180.9

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards*.

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 2019

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 financial instruments that have been measured at fair value at the reporting date.

CIMIC Group Limited is a Company domiciled in Australia. The consolidated interim financial report for the six months ended 30 June 2019 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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 2018. The Group has applied new accounting standards and their impact is disclosed in Note 1(a): *Change in accounting standards*. In accordance with elections available under the relevant accounting standards, new accounting policies have been applied retrospectively and therefore, the comparative periods have been adjusted and restated to be consistent with the current period.

The consolidated interim financial report was authorised for issue by the Directors on 17 July 2019.

a) Change in accounting standards

New and amended accounting standards relevant to the Group that are effective for the periods are as follows:

AASB 16: Leases

In the current year, the Group has applied AASB 16 *Leases* which came into effect on 1 January 2019. Details of the new requirements of AASB 16 as well as its impact on the Group's consolidated financial statements are below.

AASB 16 replaces AASB 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It has the objective to provide users of the financial statements with a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for leases, excluding those that are classified as short-term leases or leases for low value assets, under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. Lessor accounting under AASB 16 is substantially unchanged from previous accounting under AASB 117 and has no material impact to the Group.

From a lessee perspective, at the commencement date of a lease, a lessee will recognise a liability to make lease payments ('lease liability') and an asset representing the right to use the underlying asset during the lease term ('right-of-use asset'). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (such as a change in the lease term or lease payments). The amount of the re-measurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The CIMIC Group operates in a diverse range of industries, namely construction, mining and services, giving rise to numerous leasing arrangements. Significant judgement and estimates are applied when assessing the full impact of AASB 16 on the Group. Management review each lease, on an individual basis, and determine whether the standard's criteria for a right of use asset or lease liability are met. Additional factors, such as the lease costs and lease terms, are taken into consideration when identifying the cost base of the right-of-use assets and lease liabilities, as well as the Group's presentation obligations.

In making these judgements, the Group applied the practical expedient in AASB 16 Appendix paragraph C3 that enables the Group to grandfather assessments made under previous assessments, such that only leases that are leases on date of transition on 1 January 2019 are required to be assessed as a lease under AASB 16. The Group's accounting policies regarding AASB 16 are disclosed in detail in Note 1(b): *Accounting policies newly applied*.

Notes continued

for the six months ended 30 June 2019

a) Change in accounting standards continued

Impact on application

The Group has applied AASB 16 retrospectively and therefore, the comparative figures have been restated as if the new accounting policy had always been applied. The disclosure notes have also been restated where required for comparatives under new disclosure requirements. The adjustments due to the application of the new standards are analysed by financial statement line item below.

Impact on Consolidated Statement of Financial Position at 31 December 2018

		As reported 31 December 2018 $m	AASB 16 Transition Adjustments $m	Restated 31 December 2018 $m
Current trade and other receivables		3,121.9[1]	0.2	3,122.1
Non-current trade and other receivables		777.4	0.2	777.6
Deferred tax assets	(2)	49.8	19.8	69.6
Property, plant & equipment	(1)	1,292.7	775.4	2,068.1
Total assets impact			795.6	
Current trade and other payables	(3)	5,701.0	(31.3)	5,669.7
Current lease liabilities	(1)	-	279.2	279.2
Non-current trade and other payables	(3)	113.4	(31.4)	82.0
Non-current lease liabilities	(1)	-	629.7	629.7
Total liabilities impact			846.2	
Net asset impact			(50.6)	
Retained earnings	(4)	1,145.2	(50.6)	1,094.6
Total equity impact			(50.6)	

[1] Total reported at 31 December 2018 was $3,125.4 million. Of this amount, $3.5 million has been reclassed to *Short term financial assets and investments*.

Notes continued

for the six months ended 30 June 2019

a) Change in accounting standards continued

Impact on application continued

Impact on Consolidated Statement of Financial Position at 31 December 2017

		As reported 31 December 2017 $m	AASB 16 Transition Adjustments $m	Restated 31 December 2017 $m
Current trade and other receivables		3,215.5[1]	0.2	3,215.7
Non-current trade and other receivables		1,090.8	0.2	1,091.0
Deferred tax assets	(2)	145.4	18.8	164.2
Property, plant & equipment	(1)	1,224.0	522.1	1,746.1
Total assets impact			541.3	
Current trade and other payables	(3)	4,737.4	(14.6)	4,722.8
Current lease liabilities	(1)	-	134.8	134.8
Non-current trade and other payables	(3)	152.0	(39.9)	112.1
Non-current lease liabilities	(1)	-	509.5	509.5
Total liabilities impact			589.8	
Net asset impact			(48.5)	
Retained earnings	(4)	2,183.0	(48.5)	2,134.5
Total equity impact			(48.5)	

[1] Total reported at 31 December 2017 was $3,216.3 million. Of this amount, $0.8 million has been reclassed to *Short term financial assets and investments*.

(1) Property, plant and equipment & current and non-current lease liabilities
AASB 16 has led to recognised amounts for right of use assets within property, plant and equipment and lease liabilities on the face of the balance sheet representing the Group's portfolio of leased assets made up by property, plant, mining equipment and vehicles utilised by the Group.

(2) Deferred tax assets
Adjustments under AASB 16 are subject to tax effect accounting and therefore the net deferred tax position has been impacted.

(3) Current and non-current trade and other payables
The Group has netted off previously held onerous lease provisions against right of use leased assets recognised on transition. These provisions were previously held in current and non-current trade payables.

(4) Retained earnings
The retained earnings have been adjusted at 31 December 2017 for the impact of AASB 16 using the full retrospective method which led to a decrease in equity of $48.5 million. At 31 December 2018, the retained earnings adjustment has increased by a further $2.1 million to $50.6 million. The difference represents the 2018 profit and loss impact of the new standard, the profit impact for the 6 months to 30 June 2018 is $0.2 million.

Notes continued

for the six months ended 30 June 2019

a) Change in accounting standards continued

Impact on application continued

Impact on Consolidated Statement of Profit or Loss

		As reported 30 June 2018 $m	AASB 16 Transition Adjustments $m	Restated 30 June 2018 $m
Revenue		6,937.4	-	6,937.4
Expenses	(1)	(6,422.5)	15.9	(6,406.6)
Share of profit / (loss) of associates and joint venture entities		20.9	-	20.9
Earnings before interest and tax ("EBIT")		535.8	15.9	551.7
Finance income		25.0	-	25.0
Finance costs	(1)	(57.8)	(16.3)	(74.1)
Net finance income / (costs)		(32.8)	(16.3)	(49.1)
Profit / (loss) before tax		503.0	(0.4)	502.6
Income tax (expense) / benefit		(145.9)	0.2	(145.7)
Profit / (loss) for the period	(1)	357.1	(0.2)	356.9
Profit / loss for the period attributable to non-controlling interests		5.9	-	5.9
Profit / (loss) for the period attributable to shareholders of the parent entity	(1)	363.0	(0.2)	362.8
Basic earnings per share		111.9¢	-	111.9¢
Diluted earnings per share	(2)	111.9¢	0.1	111.8¢

(1) Statement of profit or loss and other comprehensive income
AASB 16 changed the amount and presentation of lease related expenses. Under AASB 17, operating lease expenses were presented as operating expenses, whereas AASB 16 splits the lease expenses into depreciation of the right of use assets recognised and finance costs on lease liabilities. This has driven a decrease in the operating lease expense and increases in depreciation and finance costs. Consequently, this has also impacted the Group's key performance indicators such as EBIT.

Overall, the adoption of AASB 16 had an immaterial impact on the comprehensive income for the Group with a reduction in profit of $0.2 million in the six months to 30 June 2018.

(2) Earnings per share
The adjusted profit has led to a marginal change in the Group's diluted earnings per share, however basic earnings per share has remained unchanged.

Notes continued

for the six months ended 30 June 2019

a) Change in accounting standards continued

Impact on application continued

Impact on Consolidated Statement of Cash Flows

		As reported 30 June 2018 $m	AASB 16 Transition Adjustments $m	Restated 30 June 2018 $m
Cash flows from operating activities				
Cash receipts in the course of operations (including GST)	(1)	7,456.6	-	7,456.6
Cash payments in the course of operations (including GST)	(1)	(6,733.0)	78.7	(6,654.3)
Cash flows from operating activities		723.6	78.7	802.3
Interest received		13.8	-	13.8
Finance costs paid		(63.9)	-	(63.9)
Income taxes (paid) / received		(37.1)	-	(37.1)
Net cash from operating activities		636.4	-	715.1
Cash flows from investing activities				
Payments for intangibles		(3.2)	-	(3.2)
Payments for property, plant and equipment		(246.4)	-	(246.4)
Proceeds from sale of property, plant and equipment		11.9	-	11.9
Proceeds from sale of investments		1.2	-	1.2
Income tax paid in relation to proceeds from sale of investments in controlled entities and businesses		-	-	-
Payment for investments		(15.4)	-	(15.4)
Loans to associates and joint ventures		(0.9)	-	(0.9)
Net cash from investing activities		(252.8)	-	(252.8)
Cash flows from financing activities				
Cash payments in relation to employee share plans		-	-	-
Proceeds from borrowings		204.3	-	204.3
Repayment of borrowings		(247.4)	-	(247.4)
Repayment of lease liabilities	(1)	-	(78.7)	(78.7)
Payments to acquire non-controlling interests		-	-	-
Net cash from financing activities		(43.1)	(78.7)	(121.8)
Net increase in cash held		340.5	-	340.5
Cash and cash equivalents at the beginning of the period		1,813.8	-	1,813.8
Effects of exchange rate fluctuations on cash held		26.6	-	26.6
Cash and cash equivalents at reporting date		2,180.9	-	2,180.9

(1) Statement of cash flows
Lease payments are now classified within financing activities which were previously operating cash flows. The interest portion of the cash payment has also been included as financing activities. This has led to an increase in cash flows from operating activities and an increase in net cash outflows from financing activities.

a) Change in accounting standards continued

Other new and amended accounting standards

- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures;
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle; and
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

While these standards introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

b) Accounting policies newly applied

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 2018, except for the following amended policies resulting from the adoption of the new accounting standard, AASB 16: *Leases,* effective 1 January 2019 outlined in Note 1(a): *Change in accounting standards*. The Group has adopted the full retrospective method and therefore the comparative information has been restated as if the new accounting policies had always applied.

Lease Recognition

The Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short term leases, cancellable leases that if cancelled by the lessee the losses associated with the cancellation are borne by the lessor and low value leased assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has a significant lease portfolio, comprising predominately property, plant, mining equipment and fleet vehicle rentals. Given the Group's operational involvement in the construction, mining and services sectors, leased equipment is a key component of the business.

Measurement and presentation of lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The following items are also included in the measurement of the lease liability:

- Fixed lease payments offset by any lease incentives;
- Variable lease payments, for lease liabilities which are tied to a floating index;
- The amounts expected to be payable to the lessor under residual value guarantees;
- The exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- Payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

The lease liability is separately disclosed on the statement of financial position. The liabilities which will be repaid within twelve months are recognised as current and the liabilities which will be repaid in excess of twelve months are recognised as non-current.

The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The Group is required to remeasure the lease liability and make an adjustment to the right of use asset in the following instances:

- The term of the lease has been modified or there has been a change in the Group assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. However, if a change in lease payments is due to a change in a floating interest rate, a revised discount rate is used.

b) Accounting policies newly applied continued

Measurement and presentation of right-of-use asset

The right-of-use assets recognised by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included in the cost of the right-of-use asset.

It is subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right-of-use asset. If the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation balance.

Any remeasurement of the lease liability is also applied against the right-of-use asset value.

The right-of-use assets are presented within Property, Plant and Equipment in the statement of financial position.

Lessor Recognition

The Group enters into lease agreements as a lessor with respect to some property subleases as well as renting equipment to its partners, suppliers and contractors.

The leases entered into by the Group are recognised as either finance or operating leases. If the terms of the lease agreement transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. If this is not the case, then the lease is recognised as an operating lease. The income received from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset. Amounts due from lessees under finance leases are recognised as receivables.

c) 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, judgements made in the application of AASBs that could have a significant effect on the financial report and estimates with a risk of adjustment in the next year are the same as those disclosed in the 31 December 2018 CIMIC Annual Report, updated for the following:

- Leasing
  - determination of the existence of leases
  - estimation of residual value guarantees and buy out options of lease liabilities
  - estimation of lease extension options.

2. REVENUE

	Note	6 months to June 2019 $m	6 months to June 2018 $m
Construction revenue		3,634.3	3,905.9
Mining and mineral processing revenue		2,057.2	1,770.5
Services revenue		1,240.9	1,230.4
Other revenue		22.7	30.6
Total revenue	5	6,955.1	6,937.4

3. EXPENSES

	6 months to June 2019 $m	6 months to June 2018 $m Restated^
Materials	(1,217.1)	(1,281.0)
Subcontractors	(1,964.8)	(2,083.7)
Plant costs	(675.5)	(648.6)
Personnel costs	(1,749.0)	(1,737.3)
Depreciation of property, plant and equipment	(434.0)	(303.3)
Amortisation of intangibles	(20.8)	(20.6)
Impairment	-	(1.2)
Net gain / (loss) on sale of assets	8.7	6.7
Foreign exchange (losses) / gains	2.7	(2.5)
Operating lease payments	(80.2)	(98.8)
Design, engineering and technical consulting fees	(19.5)	(17.0)
Other expenses	(239.5)	(219.3)
Total expenses	(6,389.0)	(6,406.6)

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards* of the financial report.

4. NET FINANCE INCOME / (COSTS)

	6 months to June 2019 $m	6 months to June 2018 $m Restated^
Finance income		
Interest		
- Related parties	14.1	11.2
- Other parties	13.6	12.4
Unwinding of discounts on non-current receivables		
- Related parties	1.5	1.3
- Other parties	-	0.1
Total finance income	29.2	25.0
Finance costs		
Debt interest expense	(30.0)	(34.5)
Finance charge for lease liabilities	(19.7)	(16.3)
Facility fees, bonding and other finance costs	(43.5)	(19.5)
Impact of discounting		
- Related parties	-	-
- Other	(1.4)	(3.8)
Total finance costs	(94.6)	(74.1)
Net finance income / (costs)	(65.4)	(49.1)

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards* of the financial report.

Notes continued

for the six months ended 30 June 2019

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 Group is structured on a decentralised basis comprising the following main segments and a corporate head office:

- Construction
- Mining & Mineral Processing
- Services
- Corporate
- Public Private Partnerships (PPPs)
- Engineering
- Commercial and Residential
- BIC Contracting (BICC)

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

The Group's share of revenue from associates and joint ventures is included in the revenue reported to the CODM for each applicable operating segment. Performance is measured based on segment result. The Corporate segment represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments. Included within the Corporate segment disclosed are the results of the non-reportable segments.

Consistent with prior periods, PPPs, BICC, Engineering and Commercial and Residential segments are included within the Corporate segment results.

Notes continued

for the six months ended 30 June 2019

5. SEGMENT INFORMATION CONTINUED

6 months to June 2019	Construction $m	Mining & Mineral Processing $m	Services $m	Corporate $m	Eliminations $m	Total $m
Revenue						
Segment revenue	3,643.1	2,084.3	1,531.1	867.1	-	8,125.6
Inter-segment revenue	-	-	-	-	-	-
Segment joint venture and associate revenue	(8.8)	(27.1)	(290.2)	(844.4)	-	(1,170.5)
Revenue	3,634.3	2,057.2	1,240.9	22.7	-	6,955.1
Result						
Segment EBIT	287.1	259.2	81.9	(59.2)	-	569.0
Net finance income / (costs)	(18.3)	(23.7)	(7.4)	(16.0)	-	(65.4)
Segment result	268.8	235.5	74.5	(75.2)	-	503.6
Income tax (expense) / benefit						(136.0)
Profit / (loss) for the period						367.6
(Profit) / loss for the period attributable to non-controlling interests						(0.9)
Profit / (loss) for the period attributable to shareholders of the parent entity						366.7
Other						
Share of profit / (loss) of associates and joint venture entities	(0.7)	1.2	8.8	(6.4)	-	2.9
Depreciation & amortisation	(103.2)	(325.6)	(21.6)	(4.4)	-	(454.8)
Other material non-cash income / (expenses)	-	-	-	5.1	-	5.1

Notes continued

for the six months ended 30 June 2019

5. SEGMENT INFORMATION CONTINUED

6 months to June 2018 Restated^	Construction $m	Mining & Mineral Processing $m	Services $m	Corporate $m	Eliminations $m	Total $m
Revenue						
Segment revenue	3,909.7	1,854.3	1,465.6	1,115.7	-	8,345.3
Inter-segment revenue	-	-	-	-	-	-
Segment joint venture and associate revenue	(3.8)	(83.8)	(235.2)	(1,085.1)	-	(1,407.9)
Revenue	3,905.9	1,770.5	1,230.4	30.6	-	6,937.4
Result						
Segment EBIT	326.8	203.2	78.5	(56.8)	-	551.7
Net finance income / (costs)	(11.0)	(16.8)	(3.5)	(17.8)	-	(49.1)
Segment result	315.8	186.4	75.0	(74.6)	-	502.6
Income tax (expense) / benefit						(145.7)
Profit / (loss) for the period						356.9
(Profit) / loss for the period attributable to non-controlling interests						5.9
Profit / (loss) for the period attributable to shareholders of the parent entity						362.8
Other						
Share of profit / (loss) of associates and joint venture entities	(0.7)	7.1	10.5	4.0	-	20.9
Depreciation & amortisation	(93.6)	(208.6)	(20.3)	(1.4)	-	(323.9)
Other material non-cash income / (expenses)	-	-	-	5.0	-	5.0

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards* of the financial report.

Notes continued

for the six months ended 30 June 2019

6. DIVIDENDS

	Cents per share	$m
2019 interim dividend		
Subsequent to reporting date the Company announced a 100% franked interim dividend in respect of the period ended 30 June 2019. The dividend is payable on 3 October 2019. This dividend has not been provided for in the consolidated statement of financial position.[1]	71.0	230.2
Dividends recognised in the reporting period to 30 June 2019		
31 December 2018 final dividend 100% franked paid on 4 July 2019	86.0	278.9
Dividends recognised in the reporting period to 31 December 2018		
30 June 2018 interim ordinary dividend 100% franked paid on 4 October 2018	70.0	227.0
31 December 2017 final dividend 100% franked paid on 4 July 2018	75.0	243.2
		470.2

[1] *The Board has determined an interim dividend of 71.0 cents per share. The total dividend payable is an estimate only, based on the number of shares on issue at the date of this financial report. Due to the on-market share buy-back announced by the company on 14 December 2018, there may be fewer shares on issue on the record date for the dividend than the number of shares on issue as at the date of this financial report.*

Notes continued

for the six months ended 30 June 2019

7. EARNINGS PER SHARE

	6 months to June 2019	6 months to June 2018 Restated^
Basic earnings per share	113.1¢	111.9¢
Diluted earnings per share	113.1¢	111.8¢
Profit / (loss) attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share ($m)	366.7	362.8
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[1]	324,254,097	324,254,097
Weighted average effect of share options on issue	-	119,303
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	324,254,097	324,373,400

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards* of the financial report.

[1]*No share buy-backs have taken place in the current or comparative period under the programmes.*

8. NET TANGIBLE ASSET BACKING

	June 2019	December 2018 Restated^
Net tangible asset backing per ordinary share	$4.00	$3.68

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards* of the financial report.

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for the six months ended 30 June 2019

9. CASH AND CASH EQUIVALENTS

	June 2019 $m	December 2018 $m
Funds on deposit	501.1	966.9
Cash at bank and on hand	1,501.6	1,174.8
Cash and cash equivalents	2,002.7	2,141.7

As at 30 June 2019 $591.2 million (31 December 2018: $580.4 million) of cash at bank in relation to the sale of receivables and contract milestone receipts during the reporting period is classified as restricted cash.

10. SHORT TERM FINANCIAL ASSETS AND INVESTMENTS

	June 2019 $m	December 2018 $m
Short term financial assets and investments	63.2	3.5

This balance represents liquid assets converted or readily convertible to cash subsequent to period end.

	Note	June 2019 $m	December 2018 $m
Additional information on cash, cash equivalents and short term financial assets and investments:			
Cash and cash equivalents	9	2,002.7	2,141.7
Short term financial assets and investments		63.2	3.5
Cash and equivalent liquid assets		2,065.9	2,145.2

	June 2019 $m	June 2018 $m
Cash flows from operating activities	468.9	802.3
Change in short term assets and investments	59.7	0.9
Total cash from operating activities and changes in equivalent liquid assets	528.6	803.2

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for the six months ended 30 June 2019

11. TRADE AND OTHER RECEIVABLES

	June 2019 $m	December 2018 $m Restated^
Contract receivables	501.3	415.0
Contract assets[1,5]	2,127.6	1,714.5
Retentions and capitalised costs to fulfil contracts	129.7	167.6
Total contract debtors	2,758.6	2,297.1
Trade debtors	255.8	167.8
Other amounts receivable	764.3	571.5
Prepayments[3]	213.4	67.1
Derivative financial assets	82.1	89.8
Amounts receivable from related parties[2]	703.0	672.1
Non-current tax asset[4]	37.6	34.3
Total trade and other receivables	2,056.2	1,602.6
Current[1, 3, 5]	3,946.0	3,122.1
Non-current[2, 4]	868.8	777.6
Total trade and other receivables	4,814.8	3,899.7
Additional information on contract debtors		
Total contract debtors – trade and other receivables	2,758.6	2,297.1
Total contract liabilities – trade and other payables	(1,318.2)	(1,198.2)
Net contract debtors	1,440.4	1,098.9

^Amounts have been restated due to the adoption of AASB 16: *Leases* where required, as discussed in Note 1(a): *Change in accounting standards* of the financial report.

[1] *Contract assets includes an amount equal to $1.15 billion (31 December 2018: $1.15 billion) relating to the Gorgon LNG Jetty and Marine Structures Project being undertaken by CPB Contractors Pty Ltd (CPB), a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA (Saipem and CPB together referred to as the Consortium) for Chevron Australia Pty Ltd (Chevron) (Gorgon Contract)*

The position is:

- *In November 2009 the Consortium was announced as the preferred contractor to construct the 2.1 kilometre Chevron Gorgon LNG Jetty and Marine Structures project on Barrow Island, 70 kilometres off the Pilbara coast of Western Australia.*
- *The scope of work consisted of the design, material supply, fabrication, construction and commissioning of the LNG Jetty. The scope also included supply, fabrication and construction of marine structures including a heavy lift facility, tug pens and navigation aids.*
- *The jetty comprised steel trusses approximately 70 metres long supported by concrete caissons leading to the loading platform approximately 4 kilometres from the shore.*
- *Initial acceptance of the jetty and marine structures took place on 15 August 2014.*
- *During the project, changes to scope and conditions led to the Consortium submitting Change Order Requests (CORs). The Consortium, Chevron and Chevron's agent, entered into negotiations in relation to some of the CORs.*

11. TRADE AND OTHER RECEIVABLES CONTINUED

- *On 9 February 2016 the Consortium formally issued a Notice of Dispute to Chevron in connection with the Gorgon Contract relating to the CORs. Following a period of prescribed negotiation, the parties have entered a private arbitration as prescribed by the Gorgon Contract (Chevron Arbitration).*
- *On 20 August 2016, in order to pursue further its entitlement under the contract, CIMIC Group commenced proceedings in the United States against Chevron Corporation and KBR Inc. The commencement of the proceedings has no effect on the contract process or CIMIC's entitlement to the amounts under negotiation / claimed in the arbitration.*
- *Since December 2016 the Chevron Arbitration has continued in accordance with the contractual terms. The arbitrators have been appointed and have made orders for the conduct of the proceedings with hearings in 2019 and a determination thereafter.*

In addition there is an arbitration procedure against Saipem pursuant to the Consortium Agreement seeking recovery of outstanding amounts. The Consortium Arbitration continues in accordance with the contractual processes; arbitrators have been appointed, orders for the conduct of the arbitration have been made, and it is anticipated that hearings will occur in 2020 with a determination thereafter.

[2] The Group has amounts receivable relating to BICC totalling US$465.0 million (31 December 2018: US$454.9 million) equivalent to $673.9 million (31 December 2018: $640.7 million) with an expected repayment date of 30 September 2021.

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 BICC, such as its syndicated loan facility. Repayment of these amounts can be subject to prior written consent from the financier, or where a permitted payment under the financing arrangement occurs.

[3] A prepayment was made to BICC in the period of US$80.8 million (31 December 2018: US$nil) equivalent to $117.1 million (31 December 2018: $nil) which represents a secured deposit on the potential purchase of certain assets from BICC.

[4] The non-current tax asset of $37.6 million (31 December 2018: $34.3 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.

[5] Contract assets is net of $675.0 million (31 December 2018: $675.0 million) revenue constraint on a portfolio basis.

12. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES

2019 Acquisitions

Majwe Mining

On 18 March 2019, CIMIC through its wholly owned subsidiary Thiess Pty Ltd acquired a controlling interest (70%) in Majwe Mining, a joint venture which Thiess previously owned 60%. The Majwe Mining joint venture comprises of Thiess and Bothakga Burrow Botswana and provides full scope mining services, including drill and on-bench services, mine planning, equipment maintenance, load and haul and mining operations at the Debswana Diamond Company's Jwaneng Mine Cut 9 project in Botswana. The purchase consideration was $6.0 million cash.

The acquisition has been accounted for under AASB 3 *Business Combinations*.

The contribution by Majwe Mining to the Group from the acquisition date to the end of the period ended 30 June 2019 was immaterial. Had the acquisition occurred on 1 January 2019, Majwe Mining's contribution to the Group for the period ended 30 June 2019 would have been immaterial. Majwe Mining is now reported within the Mining segment (refer to Note 5: *Segment information*).

RCR Tomlinson

On 28 February 2019, CIMIC through its wholly owned subsidiary UGL Pty Ltd acquired assets and liabilities from an incorporated company RCR Tomlinson Pty Ltd. This company is an engineering company that operates in the infrastructure, energy and resources sectors. The Group acquired assets in the form of active contracts, plant and equipment as well as liabilities assumed for employee liabilities, bank guarantees and insurance bonds. The purchase consideration was $8.0 million cash, of which $1.8 million is deferred.

The acquisition has been accounted for under AASB 3 *Business Combinations*.

The active contracts acquired did not have a material contribution to the Group for the period ended 30 June 2019. Had the active contracts been acquired on 1 January 2019, the contribution to the Group for the period ended 30 June 2019 would have been immaterial. The company is now reported within the Services segment (refer to Note 5: *Segment Information*).

2018 Acquisitions

Leighton Services UAE Co. LLC

On 1 October 2018, CIMIC through its wholly owned subsidiary LMENA Pty Ltd fully acquired an incorporated company Leighton Services UAE Co. LLC. This company was a 50/50 joint venture between BICC and CIMIC that owns and operates a construction and demolition waste recycling plant, Al Dhafra Recycling Industries LLC (ADRI), under an exclusive concession agreement with Abu Dhabi Centre for Waste Management. The purchase consideration was $22.7m million cash.

The acquisition has been accounted for under AASB 3 *Business Combinations*.

The contribution by the acquired company to the Group from the acquisition date to the end of the period ended 31 December 2018 was immaterial. Had the acquisition occurred on 1 January 2018, the acquired joint operation's contribution to the Group for the year ended 31 December 2018 would have been immaterial. The business is now reported within the Services segment (refer to Note 5: *Segment Information*).

Disposals

There were no disposals of controlled entities or businesses during the 6 months to 30 June 2019 (31 December 2018: $nil).

13. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

The Group has the following investments in associates:

			Ownership interest	
Name of entity	Principal activity	Country	June 2019 %	December 2018 %
A.C.N. 630 634 507 Pty Ltd (Momentum Trains Pty Ltd)	Investment	Australia	-	49
Canberra Metro Holdings Pty Ltd[1]	Construction	Australia	30	30
Canberra Metro Holdings Trust[1]	Construction	Australia	30	30
Canberra Metro Pty Ltd	Construction	Australia	30	30
CIP Holdings General Partner Limited	Investment	New Zealand	-	40
Cornerstone Infrastructure Partners Holdings LP	Investment	New Zealand	-	40
Dunsborough Lakes Village Syndicate[1]	Development	Australia	20	20
LCIP Co-Investment Unit Trust[2]	Investment	Australia	11	11
Metro Trains Australia Pty Ltd[1]	Services	Australia	20	20
Metro Trains Melbourne Pty Ltd[1]	Services	Australia	20	20
Metro Trains Sydney Pty Ltd[1]	Services	Australia	20	20
Momentum Trains Holding Pty Ltd	Investment	Australia	-	49
Momentum Trains Holding Trust	Investment	Australia	-	49
On Talent Pty Ltd	Recruitment	Australia	30	30
Shaped NZ Hold GP Limited	Investment	New Zealand	23	23
Shaped NZ LP	Investment	New Zealand	23	23
Wellington Gateway General Partner No.1 Limited[2]	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]*The Group's investment was 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.*

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for the six months ended 30 June 2019

13. 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 2019 %	December 2018 %
A.C.N. 630 634 507 Pty Ltd (Momentum Trains Pty Ltd)	Investment	Australia	49	-
Australian Terminal Operations Management Pty Ltd	Services	Australia	50	50
BIC Contracting LLC (formerly HLG Contracting LLC)	Construction	United Arab Emirates	45	45
Canberra Metro Operations Pty Ltd	Services	Australia	50	50
CIP Holdings General Partner Limited	Investment	New Zealand	40	-
City West Property Holdings Pty Limited	Development	Australia	-	50
City West Property Investments (No. 1) Pty Limited	Development	Australia	-	50
City West Property Investments (No. 2) Pty Limited	Development	Australia	-	50
City West Property Investments (No. 3) Pty Limited	Development	Australia	-	50
City West Property Investments (No. 4) Pty Limited	Development	Australia	-	50
City West Property Investments (No. 5) Pty Limited	Development	Australia	-	50
City West Property Investments (No. 6) Pty Limited	Development	Australia	-	50
Cockatoo Mining Pty Ltd	Contract Mining	Australia	50	50
Cornerstone Infrastructure Partners Holding LP	Investment	New Zealand	40	-
Great Eastern Highway Upgrade	Construction	Australia	75	75
GSJV Guyana Inc[1]	Contract Mining	Guyana	50	50
GSJV Limited (Barbados)[1]	Contract Mining	Barbados	50	50
Kings Square No.4 Unit Trust	Development	Australia	50	50
Kings Square Pty Ltd	Development	Australia	50	50
Leighton Abigroup Joint Venture[1]	Construction	Australia	50	50
Leighton Kumagai Joint Venture (Metrorail)[1]	Construction	Australia	55	55
Leighton-Infra 13 Joint Venture[2]	Construction	India	50	50
Leighton-Ose Joint Venture[2]	Construction	India	50	50
Majwe Mining Joint Venture (Proprietary) Limited	Contract Mining	Botswana	70	60
Mode Apartments Pty Ltd	Development	Australia	30	30
Mode Apartments Unit Trust	Development	Australia	30	30
Momentum Trains Holding Pty Ltd	Investment	Australia	49	-
Momentum Trains Holding Trust	Investment	Australia	49	-
Mpeet Pty Limited	Services	Australia	50	50
Mulba Mia Leighton Broad Joint Venture[1]	Construction	Australia	50	50
Naval Ship Management (Australia) Pty Ltd[2]	Services	Australia	50	50
Ngarda Civil and Mining Pty Limited[1]	Contract Mining	Australia	50	50
Northern Gateway Alliance	Construction	New Zealand	50	50
Pulse Partners Holding Pty Ltd	Investment	Australia	49	-
Pulse Partners Holding Trust	Investment	Australia	49	-
RTL JV[1]	Contract Mining	Australia	44	44
RTL Mining and Earthworks Pty Ltd[1]	Construction	Australia	44	44
Sedgman Civmec JV[1]	Construction	Australia	50	50
Smartreo Pty Ltd	Construction	Australia	50	50
Southern Gateway Alliance (Mandurah)	Construction	Australia	69	69
Thiess Hochtief Joint Venture[1]	Construction	Australia	50	50
Thiess United Group Joint Venture[1]	Construction	Australia	50	50
Ventia Services Group Pty Limited	Investment	Australia	50	47
Viridian Noosa Pty Ltd[1]	Development	Australia	-	50

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for the six months ended 30 June 2019

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

			Ownership interest	
Name of entity	Principal activity	Country	June 2019 %	December 2018 %
Viridian Noosa Trust[1]	Development	Australia	-	50
Wallan Project Pty Ltd[1]	Investment	Australia	30	30
Wallan Project Trust	Investment	Australia	30	30
WSO M7 Stage 3 JV	Construction	Australia	50	50

All joint venture entities have a statutory reporting date of 31 December with the following exceptions as they are aligned with the joint venture partners' reporting date and / or the reporting date is prescribed by local statutory requirements:

[1]*Entities have a 30 June statutory reporting date.*
[2]*Entities have a 31 March statutory reporting date.*

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.

BICC

CIMIC's investment in BICC is held at nil value.

The Group continues to hold a call option to purchase the remaining 55% shareholding in BICC. This option has no current impact on the control of the company. As at 30 June 2019 the fair value of the call option was determined to be US$54.0 million (31 December 2018: US$54.0 million), equivalent to $78.3 million (31 December 2018: $76.1 million). In accordance with AASB 9 the option has been classified as a derivative asset. No gain or loss was recognised in the period.

The Group also holds shareholder loans as outlined in Note 11: *Trade and other receivables.*

CIMIC continues to guarantee the BICC facilities with a secured and drawn amount of US$861.6 million as at 30 June 2019 (equivalent to $1,248.7 million) compared to US$631.4 million as at 31 December 2018 (equivalent to $889.2 million).

No amounts have been recognised in relation to these facilities at 30 June 2019 or 31 December 2018.

Notes continued

for the six months ended 30 June 2019

14. JOINT OPERATIONS

The Group has the following interest in joint operations:

Name of arrangement	Principal activity	Country	Ownership interest June 2019 %	Ownership interest December 2018 %
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
Casey Fields Joint Venture[1]	Development	Australia	33	33
CH2-UGL JV	Construction	Australia	50	50
China State - Leighton Joint Venture	Construction	Hong Kong	-	50
CHT Joint Venture	Construction	Australia	50	50
CPB BAM Ghella UGL Joint Venture	Construction	Australia	54	-
CPB & BMD JV	Construction	Australia	50	50
CPB & Bombardier JV	Construction	Australia	50	50
CPB & JHG JV	Construction	Australia	50	50
CPB Black & Veatch Joint Venture[1]	Construction	Australia	50	50
CPB Dragados Samsung Joint Venture	Construction	Australia	40	40
CPB John Holland Dragados Joint Venture	Construction	Australia	50	50
CPB Samsung John Holland Joint Venture	Construction	Australia	33	33
CPB Seymour Whyte JV	Construction	Australia	50	50
CPB Southbase JV	Construction	New Zealand	60	60
EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV)	Construction	Australia	50	50
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Gateway WA	Construction	Australia	68	68
Henry Road Edenbrook Joint Venture[1]	Development	Australia	30	30
HYLC Joint Venture[1]	Construction	Australia	50	50
JH & CPB & Ghella JV	Construction	Australia	45	45
JHCPB JV	Construction	Australia	50	50
John Holland - Leighton (South East Asia) Joint Venture	Services	Hong Kong	50	50
John Holland Pty Ltd, UGL Engineering Pty Ltd and GHD Pty Ltd Trading as Malabar Alliance	Construction	Australia	50	50
Leighton - China State - Van Oord Joint Venture	Construction	Hong Kong	45	45
Leighton - China State Joint Venture	Construction	Hong Kong	51	51
Leighton - China State Joint Venture	Construction	Hong Kong	51	51
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	84	84
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	60	60
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	70	70
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)	Construction	Macau	40	40
Leighton China State Joint Venture (Wynn Resort)	Construction	Macau	50	50
Leighton Contractors Downer Joint Venture[1]	Construction	Australia	50	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 (formerly Leighton John Holland Joint Venture (Thomson Line)	Construction	Singapore	50	50
Leighton M&E – Southa Joint Venture	Construction	Hong Kong	50	50
Leighton Yongnam Joint Venture	Construction	Singapore	70	70
Leighton York Joint Venture	Construction	Australia	75	75
Leighton-Able Joint Venture	Construction	Hong Kong	51	51

Notes continued

for the six months ended 30 June 2019

14. JOINT OPERATIONS CONTINUED

Name of arrangement	Principal activity	Country	Ownership interest June 2019 %	Ownership interest December 2018 %
Leighton-Chubb E&M Joint Venture	Construction	Hong Kong	50	50
Leighton-John Holland Joint Venture	Construction	Hong Kong	55	55
Leighton-John Holland Joint Venture (Lai Chi Kok)	Construction	Hong Kong	51	51
Leighton-Total Joint Operation	Construction	Indonesia	67	67
LLECPB Crossing Removal JV	Construction	Australia	50	50
Metropolitan Road Improvement Alliance	Construction	Australia	71	71
Murray & Roberts Marine Malaysia - Leighton Contractors Malaysia Joint Venture[1]	Construction	Malaysia	50	50
N.V. Besix S.A. & Thiess Pty Ltd (Best JV)	Construction	Australia	50	50
NRT - Design & Delivery JV	Construction	Australia	25	25
NRT - Infrastructure Joint Venture	Construction	Australia	50	50
NRT Systems JV	Services	Australia	40	40
OWP Joint Venture (Optus Wireless JV)	Services	Australia	50	50
PTA Radio	Services	Australia	44	-
Rizzani CPB Joint Venture	Construction	Australia	50	50
Swietelsky CPB Rail Joint Venture[1]	Services	Australia	50	50
Task Joint Venture (Thiess & Sinclair Knight Merz)	Construction	Australia	60	60
Thiess Balfour Beatty Joint Venture	Construction	Australia	67	67
Thiess Degremont JV	Construction	Australia	65	65
Thiess Degremont Nacap Joint Venture[1]	Construction	Australia	33	33
Thiess John Holland Joint Venture (Airport Link)	Construction	Australia	50	50
Thiess John Holland Joint Venture (Eastlink)	Construction	Australia	50	50
Thiess KMC JV	Contract Mining	Canada	51	51
Thiess Macdow Joint Venture[1]	Construction	Australia	50	50
Thiess Wirlu-Murra Joint Venture	Contract Mining	Australia	50	50
UGL Cape	Services	Australia	50	50
UGL Kentz	Construction	Australia	50	50
Veolia Water - Leighton - John Holland Joint Venture	Construction	Hong Kong	24	24

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.

15. 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. The fair values of financial assets and liabilities held at fair value have been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

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 2019	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Unlisted	-	-	110.5	110.5
Derivatives				
- Used for hedging	-	3.8	-	3.8
- Held for trading at fair value through profit or loss	-	-	78.3	78.3
Total assets	-	3.8	188.8	192.6
Liabilities				
Derivatives	-	-	-	-
Total liabilities	-	-	-	-

31 December 2018	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Unlisted	-	-	105.4	105.4
Derivatives				
- Used for hedging	-	13.7	-	13.7
- Held for trading at fair value through profit or loss	-	-	76.1	76.1
Total assets	-	13.7	181.5	195.2
Liabilities				
Derivatives	-	(1.0)	-	(1.0)
Total liabilities	-	(1.0)	-	(1.0)

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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 analyse the changes in Level 3 instruments as follows:

	6 months to June 2019 $m	12 months to December 2018 $m
Unlisted equity and stapled securities available-for-sale		
Balance at beginning of reporting period	-	7.3
Transfer to fair value through profit or loss on transition to AASB 9	-	(7.3)
Balance at reporting date	-	-

	6 months to June 2019 $m	12 months to December 2018 $m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	105.4	161.9
Transfer from available-for-sale on transition to AASB 9	-	7.3
Transfer to derivative financial assets on transition to AASB 9	-	(69.2)
Additions	5.1	0.1
Disposals	-	(1.5)
Gains recognised through profit or loss	-	6.9
Foreign exchange recognised in other comprehensive income	-	(0.1)
Balance at reporting date	110.5	105.4

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

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 practical the valuations incorporate observable market data. Assumptions are generally required with regard to future expected revenues and discount rates.

Listed and unlisted debt

Fair value has been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

The fair value of interest bearing liabilities is:

- *Listed debt:* 10-Year-Fixed-Rate Guaranteed Notes fair value US$213.9 million, equivalent to $310.0 million; carrying value US$201.3 million, equivalent to $291.7 million (31 December 2018: fair value US$208.3 million, equivalent to $293.4 million; carrying value US$201.3 million, equivalent to $283.5 million).
- *Unlisted debt*: Guaranteed Senior Notes fair value US$121.7 million, equivalent to $176.4m million; carrying value US$115.0 million, equivalent to $166.7 million (31 December 2018: fair value US$123.9 million, equivalent to $174.6 million; carrying value US$115.0 million, equivalent to $162.0 million).

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.

Option to acquire shares
The Group's option to acquire shares is not related to a listed entity and as such the fair value cannot be observed from a market price. The Monte-Carlo simulation technique used incorporates market observable data including multiples of similar companies to derive a value of the company and compares this to the contractual exercise price to determine a fair value.

The carrying amounts of other financial assets and liabilities in the Group's statement of financial position approximate fair values.

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 CIMIC's CFO. Discussions on valuation processes and outcomes are held between the valuation team and CFO as required. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

16. INTEREST BEARING LIABILITIES

	June 2019 $m	December 2018 $m
Current		
Interest bearing loans	47.0	50.7
Total current liabilities	47.0	50.7
Non-current		
Interest bearing loans	650.8	472.1
Total non-current liabilities	650.8	472.1
Total interest bearing liabilities	697.8	522.8

Interest Bearing Loans

Syndicated Loans

On 18 September 2017, CIMIC Finance Limited, a wholly owned subsidiary of the Company, refinanced and expanded the core syndicated bank facility for $2,600.0 million, maturing across two tranches on 18 September 2020 and 18 September 2022. Carrying amount at 30 June 2019: $200.0 million (carrying amount at 31 December 2018: $nil). There are $7.6 million of capitalised borrowing costs recognised against the loan facility (31 December 2018: $9.4 million).

Guaranteed Senior Notes

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

On 21 July 2010, CIMIC 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% which matured on 21 July 2015
- Series B Notes: US$145.0 million Guaranteed Senior Notes at the rate of 5.22% which matured 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 21st day of January and July in each year. Carrying amount at 30 June 2019: US$115.0 million (31 December 2018: US$115.0 million) equivalent to $166.7 million (31 December 2018: $162.0 million), of which none is due for repayment within twelve months from the reporting date.

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 is paid semi-annually on the 13th day of May and November in each year. The Group repurchased US$298.7 million, equivalent to $409.2 million, of Guaranteed Senior Notes on 24 June 2015. Carrying amount at 30 June 2019: US$201.3 million (31 December 2018: US$201.3 million) equivalent to $291.7 million (31 December 2018: $283.5 million).

Bilateral and Other Unsecured Loans

At 30 June 2019, bilateral and other unsecured loan facilities outstanding were $47.0 million (31 December 2018: $86.7 million).

Notes continued

for the six months ended 30 June 2019

17. TRADE FINANCE ARRANGEMENTS

The Group enters into various factoring arrangements with banks and financial institutions to sell its receivables. The factoring of these receivables is done on a non-recourse basis for which the Group may incur a fee in certain instances. The amounts are de-recognised where the risks and rewards of the receivables have been transferred.

The Group also enters into supply chain factoring arrangements with financial institutions for suppliers which may elect to receive early payment for goods and services to improve their liquidity. The terms of the arrangements mirror normal credit terms and do not modify the original liability, therefore the amounts continue to be classified within trade and other payables.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since 31 December 2018.

19. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date:

- The Group declared a 100% franked dividend of 71.0 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 5 to 37, 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 2019 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.

Signed in accordance with a resolution of Directors:

Michael Wright	Russell Chenu
Chief Executive Officer and Managing Director	*Chairman Audit and Risk Committee*

Sydney, 17 July 2019

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place, 225 George Street,
Sydney NSW 2000
PO Box N250 Grosvenor Place, Sydney
NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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 2019, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 38.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express 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 2019 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 2019 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

DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants
Sydney, 17 July 2019

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Directors
CIMIC Group Limited
25/177 Pacific Highway
NORTH SYDNEY NSW 2060

17 July 2019

Dear Directors

Auditor's 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 half year financial report of CIMIC Group Limited for the half-year ended 30 June 2019, 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

J A Leotta
Partner
Chartered Accountants

Management Commentary 2019

For the six months ended 30 June 2019
Issued 17 July 2019

CIMIC Group Limited
ABN 57 004 482 982

Level 25, 177 Pacific Highway,
North Sydney NSW 2060, Australia
T +61 2 9925 6666 F +61 2 9925 6000
www.cimic.com.au

FINANCIAL HIGHLIGHTS

OPERATING PERFORMANCE

- Revenue of $7.0 billion in HY19.
- EBIT, PBT and NPAT margins of 8.2%, 7.2% and 5.3% respectively.
- PBT of $503.6 million in HY19 versus $502.6 million in HY18.
- NPAT of $366.7 million in HY19 versus $362.8 million in HY18.
- No significant one off impacts.

CASH FLOWS

- Operating cash flow of $1.8 billion in LTM.
- EBITDA cash conversion rate of 86.8% in LTM.
- Maintained a strict focus on managing working capital and generating sustainable cash-backed profits.
- Gross capital expenditure sustained at high levels reflecting tunnelling and mining opportunities.
- Generated free operating cash flow of $1.0 billion in LTM.

FINANCIAL POSITION

- Robust financial position maintained, with net cash of $1.4 billion.
- $2.7 billion of undrawn debt facilities available at June 2019.
- Net contract debtors reflect the completion of various large infrastructure projects, and a number of recently awarded mining and alliance construction projects with a different working capital profile.
- $675.0 million contract debtors portfolio provision remains unchanged.
- Cost of debt down 30 basis points from HY18 to 3.6%.

WORK IN HAND AND PIPELINE

- Strong work in hand of $36.8 billion, equivalent to more than two years of revenue.
- Operating Companies' work in hand increased by nearly $2.5 billion or 7.7% compared to June 2018.
- New work of $8.3 billion awarded in HY19, disciplined bidding maintained.
- Diversified and growing project pipeline in our key markets/activities, continuing to provide a range of opportunities.
- $60 billion pipeline for Construction, Mining and Services opportunities for the remainder of 2019, $400 billion of opportunities identified for 2020 and beyond.
- Pipeline includes $130 billion of PPP opportunities identified for the remainder of 2019 and beyond.

SHAREHOLDER RETURNS

- Interim dividend of 71 cents per share, fully franked, to be paid on 3 October 2019.
- EPS (basic) was 113.1 cents, versus 111.9 cents at HY18.
- Payout ratio of 62.8% in HY19.

GUIDANCE

- FY19 NPAT is expected to be in the range of $790 million to $840 million, subject to market conditions.
- Positive outlook across the Group's core markets continues to support guidance.
- Strong balance sheet continues to provide flexibility to pursue strategic growth initiatives and capital allocation opportunities, and to deliver shareholder returns.

FINANCIAL HIGHLIGHTS

Financial performance[1] $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Group revenue	8,125.6	8,345.3	(219.7)	(2.6)%	17,252.8
Revenue – joint ventures and associates	(1,170.5)	(1,407.9)	237.4	(16.9)%	(2,582.6)
Revenue[2]	**6,955.1**	**6,937.4**	**17.7**	**0.3%**	**14,670.2**
EBITDA	**1,023.8**	**875.6**	**148.2**	**16.9%**	**1,900.8**
EBITDA margin[3]	14.7%	12.6%	210bp		13.0%
EBIT	**569.0**	**551.7**	**17.3**	**3.1%**	**1,173.7**
EBIT margin[3]	8.2%	8.0%	20bp		8.0%
Profit before tax	**503.6**	**502.6**	**1.0**	**0.2%**	**1,071.6**
PBT margin[3]	7.2%	7.2%	-		7.3%
NPAT	**366.7**	**362.8**	**3.9**	**1.1%**	**778.5**
NPAT margin[3]	5.3%	5.2%	10bp		5.3%
EPS (basic)	113.1c	111.9c	1.2c	1.1%	240.1c

Financial position[1] $m	June 2019	June 2018	chg. $	chg. %	December 2018
Net cash/(debt)[4]	**1,368.1**	**1,300.4**	**67.7**	**5.2%**	**1,622.4**
Lease liabilities	(874.2)	(634.9)	(239.3)	(37.7)%	(908.9)
Net cash/(debt) (including leases)	493.9	665.5	(171.6)	(25.8)%	713.5
Net contract debtors[5]	**1,440.4**	**988.0**	**452.4**	**45.8%**	**1,098.9**

Cash flows[1] $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Operating cash flow[6]	**528.6**	**803.2**	**(274.6)**	**(34.2)%**	**2,053.4**
Interest, finance costs and taxes	(168.7)	(87.2)	(81.5)	93.5%	(150.4)
Net operating cash flow[7]	**359.9**	**716.0**	**(356.1)**	**(49.7)%**	**1,903.0**
Gross capital expenditure[8]	(341.1)	(246.4)	(94.7)	38.4%	(547.4)
Gross capital proceeds[9]	14.6	11.9	2.7	22.7%	82.6
Net capital expenditure	**(326.5)**	**(234.5)**	**(92.0)**	**39.2%**	**(464.8)**
Free operating cash flow[10]	**33.4**	**481.5**	**(448.1)**	**(93.1)%**	**1,438.2**

Work in hand[11] $m	June 2019	June 2018	chg. $	chg. %	December 2018
Work in hand beginning of period	36,706.1	36,009.9	696.2	1.9%	36,009.9
New work[12]	8,264.7	7,142.5	1,122.2	15.7%	17,949.0
Executed work	(8,125.6)	(8,345.3)	219.7	(2.6)%	(17,252.8)
Total work in hand end of period	**36,845.2**	**34,807.1**	**2,038.1**	**5.9%**	**36,706.1**
Operating Companies' work in hand	34,283.1	31,839.7	2,443.4	7.7%	33,833.1
Corporate work in hand	2,562.1	2,967.4	(405.3)	(13.7)%	2,873.0
Total work in hand end of period	**36,845.2**	**34,807.1**	**2,038.1**	**5.9%**	**36,706.1**

[1] HY 2018 and FY 2018 have been restated for the impact of AASB 16: *Leases* where required, effective 1 January 2019, and applied retrospectively during 2018. Refer to the Interim Financial Report, 'Note 1 (a): *Basis of preparation – change in accounting standards'* for details.
[2] Revenue excludes revenue from joint ventures and associates of $1,170.5 million (HY18: $1,407.9 million).
[3] Margins are calculated on revenue as defined above.
[4] Net cash/(debt) includes cash and equivalent liquid assets (which includes cash, cash equivalents and short term financial assets and investments).
[5] Net contract debtors represents the net amount of total contract debtors – trade and other receivables and total contract liabilities – trade and other payables (refer to the Interim Financial Report, 'Note 11: *Trade and other receivables' – 'Additional information on contract debtors'*).
[6] Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes.
[7] Net operating cash flow includes operating cash flow, after interest, finance costs and taxes.
[8] Gross capital expenditure is payments for property, plant and equipment.
[9] Gross capital proceeds are proceeds received from the sale of property, plant and equipment.
[10] Free operating cash flow is defined as net operating cash flow less net capital expenditure for property, plant and equipment.
[11] Work in hand includes CIMIC's share of work in hand from joint ventures and associates.
[12] New work includes new contracts and contract extensions and variations including the impact of foreign exchange rate movements.

SHAREHOLDER RETURNS

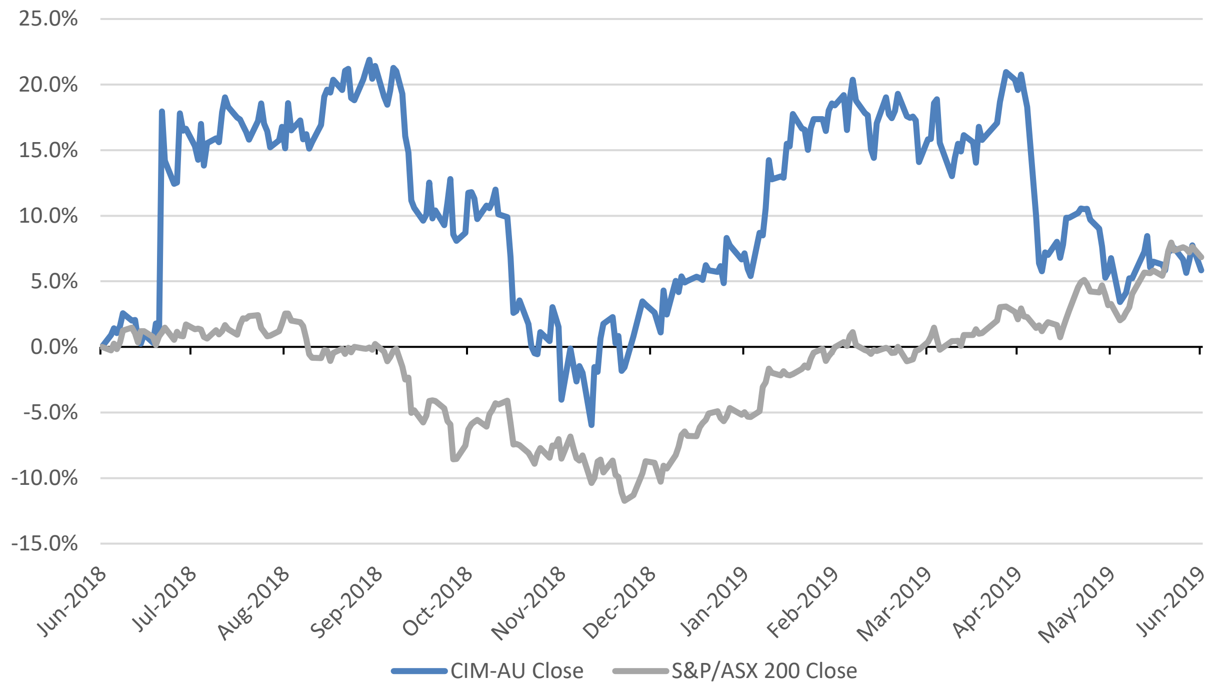
TOTAL SHAREHOLDER RETURNS

Shareholder returns	30 June 2019	31 December 2018	30 June 2018
Closing share price	$44.77	$43.41	$42.30
Market capitalisation ($m)	14,516.9	14,075.9	13,715.9
Final dividend per share	N/A	86c	N/A
Interim dividend per share	71c	70c	70c
Total dividends per share	N/A	156c	N/A
EPS (basic)	113.1c	240.1c	111.9c
Payout ratio for ordinary dividends (HY 2019 estimate at the time the dividend is declared)	62.8%	65.0%	62.5%

PERFORMANCE OF CIMIC SHARES

Over the past year, CIMIC's share price has grown by $2.47, representing an increase of 5.8% since 30 June 2018. By comparison, the S&P/ASX 200 index increased by 6.8% to 6,618.8 points during the same period. CIMIC's market capitalisation represented $14.5 billion as at 30 June 2019.

Indexed performance of CIMIC shares



DIVIDENDS

CIMIC seeks to reward shareholders by paying dividends in line with profits. In the six months to 30 June 2019, CIMIC again delivered on this approach. For the period, CIMIC declared a fully franked interim dividend of 71 cents per share, which will be paid on 3 October 2019.

The total dividend payable of $230.2 million is an estimate, based on the number of shares on issue as at the date of the Interim Financial Report. Due to the share buy-back referred to below, there may be fewer shares on issue on the record date for the dividend than the number of shares on issue as at the date of the Interim Financial Report.

SHARE BUY-BACK PROGRAM

On 14 December 2018, CIMIC announced a further on-market share buy-back of up to 10% of its fully paid ordinary shares for a period of 12 months commencing on 29 December 2018. As at 17 July 2019, no additional shares had been bought back since the commencement of the buy-back program. The timing and number of any shares purchased will depend on CIMIC's share price and market conditions.

FINANCIAL PERFORMANCE

Financial performance[13] $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Group revenue	8,125.6	8,345.3	(219.7)	(2.6)%	17,252.8
Revenue – joint ventures and associates	(1,170.5)	(1,407.9)	237.4	(16.9)%	(2,582.6)
Revenue	**6,955.1**	**6,937.4**	**17.7**	**0.3%**	**14,670.2**
Expenses	(6,389.0)	(6,406.6)	17.6	(0.3)%	(13,555.0)
Share of profit/(loss) of joint ventures and associates	2.9	20.9	(18.0)	(86.1)%	58.5
EBIT	**569.0**	**551.7**	**17.3**	**3.1%**	**1,173.7**
EBIT margin	8.2%	8.0%	20bp		8.0%
Net finance costs	(65.4)	(49.1)	(16.3)	33.2%	(102.1)
Profit before tax	**503.6**	**502.6**	**1.0**	**0.2%**	**1,071.6**
PBT margin	7.2%	7.2%	-		7.3%
Income tax	(136.0)	(145.7)	9.7	(6.7)%	(299.9)
Profit for the year	**367.6**	**356.9**	**10.7**	**3.0%**	**771.7**
Non-controlling interests	(0.9)	5.9	(6.8)	-	6.8
NPAT	**366.7**	**362.8**	**3.9**	**1.1%**	**778.5**
NPAT margin	5.3%	5.2%	10bp		5.3%
EPS (basic)	113.1c	111.9c	1.2c	1.1%	240.1c

REVENUE AND PROFIT BEFORE TAX BY SEGMENT

Revenue was $7.0 billion in HY19, reflective of growth in Mining and Australian Construction. The PBT margin remains steady at 7.2%, delivering a PBT of $503.6 million for HY19, reflecting the trend in revenue.

Revenue by segment $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Construction	3,634.3	3,905.9	(271.6)	(7.0)%	7,965.2
Mining & mineral processing	2,057.2	1,770.5	286.7	16.2%	3,966.9
Services	1,240.9	1,230.4	10.5	0.9%	2,676.5
Corporate	22.7	30.6	(7.9)	(25.8)%	61.6
Revenue	**6,955.1**	**6,937.4**	**17.7**	**0.3%**	**14,670.2**

Profit before tax by segment[13] $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Construction	268.8	315.8	(47.0)	(14.9)%	621.7
Mining & mineral processing	235.5	186.4	49.1	26.3%	428.5
Services	74.5	75.0	(0.5)	(0.7)%	161.0
Corporate	(75.2)	(74.6)	(0.6)	0.8%	(139.6)
Profit before tax	**503.6**	**502.6**	**1.0**	**0.2%**	**1,071.6**

Group revenue from the various market segments was split 79:21 between domestic and international markets, compared with 72:28 in HY18.

CONSTRUCTION REVENUE

Construction revenue was $3.6 billion for HY19, a decrease of 7.0%, or $271.6 million, compared to HY18. The revenue reflects substantial contributions from the delivery of a number of large scale transport infrastructure projects in Australia, offset by a decline in the Hong Kong construction market.

During the period, the Group's major revenue contributors included:

- rail and road developments in Australia, including Sydney Metro 'Northwest' and 'City & Southwest', WestConnex 'M4 East', 'New M5' and Woolgoolga to Ballina upgrade in New South Wales, the West Gate Tunnel project in Victoria and the Logan Enhancement Project in Queensland;
- social infrastructure projects including the Waikeria Prison Development and Christchurch Hospital in New Zealand, and the Junee Correctional Centre in New South Wales; and
- several PPP projects, including Transmission Gully and a Schools Project in New Zealand, and Canberra Light Rail in the Australian Capital Territory.

Construction PBT was $268.8 million for HY19. This result was driven by revenue growth and steady margins in the Australian business.

[13] HY 2018 and FY 2018 have been restated for the impact of AASB 16: *Leases* where required, effective 1 January 2019, and applied retrospectively during 2018. Refer to the Interim Financial Report, 'Note 1 (a)*: Basis of preparation – change in accounting standards'* for details.

MINING & MINERAL PROCESSING REVENUE

Mining & Mineral Processing revenue was $2.1 billion for HY19, an increase of 16.2%, or $286.7 million, compared to HY18. The increase in revenue reflects a number of contract extensions, increased production levels and contributions from a diverse range of mining and mineral processing contracts, as the Group continues to benefit from its diversified portfolio across commodities and geographic markets.

During the period, the Group's major revenue contributors included:

- Lake Vermont, Mount Owen, Curragh North, Solomon, Mount Arthur and Peak/Caval mines in Australia;
- Byerwen, Woodlawn and the New Century mineral processing projects in Australia;
- Kaltim Prima Coal, Melak and Mahakam Sumber Jaya mines in Indonesia;
- Ukhaa Khudag mine in Mongolia;
- Pumpkin Hollow processing plant in the United States;
- Encuentro Oxides mine in Chile; and
- Jwaneng mine in Botswana.

Mining & Mineral Processing PBT was $235.5 million for HY19, an increase of 26.3% or $49.1 million. This result is reflective of 16.2% revenue growth combined with an expanded PBT margin, as the Group maintained its focus on driving efficiencies and creating value for clients.

SERVICES REVENUE

The Group sustained its competitive position in the operations and maintenance services market and reported Services revenue of $1.2 billion for HY19.

During the period, the Group's major revenue contributors included:

- maintenance and supply chain services to over 1,200 passenger cars in Sydney's metropolitan rail fleet;
- heavy resource maintenance works for resource companies including Chevron, Esso, BP, BHP, Rio Tinto, Woodside and Alcoa, across Australia;
- provision of rail signalling systems, tunnel systems and rolling stock, as well as franchisee operations, for a period of 15 years as part of the Operation, Trains and System contract for the Sydney Metro 'Northwest' rail project;
- rail rolling stock maintenance works for Pacific National and Freightliner in New South Wales;
- engineering, procurement and construction of multiple solar farms in several states across Australia;
- designing, building, testing and commissioning new waste water treatment plants, across Australia; and
- construction of transmission lines in South Australia for the Prominent Hill project.

Services PBT was $74.5 million for HY19, with steady margins.

CORPORATE

Corporate PBT was ($75.2) million for HY19, versus ($74.6) million for HY18. The HY19 Corporate segment mainly includes contributions from Corporate, EIC Activities, Pacific Partnerships, the Commercial & Residential business and BICC.

REVENUE – JOINT VENTURES AND ASSOCIATES

Revenue from joint ventures and associates was $1,170.5 billion for HY19. The main contributors to this revenue were Ventia and BICC.

EXPENSES

Expenses were $6.4 billion for HY19, a decrease of 0.3%, or $17.6 million, compared to HY18. The major direct expenses were materials, subcontractors, plant costs, depreciation and personnel costs.

Depreciation and amortisation

Depreciation and amortisation was $454.8 million for HY19, an increase of 40.4%, or $130.9 million, compared to HY18. The revenue growth in mining as well as increases in leased mining equipment and increased tunnelling activity on a number of large infrastructure projects have driven the higher level of depreciation in HY19.

EBIT

The Group's EBIT was $569.0 million for HY19, an increase of 3.1% or $17.3 million compared to HY18. This result was driven by the Group's ability to deliver stable margins, reflecting a diligent focus on project delivery and cost discipline.

NET FINANCE COSTS

Net finance costs were $65.4 million for HY19, an increase of $16.3 million, compared to HY18. Higher net finance costs were recorded due to an increase in the total level of bonding to support the growth of work in hand, mainly in Australian Construction and PPP projects, as well as additional working capital initiatives and increases in leased asset expenses.

Finance cost detail[14] $m	**HY 2019**	**HY 2018**	**chg. $**	**chg. %**	**FY 2018**
Debt interest expenses	(30.0)	(34.5)	4.5	(13.0)%	(73.1)
Facility fees, bonding and other costs	(64.6)	(39.6)	(25.0)	63.1%	(84.3)
Total finance costs	**(94.6)**	**(74.1)**	**(20.5)**	**27.7%**	**(157.4)**
Interest income	29.2	25.0	4.2	16.8%	55.3
Net finance costs	**(65.4)**	**(49.1)**	**(16.3)**	**33.2%**	**(102.1)**

Average cost of debt calculation $m	**HY 2019**	**HY 2018**
Debt interest expenses (a)	(30.0)	(34.5)
Gross debt at period end[15]	697.8	882.2
Gross debt average (b)	1,675.9	1,787.7
Average cost of debt (-2a/b)	**3.6%**	**3.9%**

INCOME TAX

Income tax expense was $136.0 million for HY19. This expense equates to an effective tax rate of 27.0%, compared with 29.0% for HY18. Impacting the effective tax rate are international income tax differentials and foreign currency translation, relating to profits and losses, earned from the various overseas jurisdictions in which the Group operates.

NON-CONTROLLING INTERESTS

Non-controlling interests were ($0.9) million for HY19, versus $5.9 million for HY18. This relates to gains attributable to the shareholdings of minority owners for the period.

NET PROFIT AFTER TAX

NPAT was $366.7 million for HY19 versus $362.8 million for HY18. Earnings per share (basic) were 113.1 cents, compared to 111.9 cents for HY18.

[14] HY 2018 and FY 2018 have been restated for the impact of AASB 16: *Leases* where required, effective 1 January 2019, and applied retrospectively during 2018. Refer to the Interim Financial Report, 'Note 1 (a)*: Basis of preparation – change in accounting standards'* for details.

[15] Total interest bearing liabilities.

FINANCIAL POSITION

CIMIC maintained its balance sheet strength during the period. The company continued its strict focus on managing working capital and generating sustainable cash-backed profits.

Net cash/(debt)[16] **$m**	**30 June 2019**	**31 December 2018**	**chg. $**	**chg. %**	**30 June 2018**
Cash and equivalent liquid assets[17]	2,065.9	2,145.2	(79.3)	(3.7)%	2,182.6
Current interest bearing liabilities	(47.0)	(50.7)	3.7	(7.3)%	(173.4)
Non-current interest bearing liabilities	(650.8)	(472.1)	(178.7)	37.9%	(708.8)
Net cash/(debt)	**1,368.1**	**1,622.4**	**(254.3)**	**(15.7)%**	**1,300.4**
Lease liabilities	(874.2)	(908.9)	34.7	(3.8)%	(634.9)
Net cash/(debt) (including leases)	493.9	713.5	(219.6)	(30.8)%	665.5

Net contract debtors **$m**	**30 June 2019**	**31 December 2018**	**chg. $**	**chg. %**	**30 June 2018**
Net contract debtors	1,440.4	1,098.9	341.5	31.1%	988.0

Assets[16] **$m**	**30 June 2019**	**31 December 2018**	**chg. $**	**chg. %**	**30 June 2018**
Current assets					
Cash and cash equivalents	2,002.7	2,141.7	(139.0)	(6.5)%	2,180.9
Short term financial assets and investments	63.2	3.5	59.7	-	1.7
Trade and other receivables	3,946.0	3,122.1	823.9	26.4%	2,975.0
Current tax assets	10.5	-	10.5	-	75.7
Inventories: consumables and development properties	396.1	315.1	81.0	25.7%	233.1
Assets held for sale	0.7	1.5	(0.8)	(53.3)%	40.7
Total current assets	**6,419.2**	**5,583.9**	**835.3**	**15.0%**	**5,507.1**
Non-current assets					
Trade and other receivables	868.8	777.6	91.2	11.7%	646.4
Inventories: development properties	111.2	111.1	0.1	0.1%	151.2
Investments accounted for using the equity method	200.1	136.6	63.5	46.5%	88.4
Other investments	110.5	105.4	5.1	4.8%	176.8
Deferred tax assets	46.7	69.6	(22.9)	(32.9)%	122.9
Property, plant and equipment	2,105.6	2,068.1	37.5	1.8%	1,772.3
Intangibles	1,150.7	1,093.5	57.2	5.2%	1,063.0
Total non-current assets	**4,593.6**	**4,361.9**	**231.7**	**5.3%**	**4,021.0**
Total assets	**11,012.8**	**9,945.8**	**1,067.0**	**10.7%**	**9,528.1**

[16] HY 2018 and FY 2018 have been restated for the impact of AASB 16: *Leases* where required, effective 1 January 2019, and applied retrospectively during 2018. Refer to the Interim Financial Report, 'Note 1 (a)*: Basis of preparation – change in accounting standards'* for details.
[17] Cash and equivalent liquid assets includes cash, cash equivalents and short term financial assets and investments.

Liabilities and equity[18] $m	30 June 2019	31 December 2018	chg. $	chg. %	30 June 2018
Current liabilities					
Trade and other payables	6,047.1	5,669.7	377.4	6.7%	5,189.9
Dividend payable	278.9	-	278.9	-	243.2
Current tax liabilities	11.7	68.4	(56.7)	(82.9)%	48.8
Provisions	336.8	326.0	10.8	3.3%	323.1
Interest bearing liabilities	47.0	50.7	(3.7)	(7.3)%	173.4
Lease liabilities	275.1	279.2	(4.1)	(1.5)%	155.8
Total current liabilities	**6,996.6**	**6,394.0**	**602.6**	**9.4%**	**6,134.2**
Non-current liabilities					
Trade and other payables	198.9	82.0	116.9	-	89.4
Provisions	64.3	62.4	1.9	3.0%	71.6
Deferred tax liability	54.5	19.4	35.1	-	21.8
Interest bearing liabilities	650.8	472.1	178.7	37.9%	708.8
Lease liabilities	599.1	629.7	(30.6)	(4.9)%	479.1
Total non-current liabilities	**1,567.6**	**1,265.6**	**302.0**	**23.9%**	**1,370.7**
Total liabilities	**8,564.2**	**7,659.6**	**904.6**	**11.8%**	**7,504.9**
Equity	**2,448.6**	**2,286.2**	**162.4**	**7.1%**	**2,023.2**

NET CASH/(DEBT)

Net cash was $1,368.1 million at 30 June 2019, an increase of $67.7 million or 5.2% compared to 30 June 2018. The decrease compared to 31 December 2018 was driven by the increased number of recently awarded alliance construction projects with a different working capital profile. Furthermore, the continued significant growth in Mining, as well as cash outflows from investing activities and tax payments, were contributing factors to this decrease.

Interest bearing liabilities

Current and non-current interest bearing liabilities were $697.8 million at 30 June 2019, an increase of 33.5%, or $175.0 million, compared to 31 December 2018.

Bonding

CIMIC has significant bonding and guarantee facilities available. These bonds and guarantees are integral to the successful tendering and delivery of projects, and the ability to provide them is an important element of the Group's competitive offering to clients.

Bonds and guarantees outstanding at 30 June 2019 were $4.9 billion (31 December 2018: $4.5 billion). An additional $1.1 billion (31 December 2018: $1.5 billion) was undrawn of which $824.8 million (31 December 2018: $1.1 billion) was committed and $312.9 million (31 December 2018: $419.3 million) was uncommitted. The undrawn bonds and guarantees provide significant capacity for the Group to tender for, and take on, more projects in the future.

Credit ratings

Standard & Poor's reaffirmed the Group's BBB investment grade rating during the period, with a Stable outlook. This rating continues to reflect the strength of the Group's financial position.

CURRENT ASSETS

Trade and other receivables

Trade and other receivables were $3,946.0 million at 30 June 2019, an increase of 26.4%, or $823.9 million, compared to 31 December 2018. The figure includes $2,758.6 million (31 December 2018: $2,297.1 million) of total contract debtors – trade and other receivables (refer to net contract debtors below). The remaining balance relates to sundry debtors, joint venture and other receivables.

Net contract debtors

The Group's net contract debtors were $1,440.4 million at 30 June 2019. The increase is partly attributable to the growth in the Mining business where advance payments are not commonly received. CIMIC has also won a number of alliance construction contracts in Australia over the past year with a different working capital profile compared to completed infrastructure projects.

The level of factoring across the Group was $1,994.8 million as at 30 June 2019, which is consistent with the 31 December 2018 position of $1,953.0 million.

[18] HY 2018 and FY 2018 have been restated for the impact of AASB 16: *Leases* where required, effective 1 January 2019, and applied retrospectively during 2018. Refer to the Interim Financial Report, 'Note 1 (a)*: Basis of preparation – change in accounting standards'* for details.

The Group's $675.0 million contract debtors portfolio provision remains unchanged as at 30 June 2019.

Inventories: consumables and development properties

Inventories from consumables and development properties were $396.1 million at 30 June 2019, an increase of 25.7%, or $81.0 million, compared to 31 December 2018. The increase was mainly driven by job-costed inventories held for large infrastructure projects.

NON-CURRENT ASSETS

Trade and other receivables

Trade and other receivables were $868.8 million at 30 June 2019, an increase of 11.7%, or $91.2 million, compared to 31 December 2018. This figure includes $673.9 million (31 December 2018: $640.7 million) of non-current loan receivables owed by BICC. For details, refer to the Interim Financial Report, 'Note 11: *Trade and other receivables*.'

Investments accounted for using the equity method

Equity accounted investments include project-related associates, joint ventures and PPP projects.

Investments accounted for using the equity method were $200.1 million at 30 June 2019, an increase of $63.5 million compared to 31 December 2018, mainly driven by successfully achieving financial close on PPP projects. For further details refer to the Interim Financial Report, 'Note 13: *Associates and joint ventures accounted for using the equity method*.'

Property, plant and equipment

Property, plant and equipment was $2,105.6 million at 30 June 2019, an increase of 1.8%, or $37.5 million, compared to 31 December 2018. At 30 June 2019, $741.5 million worth of equipment was financed by the Group through leases. Additions to property, plant and equipment during the period included investment in job-costed tunnelling machines for a number of major road and rail projects and ongoing investment in mining equipment, driven by revenue growth. The variation also includes the effect of foreign exchange rate movements in the period on the value of these assets.

Intangibles

Intangibles were $1,150.7 million at 30 June 2019, an increase of 5.2%, or $57.2 million, compared to 31 December 2018. The balance mainly consists of goodwill in relation to Construction and Services businesses.

CURRENT LIABILITIES

Trade and other payables

Trade and other payables were $6,047.1 million at 30 June 2019, an increase of 6.7%, or $377.4 million, compared to 31 December 2018. This figure includes $1,318.2 million (31 December 2018: $1,198.2 million) of total contract liabilities – trade and other payables. The remaining balance includes trade creditors and accruals, joint venture payables and other creditors.

Current tax liabilities

Current tax liabilities were $11.7 million at 30 June 2019 with changes in tax liabilities driven by the timing of the various income tax payments as required to be made across the numerous jurisdictions in which the Group operates.

Provisions

Provisions were $336.8 million at 30 June 2019, an increase of 3.3%, or $10.8 million, compared to 31 December 2018. The provision is for employee benefits and relates to wages and salaries, annual leave, long service leave, retirement benefits and deferred bonuses.

NON-CURRENT LIABILITIES

Trade and other payables

Trade and other payables were $198.9 million at 30 June 2019, an increase of $116.9 million, compared to 31 December 2018.

Provisions

Provisions were $64.3 million at 30 June 2019, an increase of 3.0%, or $1.9 million, compared to 31 December 2018. This figure includes employee benefits relating to long service leave, retirement benefits and deferred bonuses.

EQUITY

Equity was $2,448.6 million as at 30 June 2019, an increase of 7.1%, or $162.4 million, compared to 31 December 2018. Profits earned during the period and movements in the foreign currency translation reserve, partly offset by dividends, explain the increase in equity during the period.

CASH FLOWS

Operating cash flows[19] $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Operating cash flow	**528.6**	**803.2**	**(274.6)**	**(34.2)%**	**2,053.4**
Interest, finance costs and taxes	(168.7)	(87.2)	(81.5)	93.5%	(150.4)
Net operating cash flow	**359.9**	**716.0**	**(356.1)**	**(49.7)%**	**1,903.0**

Cash flows from investing activities $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Payments for intangibles	(1.0)	(3.2)	2.2	(68.8)%	(5.4)
Payments for property, plant and equipment	(341.1)	(246.4)	(94.7)	38.4%	(547.4)
Proceeds from sale of property, plant and equipment	14.6	11.9	2.7	22.7%	82.6
Proceeds from sale of investments	-	1.2	(1.2)	-	1.2
Cash acquired on business acquisition	18.0	-	18.0	-	0.7
Payments for investments in controlled entities and businesses	(12.2)	-	(12.2)	-	(22.7)
Payments for investments	(24.1)	(15.4)	(8.7)	56.5%	(53.1)
Loans to associates and joint ventures	(117.1)	(0.9)	(116.2)	-	(1.1)
Net cash from investing activities	**(462.9)**	**(252.8)**	**(210.1)**	**83.1%**	**(545.2)**

Cash flows from financing activities[19] $m	HY 2019	HY 2018	chg. $	chg. %	FY 2018
Proceeds from borrowings	202.0	204.3	(2.3)	(1.1)%	407.7
Repayment of borrowings	(41.7)	(247.4)	205.7	(83.1)%	(835.6)
Repayment of finance leases	(154.4)	(78.7)	(75.7)	96.2%	(191.8)
Dividends paid to shareholders of the Company	-	-	-	-	(470.2)
Net cash from financing activities	**5.9**	**(121.8)**	**127.7**	**(104.8)%**	**(1,089.9)**

OPERATING CASH FLOWS

Operating cash flows were $528.6 million for HY19, a decrease of 34.2% or $274.6 million, compared to HY18. The decrease was mainly driven by the impact on cashflows of the recently awarded alliance construction projects with a different working capital profile, as well as the significant growth in the Mining business.

The Group has maintained a solid EBITDA cash conversion rate of 86.8% in LTM.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities were $462.9 million for HY19, compared to an outflow of $252.8 million in HY18.

The outflow of cash was mainly due to gross capital expenditure of $341.1 million for HY19, an increase of $94.7 million compared to HY18. This increase reflects a sustained level of investment in tunnelling equipment to support the delivery of large transport related infrastructure projects with ongoing investment in mining equipment enabling the revenue growth in that market.

During the period the Mining & Mineral Processing business acquired a controlling interest in Majwe Mining in Botswana, and the Services business purchased an engineering company from RCR Tomlinson that operates in the infrastructure, energy and resource sectors.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash inflows from financing activities were $5.9 million for HY19, compared to outflows of $121.8 million in HY18. Proceeds from borrowings, largely offset the repayment of finance leases and borrowings.

[19] HY 2018 and FY 2018 have been restated for the impact of AASB 16: *Leases* where required, effective 1 January 2019, and applied retrospectively during 2018. Refer to the Interim Financial Report, 'Note 1 (a)*: Basis of preparation – change in accounting standards'* for details.

NEW WORK AND WORK IN HAND

CIMIC was awarded $8.3 billion worth of new work in HY19. This new work helps to maintain the Group's position as a leading international contractor and the world's leading mining service provider, and supports the delivery of sustainable returns to shareholders.

The Group's total work in hand was $36.8 billion at 30 June 2019, up more than $2.0 billion or 5.9%, equivalent to more than two years' worth of revenue. Work in hand in the Group's Operating Companies was $34.3 billion, up nearly $2.5 billion or 7.7% compared to 30 June 2018.

Work in hand $m	June 2019	June 2018	chg. $	chg. %	December 2018
Work in hand beginning of period	36,706.1	36,009.9	696.2	1.9%	36,009.9
New work	8,264.7	7,142.5	1,122.2	15.7%	17,949.0
Executed work	(8,125.6)	(8,345.3)	219.7	(2.6)%	(17,252.8)
Total work in hand end of period	**36,845.2**	**34,807.1**	**2,038.1**	**5.9%**	**36,706.1**
Operating Companies' work in hand	34,283.1	31,839.7	2,443.4	7.7%	33,833.1
Corporate work in hand	2,562.1	2,967.4	(405.3)	(13.7)%	2,873.0
Total work in hand end of period	**36,845.2**	**34,807.1**	**2,038.1**	**5.9%**	**36,706.1**

In HY19, work in hand was split 77:23 between the Group's domestic and international markets, compared with 74:26 in HY18.

MAJOR CONTRACT AWARDS AND SCOPE INCREASES IN 2019

CIMIC's work in hand continues to be broadly diversified by segment as well as by activity and geography. New work of $8.3 billion was awarded in HY19.

Work in hand by segment $m	June 2019	%	June 2018	%	chg. $	chg. %	December 2018	%
Construction	14,728.7	40%	14,687.0	42%	41.7	0.3%	15,254.3	42%
Mining & Mineral Processing	10,791.3	29%	10,399.7	30%	391.6	3.8%	11,159.3	30%
Services	8,763.1	24%	6,753.0	19%	2,010.1	29.8%	7,419.5	20%
Total Operating Companies' work in hand	**34,283.1**	**93%**	**31,839.7**	**91%**	**2,443.4**	**7.7%**	**33,833.1**	**92%**
Corporate work in hand	2,562.1	7%	2,967.4	9%	(405.3)	(13.7)%	2,873.0	8%
Total work in hand	**36,845.2**	**100%**	**34,807.1**	**100%**	**2,038.1**	**5.9%**	**36,706.1**	**100%**

In Australia a number of significant projects were announced during the period, with revenues to the Group as follows:

- $2.73 billion to deliver the Tunnel, Stations and Development PPP package of Brisbane's largest infrastructure project, the Cross River Rail Project, Queensland;
- $725 million to design, construct and commission the Regional Rail Project, New South Wales;
- $277 million initial contract extension for the delivery of maintenance services at Sydney Trains, New South Wales; re-extended in July for a total contract value of $630 million;
- $200 million contract extension to supply maintenance and turn around services at Gorgon and Wheatstone facilities, Western Australia respectively;
- $190 million to provide implementation services at Karratha Gas Plant, Western Australia;
- $155 million to provide engineering, procurement and construction services at Byerwen Mine, Queensland;
- $119 million to deliver Northern Road Upgrade Stage 6, New South Wales;
- $116 million to construct the Coffs Harbour Hospital Expansion main works, New South Wales; and
- $107 million to design and construct the Wagga Wagga Health Service Stage 3 redevelopment project, New South Wales.

Overseas projects announced during the period include:

- $1.7 billion to undertake mining services at Jwaneng Cut 9 diamond mine, Botswana;
- $214 million to deliver the Christchurch Metro Sports Facility, New Zealand; and
- $172 million contract extension to expand operations at Melak coal mine, Indonesia.

STRATEGY AND OPERATING ENVIRONMENT OUTLOOK

CIMIC is an engineering-led construction, mining, services and PPP leader with a history dating back to 1899 and around 43,000 people delivering services in 20 countries. Our mission is to generate sustainable shareholder returns by delivering innovative and competitive solutions for clients, and safe, fulfilling careers for our people. We strive to be known for our principles of Integrity, Accountability, Innovation and Delivery, underpinned by Safety.

CIMIC is well placed in geographies and markets that are expected to continue to grow and provide a broad range of opportunities for the foreseeable future.

OPERATING MODEL AND STRATEGY

CIMIC operates through activity-based businesses in construction, mining and mineral processing, operation and maintenance services, PPPs and engineering. These businesses deliver services in Australia and select markets in Asia, the near Pacific, Southern Africa, and the Americas.

CIMIC's strategy has the following key elements:

- to be an engineering-led, industry-leading group with a balanced portfolio diversified by market sector, activity, geography, type of client, contract type, volume and duration. This diversification and our scale reduce earnings volatility, facilitates the management of risk and helps to create sustainable returns;
- to offer integrated solutions through a complementary suite of capabilities for the entire life-cycle of assets – from development and financing to engineering, construction, mining, and operations and maintenance;
- to selectively export the Group's capabilities and expand into other markets which meet our governance, risk, and return requirements, either organically or through acquisition; and
- to utilise common systems and processes to facilitate the sharing of innovation and knowledge.

Underpinning the strategy is the pursuit of operational excellence in terms of:

- identifying value-adding engineering solutions;
- applying a disciplined approach to risk management;
- rigorously managing cash;
- maintaining a tight control on costs; and
- ensuring an uncompromising focus on safety.

Fundamental to the delivery of the strategy is a strong balance sheet, which supports organic growth and provides flexibility in capital expenditure and investments into PPPs, as well as strategic capital allocation opportunities including acquisitions.

Our financial policy is to manage net debt to a level that supports a strong investment grade rating.

CONSTRUCTION MARKET

Across our core geographies of Australia, New Zealand and the Asia-Pacific, the construction markets are expected to continue to grow which will support a broad range of opportunities that suit CIMIC's capabilities, market presence and experience. Our positive construction outlook is underpinned by governments and the private sector increasing the amount of capital towards social and economic infrastructure projects.

The broader Australian construction market remains strong, with transport infrastructure, non-residential building, resource projects and utilities offsetting weakness in the residential building market. Transport infrastructure is expected to remain a key contributor, with substantial investments being made in Australian road and rail projects driving construction activity in this sector of the market[20].

At a national level, Australia's 2019-20 Federal Budget increased the Government's commitment to investing in infrastructure by $25 billion to $100 billion over the next decade[21,22]. The Federal Government's infrastructure agenda is being complemented by the various State and Territory Governments which have substantial investment programs in their own right.

The re-elected NSW Government, which is delivering a considerable infrastructure and privatisation agenda, outlined a record capital program worth $93 billion over the next four years in the 2019-20 State Budget[23]. In Victoria, the Government has outlined $53.7 billion of committed infrastructure projects over the next four years in the 2019-20 State Budget[24]. The 2019-20 Queensland State Budget outlines the Government's $49.5 billion commitment to infrastructure and capital works over the next four years,

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[20] Macromonitor, Australian Construction Outlook Overview, June 2019, p. 7-12
[21] When compared to last year's $75 billion commitment - Commonwealth of Australia, Budget Strategy and Outlook, Budget Paper No. 1 2018-19, May 2018, p. 1-2
[22] Commonwealth of Australia, Budget Strategy and Outlook, Budget Paper No. 1 2019-20, April 2019, p. 1-2
[23] New South Wales State Budget, Infrastructure Statement 2019-20, Budget paper No. 2, 2019-20, June 2019, p. 1-1
[24] Victoria State Budget 2019-20, State Capital Program, Budget Paper No. 4, 2019-20, May 2019, p. 2

with transport projects remaining a top priority[25]. The other Australian State and Territory Governments are also expected to generate significant levels of construction activity, providing a broad range of opportunities for the Group.

In New Zealand, the Government remains committed to investing in the nation's infrastructure, as it seeks to improve its long-term economic performance and social wellbeing. As part of this commitment, a new independent infrastructure body, the New Zealand Infrastructure Commission - Te Waihanga, is being established, whose job will include developing a 30-year infrastructure strategy and pipeline for the country. The New Zealand Treasury estimates that NZ$129 billion is expected to be spent on capital projects between 2019 and 2029, a level of investment unprecedented in the nation's history[26].

In the Group's international construction markets, sustained levels of investment on economic and social infrastructure projects are continuing to drive a broad range of opportunities.

PPP MARKET

Across Australia, New Zealand and the Asia-Pacific region, the private sector is playing an increasingly important role in the funding, delivery and operation and maintenance of projects traditionally financed by the public sector, notably for the delivery of transport and social infrastructure. Governments are progressively turning to PPPs to leverage private capital, free their budgets and stimulate their economies; in addition to the other advantages that PPPs offer which include:

- incentivising the private sector to deliver projects on time and within budget;
- using private sector technology and innovation to provide better public services through improved operational efficiency;
- imposing budgetary certainty by setting the present and future costs of infrastructure projects over time; and
- extracting long-term value-for-money through appropriate risk transfer to the private sector over the life of a project – from design and construction to operations and maintenance[27].

The Federal and State Governments in Australia are increasingly embracing the PPP model as an important option for the delivery of infrastructure. The National PPP Policy Framework, agreed to by the Coalition of Australian Governments, recognises that projects valued in excess of $50 million may provide value for money using a PPP delivery method and should be considered for PPP procurement[28].

In New Zealand, the Government is actively pursuing non-traditional procurement options and specifically PPP approaches, involving greater private sector involvement in the provision of both infrastructure and services, where these can demonstrate greater value for money to the public sector.

MINING AND MINERAL PROCESSING MARKET

The fundamental drivers of a positive outlook for the mining and mineral processing market remain unchanged. Rising global living standards, continued population growth, increasing urbanisation and limited substitutes for those key commodities where the Group is providing its services, should continue to create opportunities. On current forecasts, Australian exports by volume are expected to grow by 3.4% per annum for metallurgical coal, 2.1% for thermal coal, 0.8% for iron ore and 3.6% for nickel until 2020-21[29].

Additionally, an accelerating transition to renewable energy sources, such as solar and wind, as well as the need for storage in the form of batteries, are expected to generate further demand – and therefore mining opportunities – for the metals and minerals used in this infrastructure and drive substantial investments into a range of new mines and processing facilities. The ability to collaboratively provide construction, mining and mineral processing services means CIMIC is well placed to support its existing resources clients, and those new ones that will emerge, in the future.

SERVICES MARKET

The outsourced Australian maintenance market continues to experience robust growth from both the private and public sector, as new infrastructure assets come online and maintenance spending in the resources sector drives further opportunities. In addition, growing populations in the major capital cities and an expanding economy are placing an increasing strain on existing transport, utilities and social infrastructure. Furthermore, asset owners are increasingly seeing the benefit of outsourcing their maintenance services to drive productivity and create cost efficiencies. Currently in Australia, around 56% of the infrastructure maintenance service market is outsourced, and this number is expected to gradually increase over time[30].

This positive outlook is underpinning demand for outsourced maintenance services across Australia, which are expected to grow by 4.2% per annum from 2018-19 to 2023-24 and by almost 40% over the next decade[30]. As the market grows, the Group's

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[25] Queensland State Budget, Capital Statement, Budget Paper No. 3, 2019-20, June 2019, p.1

[26] New Zealand Treasury, Infrastructure, June 2019 - https://treasury.govt.nz/information-and-services/nz-economy/infrastructure

[27] World Bank Group, Government Objectives: Benefits and Risks of PPPs, 31 October, 2016 - https://ppp.worldbank.org/public-private-partnership/overview/ppp-objectives

[28] Department of Infrastructure and Regional Development, National PPP Policy Framework, October 2015, p. 7

[29] Compound annual growth rates from 2017-18 until 2020-21. Source: Australian Government (Office of the Chief Economist) Department of Industry, Innovation and Science: Resources and Energy Quarterly, June 2019, p. 33, 42, 52 and 102

[30] BIS Oxford Economics, Maintenance in Australia 2019-2033, February 2019, p. 5, 7, and Appendix A.1 - Outsourced Maintenance Expenditure by Sector. The total maintenance market includes: transport, defence, electricity, oil and gas, manufacturing, mining, social and commercial buildings, telecommunications and water and waste water

maintenance services outlook continues to improve. CIMIC's strong position in the maintenance services market, and ability to deliver innovative and end-to-end construction and maintenance service solutions for clients, positions the Group to capitalise on the expanding range of opportunities.

FUTURE DEVELOPMENTS

GROUP PROSPECTS

CIMIC's core markets – in construction, PPPs, mining and mineral processing, operations and maintenance services, and engineering – continue to offer a broad range of opportunities. CIMIC's work in hand and a substantial pipeline of future project opportunities support our positive outlook.

CIMIC is currently bidding on, or has been shortlisted for, projects including:

- North East Link – Primary Package (Kempston Street to Southern Portal) (PPP) for North East Link Authority, Victoria;
- Suburban Roads Upgrade Program projects (PPP) for Major Road Projects Authority, Victoria;
- F6 Extension – Stage 1 – Extension project (Arncliffe to Kogarah) for Roads and Maritime Services, New South Wales;
- Regional Delivery Consortia 2020 for Sydney Water Corporation, New South Wales;
- Inland Rail – Gowrie to Kagaru (PPP) for Australian Rail Track Corporation, Queensland;
- Tasmanian Government Radio Network (PPP) for the Department of Police, Fire and Emergency Management, Tasmania;
- Metronet – Thornlie-Cockburn Link and Yanchep Rail Extension for Public Transport Authority, Western Australia;
- Metronet – Rolling stock procurement for Public Transport Authority, Western Australia;
- Olive Downs South and Meandu Mining Services in the coal sector together with other coal opportunities, Queensland;
- Hong Kong International Airport – Third Runway Apron Works for Airport Authority, Hong Kong;
- Changi Airport Terminal 5 – Advance Works Megaspine for Changi Airport Group, Singapore;
- North-South Corridor for the Land Transport Authority, Singapore;
- Mining services at the Minera Centinela Esperanza Sur copper mine, Chile;
- Engineering, procurement and construction project at Manto Verde copper mine, Chile;
- Mining and processing opportunities in New South Wales, Queensland and Western Australia; and
- Various projects in Canada and Chile including additional mining works in the oil sands and AMSA Minera Centinelas as well as the Jwaneng expansion project in Botswana.

The Group has an extensive pipeline with at least $60 billion of tenders relevant to CIMIC to be bid and/or awarded for the remainder of 2019, and $400 billion of projects are coming to the market in 2020 and beyond, including about $130 billion worth of PPP projects.

CIMIC continues to consider opportunities to diversify and expand into new regions and markets by leveraging its existing capabilities. The Group is also continuing to analyse opportunities to make acquisitions which broaden the service offering.

The Group's positive outlook is founded on a disciplined focus of sustaining a strong balance sheet, generating cash, and rigorous approach to tendering and project delivery. This focus, combined with the Group's strong competitive position and the range of opportunities across the core markets, provides a solid base for the generation of sustainable returns.

GUIDANCE

CIMIC expects 2019 NPAT to be in the range of $790 million to $840 million, subject to market conditions.

GLOSSARY

TERM	DESCRIPTION
1Q19/2Q19/3Q19 or 4Q19	First, second, third or fourth quarter of the relevant year
A$ or $	Australian dollars
AASB	Australian Accounting Standards Board
ASX	ASX Limited
BICC	BIC Contracting LLC
BP	Basis points
EBIT	Earnings before net finance costs and tax
EBITDA	Earnings before net finance costs, tax, depreciation and amortisation
EPS (basic)	Earnings per share (basic)
FY19/FY18	Financial year ended 31 December 2019/2018
Group or CIMIC	CIMIC Group Limited and certain entities it controls
HY19/HY18	Six month period ended 30 June 2019/2018
LTM	Last 12 months from 1 July 2018 to 30 June 2019
NPAT	Net profit after tax
PBT	Profit before tax
Period/the period	Six month period ended 30 June 2019
PPP	Public-private partnership
Ventia	Ventia Services Group Pty Limited
WIH	Work in hand