



CIMIC Group Limited
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2 August 2022

Singapore Exchange (SGX)
2 Shenton Way
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CIMIC Group Limited Financial Statements for 6 month period to 30 June 2022

Please find attached a copy of a media release issued by CIMIC Group Limited, parent company of CIMIC Finance Limited and CIMIC Finance (USA) Pty Limited.

Yours faithfully
CIMIC GROUP LIMITED

Company Secretary



HALF YEAR REPORT 2022

Directors' Report

The Directors of CIMIC Group Limited present their report for the half-year ended 30 June 2022 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 2022 and the auditor's review report are presented on pages 2 to 33.

INFORMATION REGARDING DIRECTORS	
The Directors of the Company at any time during or since the end of the half-year are:	
Juan Santamaria Executive Chairman since November 2020, CEO and Managing Director from February 2020 to May 2022.	Russell Chenu Independent Non-executive Director since June 2014.
José-Luis del Valle Pérez Non-executive Director since March 2014.	Pedro López Jiménez Non-executive Director since March 2014.
David P Robinson Non-executive Director since December 1990.	Peter W Sassenfeld Non-executive Director since November 2011.
Kathryn Spargo Independent Non-executive Director since September 2017.	

ALTERNATE DIRECTOR	
Robert L Seidler AM Alternate Director for Mr del Valle Pérez since June 2014.	

Signed in accordance with a resolution of the Directors:



Juan Santamaria
Executive Chairman



Russell Chenu
Chairman Audit and Risk Committee

Sydney, 21 July 2022

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2022

	Note	6 months to June 2022 \$m	6 months to June 2021 \$m
Revenue	2	5,040.9	4,612.5
Expenses	3	(5,341.0)	(4,411.9)
Finance income	4	7.0	7.1
Finance costs	4	(77.0)	(75.7)
Share of profit of associates and joint venture entities		102.4	115.1
Other gains	9	531.7	-
Profit before tax		264.0	247.1
Income tax expense		(62.4)	(39.3)
Profit for the period		201.6	207.8
(Profit) / loss for the period attributable to non-controlling interests		(1.4)	0.2
Profit for the period attributable to shareholders of the parent entity		200.2	208.0
Dividends per share - Interim	5	39.0¢	42.0¢

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 2022

	6 months to June 2022 \$m	6 months to June 2021 \$m
Profit for the period attributable to shareholders of the parent entity	200.2	208.0
Other comprehensive income attributable to shareholders of the parent entity:		
<i>Items that may be reclassified to profit or loss</i>		
• Foreign exchange translation differences (net of tax)	81.4	42.6
• Effective portion of changes in fair value of cash flow hedges (net of tax)	49.7	21.0
<i>Items that will not be reclassified to profit or loss</i>		
• Fair value gain on investments designated as fair value through other comprehensive income (net of tax)	1.6	-
Other comprehensive income for the period (net of tax)	132.7	63.6
Total comprehensive income for the period attributable to shareholders of the parent entity	332.9	271.6
<i>Total comprehensive income for the period attributable to shareholders of the parent entity:</i>		
Total comprehensive income for the period	334.3	271.4
Total comprehensive (income) / expense for the period attributable to non-controlling interests	(1.4)	0.2
Total comprehensive income for the period attributable to shareholders of the parent entity	332.9	271.6

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 2022

	Note	30 June 2022 \$m	31 December 2021 \$m
Assets			
Cash and cash equivalents	6	2,812.0	1,939.7
Trade and other receivables	7	2,796.8	2,312.7
Current tax assets		132.3	126.6
Inventories: consumables and development properties		255.4	232.4
Asset held for sale		42.7	44.3
Total current assets		6,039.2	4,655.7
Trade and other receivables	7	442.1	123.5
Inventories: development properties		67.9	80.6
Investments accounted for using the equity method	9	1,573.1	1,700.5
Other investments		776.6	84.2
Deferred tax assets		248.0	608.9
Property, plant and equipment		608.6	639.6
Intangibles		935.9	915.4
Total non-current assets		4,652.2	4,152.7
Total assets		10,691.4	8,808.4
Liabilities			
Trade and other payables		5,221.8	4,344.2
Current tax liabilities		10.5	63.8
Provisions		255.4	249.0
Financial liability		51.6	68.9
Interest bearing liabilities	12	491.7	275.7
Lease liabilities		70.4	70.1
Dividend payable	5	112.1	-
Total current liabilities		6,213.5	5,071.7
Trade and other payables		268.6	253.7
Provisions		30.5	30.3
Interest bearing liabilities	12	2,684.0	2,166.4
Lease liabilities		193.4	207.1
Total non-current liabilities		3,176.5	2,657.5
Total liabilities		9,390.0	7,729.2
Net assets		1,301.4	1,079.2
Equity			
Share capital		1,458.7	1,458.7
Reserves		(484.5)	(617.2)
Retained earnings		329.1	241.0
Total equity attributable to equity holders of the parent		1,303.3	1,082.5
Non-controlling interests		(1.9)	(3.3)
Total equity		1,301.4	1,079.2

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 2022

	Share Capital	Reserves	Retained Earnings	Attributable to Equity Holders	Non- controlling Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m
Total equity at 31 December 2020	1,458.7	(658.0)	165.7	966.4	(74.3)	892.1
Impact of change in accounting policy	-	-	(11.3)	(11.3)	-	(11.3)
Total equity at 1 January 2021	1,458.7	(658.0)	154.4	955.1	(74.3)	880.8
Profit for the period	-	-	208.0	208.0	(0.2)	207.8
Other comprehensive income	-	63.6	-	63.6	-	63.6
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	(186.8)	(186.8)	-	(186.8)
Total transactions with shareholders	-	-	(186.8)	(186.8)	-	(186.8)
Total equity at 30 June 2021	1,458.7	(594.4)	175.6	1,039.9	(74.5)	965.4
	Share Capital	Reserves	Retained Earnings	Attributable to Equity Holders	Non- controlling Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m
Total equity at 1 January 2022	1,458.7	(617.2)	241.0	1,082.5	(3.3)	1,079.2
Profit for the period	-	-	200.2	200.2	1.4	201.6
Other comprehensive income	-	132.7	-	132.7	-	132.7
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	(112.1)	(112.1)	-	(112.1)
Total transactions with shareholders	-	-	(112.1)	(112.1)	-	(112.1)
Total equity at 30 June 2022	1,458.7	(484.5)	329.1	1,303.3	(1.9)	1,301.4

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

Consolidated Statement of Cash Flows

for the six months ended 30 June 2022

	Note	6 months to June 2022 \$m	6 months to June 2021 \$m
Cash flows from operating activities			
Cash receipts in the course of operations (including GST)		5,277.6	5,059.4
Cash payments in the course of operations (including GST)		(4,943.7)	(5,343.0)
Cash flows from / (used) in operating activities		333.9	(283.6)
Interest received		7.0	5.1
Finance costs paid		(54.9)	(50.8)
Income taxes (paid) / received		(68.9)	0.6
Net cash from / (used) in operating activities		217.1	(328.7)
Cash flows from investing activities			
Payments for intangibles		(9.3)	(0.9)
Payments for property, plant and equipment		(57.0)	(37.1)
Proceeds from sale of property, plant and equipment		5.0	7.4
Proceeds from sale of investments		55.4	-
Payments for investments		(27.5)	(30.0)
Net cash (used) in investing activities		(33.4)	(60.6)
Cash flows from financing activities			
Payment of financial liability	9	(19.7)	(33.5)
Proceeds from borrowings		1,297.6	1,736.8
Repayment of borrowings		(555.0)	(1,210.0)
Repayment of leases		(45.4)	(45.7)
Net cash from financing activities		677.5	447.6
Net increase in cash held		861.2	58.3
Cash and cash equivalents at the beginning of the period		1,939.7	3,082.5
Effects of exchange rate fluctuations on cash held		11.1	14.4
Cash and cash equivalents at reporting date	6	2,812.0	3,155.2

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

Notes to the Consolidated Financial Statements

for the six months ended 30 June 2022

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 2022 comprises the Company and its controlled entities (the “Consolidated Entity” or “Group”) and the Consolidated Entity’s interest in associates and joint arrangements. 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 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 2021.

On 11 May 2022 CIMIC Group Limited was removed from the Australian Securities Exchange (ASX) Official List under Listing Rule 17.14, following the compulsory acquisition of its remaining securities by Hochtief Australia Holdings Limited. On 10 June 2022, the Group became a wholly owned subsidiary of Hochtief Australia Holdings Limited and forms part of a tax-consolidated group of which Hochtief Australia Holdings Limited, the ultimate Australian parent, is the head entity. The formation of the new tax group has resulted in a change in tax related accounting policies and basis of estimation, which are described further in Note 1(c): *Change in accounting policy*.

The consolidated interim financial report was authorised for issue by the Directors on 21 July 2022.

Significant accounting policies

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are the same as those applied by the Group in the financial report for the year ended 31 December 2021, except as disclosed below.

a) New and amended accounting standards

In the current year, the Group has applied a number of new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2022, as follows:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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 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 2021 CIMIC Annual Report except for:

- Change of classification of investment in Ventia – refer to Note 9: *Associates and Joint Ventures accounted for using the equity method*.
- Change in tax consolidated group – refer to Note 1(c): *Change in accounting policy*.

Notes continued

for the six months ended 30 June 2022

1. BASIS OF PREPARATION continued

c) Change in accounting policy

Income tax

Hochtief Australia completed its acquisition of all of CIMIC's shares on 10 June 2022. From this date, CIMIC Group Limited and its wholly owned Australian entities joined the Hochtief Australia Holdings Limited tax consolidated group, with Hochtief Australia Holdings Limited as the head entity. Under the new tax group, the head entity and the group members continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continued to be a standalone taxpayer. The head entity recognises the current tax liabilities or assets and the deferred tax liabilities or assets arising from unused tax losses and unused tax credits (including franking credits) assumed from member entities in the tax consolidated group.

In the financial report of CIMIC Group Limited, the current tax liability or asset of CIMIC Group Limited and its wholly owned Australian subsidiaries is recognised as a payable to or receivable from the head entity of the Hochtief Australia Holdings Limited tax consolidated group. Assets or liabilities arising under the tax funding agreement with the head entity of the Hochtief Australia Holdings Limited tax consolidated group are recognised as amounts receivable from or payable to the head entity of the Hochtief Australia Holdings Limited tax consolidated group. The amounts include assets arising from unused tax losses, which have been transferred at their estimated recoverable amount – refer to Note 7: *Trade and Other Receivables*.

Upon CIMIC's entry into the Hochtief Australia Holdings Limited tax group, the Income Tax Assessment Act 1997 requires the tax values of CIMIC Group's assets to be reset based on the proportional allocation of the consideration paid over the market value of assets acquired. Given complexity of the Group and time constraints a provisional best estimate of the likely tax values, supported by expert advice, has been adopted in the interim financial report. The provisional accounting impact of the change in tax group resulted in a net \$nil tax expense in the statement of profit or loss. The net \$nil impact results from a number of offsetting adjustments to reset various tax cost bases predominantly related to financial investments, inventories and property, plant and equipment. Finalisation of the reset tax base is expected to occur by 31 December 2022.

The new accounting policy is presented below:

Income tax expense on the profit or loss for the period comprises current and deferred tax expense. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Group adopts the statement of financial position liability method to provide for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Taxable temporary differences are not provided for the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences. The Group forms part of a tax consolidated group of which Hochtief Australia Holdings Limited, the ultimate Australian parent, is the head entity. The head entity recognises all of the current tax assets and liabilities and deferred tax assets in respect of tax losses of the tax consolidated group (after elimination of intra group transactions). Deferred tax assets and liabilities in respect of temporary differences are recognised in the subsidiaries' financial statements.

The Tax Consolidated Group has entered into a tax funding agreement that requires wholly owned subsidiaries to make contributions to the head entity for current tax assets and liabilities occurring after the implementation of tax consolidation. Under the tax funding agreement, the contributions are calculated using the "group allocation" approach so that the contributions are equivalent to the current tax balances generated by transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to current tax assets.

Notes continued

for the six months ended 30 June 2022

1. BASIS OF PREPARATION continued

d) Market conditions

High COVID vaccination rates, in conjunction with established management plans and the inclusion of specific provisions in contracts bid after the start of the pandemic have alleviated the more severe impacts of the COVID situation. This has resulted in a return to more normalized business conditions in the first half of the year. Formerly treated as a pandemic during nearly two years of lockdowns, travel restrictions and other public health measures, COVID is now transitioning to an endemic phase. While this is a positive and has resulted in a reduction of COVID related risk factors, the possibility of future business disruption remains as international travel recovers strongly, and new variants emerge.

The industry is experiencing inflationary pressures as a whole which have been exacerbated by the invasion of Ukraine by Russia. The Group is managing this exposure through leveraging its existing supply chain, upfront procurement contracts and undertaking financial hedging.

COVID related immigration restrictions to Australia have seen unemployment decrease to 45-year lows and created some challenges in accessing skilled labour. This demand for labour, when combined with inflationary pressures, is putting upward pressure on wages.

Notwithstanding possible future uncertainties, the outlook across the Group's core markets remains positive with strong levels of work in hand. The Group continues to monitor COVID and macro-economic related risk factors and considers possible impacts to liquidity assessments, asset valuation and contract cost forecasts.

CIMIC integrates environmental, social and governance (ESG) factors, and specifically the risks and opportunities of climate change, into its business operations. ESG is integrated in terms of governance, strategy, risk management, and the setting of - and measuring against - metrics and targets. The possible impacts of ESG factors have been considered in the financial report. CIMIC is committed to operating sustainably and detailed reporting on its ESG performance and progress is set out in the Operational and Financial Review and the Sustainability Report section of 31 December 2021 CIMIC Annual Report.

Notes continued

for the six months ended 30 June 2022

2. REVENUE

	6 months to June 2022 \$m	6 months to June 2021 \$m
Construction revenue	3,510.0	3,328.8
Services revenue	1,470.3	1,267.1
Corporate and Investments	60.6	16.6
Total revenue	5,040.9	4,612.5

3. EXPENSES

	6 months to June 2022 \$m	6 months to June 2021 \$m
Materials	(1,087.9)	(837.8)
Subcontractors	(1,896.7)	(1,661.9)
Plant costs	(216.2)	(208.9)
Personnel costs	(1,464.3)	(1,294.8)
Depreciation and impairment of property, plant and equipment	(124.2)	(138.5)
Amortisation of intangibles	(6.7)	(10.3)
Net gain on sale of assets	4.5	3.5
Foreign exchange losses	(3.4)	(1.5)
Lease expense	(60.4)	(43.8)
Design, engineering and technical consulting fees	(20.0)	(19.5)
Other expenses	(465.7)	(198.4)
Total expenses ¹	(5,341.0)	(4,411.9)

¹As previously disclosed, UGL, a wholly owned subsidiary of CIMIC, together with its consortium partners CH2M Hill Companies Limited (CH2M) and General Electric Company, were contracted by JKC Australia LNG Pty Ltd (JKC) to carry out works relating to the construction of a combined cycle power plant for the Ichthys LNG Project in the Northern Territory. In January 2017, the UGL-CH2M JV Consortium terminated their contract with JKC for the design, construction, and commissioning of the combined cycle power plant (CCPP Contract).

On 11 April 2022, CIMIC entered into a conditional, confidential commercial agreement with its consortium partners and JKC resulting in a full and final settlement of all matters in connection with the CCPP Contract (the Settlement). CIMIC paid an amount of \$192.5 million in April 2022 and will pay an additional amount of \$300 million in March 2023, as its contribution to the Settlement.

Notes continued

for the six months ended 30 June 2022

4. NET FINANCE INCOME / (COSTS)

	6 months to June 2022 \$m	6 months to June 2021 \$m
Finance income		
Interest and other	7.0	7.1
Total finance income	7.0	7.1
Finance costs		
Debt interest expense	(41.5)	(28.4)
Finance charge for lease liabilities	(6.7)	(7.7)
Facility fees, bonding and other finance costs	(21.0)	(28.2)
Hedge ineffectiveness on cross currency interest rate swaps	(0.1)	(5.6)
Impact of discounting	(7.7)	(5.8)
Total finance costs	(77.0)	(75.7)
Net finance costs	(70.0)	(68.6)

Notes continued

for the six months ended 30 June 2022

5. DIVIDENDS

	Cents per share	\$m
2022 Interim dividend		
Subsequent to reporting date the Company announced an interim dividend in respect of the period ended 30 June 2022. The dividend is payable on 7 October 2022. This dividend has not been provided for in the consolidated statement of financial position.	39.0	121.4
Dividends recognised in the reporting period to 30 June 2022		
31 December 2021 unfranked final dividend paid on 5 July 2022	36.0	112.1
Dividends recognised in the reporting period to 31 December 2021		
30 June 2021 interim ordinary dividend	42.0	130.7
31 December 2020 final dividend	60.0	186.8
Total dividends recognised in reporting period to 31 December 2021		317.5

6. CASH AND CASH EQUIVALENTS

	June 2022 \$m	December 2021 \$m
Funds on deposit	320.0	191.4
Cash at bank and on hand	2,492.0	1,748.3
Cash and cash equivalents	2,812.0	1,939.7

As at 30 June 2022: \$539.7 million (31 December 2021: \$432.9 million) of cash at bank is restricted. It includes cash subject to certain operational restrictions of \$247.3 million (31 December 2021: \$173.7 million) as well as cash in relation to the sale of receivables of \$292.4 million (31 December 2021: \$259.2 million). The receivables only include certified amounts with the factoring done on a non-recourse basis.

Notes continued

for the six months ended 30 June 2022

7. TRADE AND OTHER RECEIVABLES

	June 2022 \$m	December 2021 \$m
Contract receivables	260.1	228.5
Contract assets	1,810.3	1,288.9
Retentions and capitalised costs to fulfil contracts	125.9	124.1
Total contract debtors	2,196.3	1,641.5
Trade debtors	176.6	163.2
Other amounts receivable	430.8	509.2
Prepayments	83.2	68.1
Derivative financial assets	3.2	13.8
Amounts receivable from related parties ¹	348.8	40.4
Total trade and other receivables	3,238.9	2,436.2
Current	2,796.8	2,312.7
Non-current	442.1	123.5
Total trade and other receivables	3,238.9	2,436.2
¹ Refer to Note 1(c): <i>Change in accounting policy</i>		
Additional information on contract debtors		
Total contract debtors – trade and other receivables	2,196.3	1,641.5
Total contract liabilities – trade and other payables	(2,276.1)	(1,975.0)
Net contract debtors	(79.8)	(333.5)

Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 30 June 2022 are set out below.

	June 2022 \$m	December 2021 \$m
Work in hand¹	29,527	33,178

¹Includes \$6,643 million (31 December 2021: \$10,690 million) of CIMIC's share of work in hand from joint ventures and associates which are equity accounted investments. Following the change in classification of CIMIC's investment in Ventia, \$5,510 million of work in hand was removed from this balance.

Contracts in the different sectors have different lengths. The average duration of contracts is given below, however some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes, however more of the revenue noted above is expected to be earned in the earlier years.

Construction	1-4 years
Services	4-10 years
Corporate and Investments	3-7 years

Notes continued

for the six months ended 30 June 2022

8. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES

30 June 2022 acquisitions and disposals of controlled entities

Acquisitions

Logistic Engineering Services

On 2 May 2022, CIMIC through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Limited acquired Logistic Engineering Services Pty Ltd (“LES”) for cash consideration of \$8.2 million. LES is an Australian-based consulting and professional service provider that specialises in the development and delivery of integrated logistics support services, software and training throughout the asset lifecycle, with a focus on the Defence sector. The acquisition has been accounted for under AASB 3: Business Combinations.

The contribution by the acquired company to the Group from either the acquisition date or 1 January 2022 to the end of the period ended 30 June 2022 was immaterial.

31 December 2021 acquisitions and disposals of controlled entities

Acquisitions

Innovative Asset Solutions

On 11 June 2021, CIMIC through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Limited acquired Innovative Assets Solution Group Ltd (“IAS”). IAS is a technology enabled fabric maintenance business predominantly servicing the Australian Oil and Gas industry and adjacent markets. The purchase consideration was \$24.0 million cash, of which \$4.7 million was deferred. The acquisition has been accounted for under AASB 3: Business Combinations.

The contribution by IAS to the Group from either the acquisition date or 1 January 2021 to the end of the period ended 31 December 2021 was immaterial.

Devine

On 24 May 2021, CIMIC Residential Investments Pty Limited (“CRI”), a controlled entity within the Group, announced its intention to acquire the non-controlling interest shares of Devine Limited (“Devine”) that it did not already own, at a price of \$0.24 per share, through an unconditional off-market takeover offer. On 9 July CRI increased its shareholding in Devine to 90% and exercised its right to compulsorily acquire the remaining shares in Devine. The total purchase consideration was \$15.6 million. This has been treated as a transaction with shareholders in accordance with AASB 10: Consolidated Financial Statements and the previously accumulated losses attributable to the non-controlling interests of \$69.1 million have been transferred to the owners of the parent entity.

Disposals

Ventia Joint Venture

On 19 November 2021, Ventia Services Group Limited (“Ventia”), a joint venture between the Group and funds managed by affiliates of Apollo Global Management, LLC (“Apollo”), completed an initial public offering on the Australian Securities Exchange. As a result, 30% of Ventia’s share capital was listed comprising 26% from the issuance of new shares to fund an improved debt structure and a 4% sell down, being 2% each, by Ventia’s existing major shareholders (CIMIC and Apollo). CIMIC retained a 32.8% interest in Ventia and as the Group no longer jointly controlled Ventia the investment was reclassified from a joint venture to an associate in accordance with the Group’s accounting policy. The partial disposal resulted in a gain before tax of \$60.3 million.

Total consideration receivable net of transaction costs was \$95.0 million and included non-cash consideration for the gain on dilution of the Group’s interest in Ventia on issuance of the new shares. The cash consideration was received in the year ended 31 December 2021. The carrying value disposed of \$33.9 million comprises the portion of the Group’s shares that were sold and a proportion of the carrying value of the Group’s investment that corresponded to the dilution occurring through the issuance of the new shares. \$0.8 million of reserves were recycled as part of the transaction.

Notes continued

for the six months ended 30 June 2022

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

The Group has the following investments in associates:

Name of entity	Principal activity	Country	Ownership interest	
			June 2022 %	December 2021 %
Canberra Metro Holdings Pty Ltd ¹	Construction	Australia	38	30
Canberra Metro Holdings Trust ¹	Construction	Australia	30	30
Dunsborough Lakes Village Syndicate ¹	Development	Australia	-	20
Metro Trains Australia Pty Ltd ¹	Services	Australia	20	20
Metro Trains Sydney Pty Ltd ¹	Services	Australia	20	20
On Talent Pty Ltd	Recruitment	Australia	30	30
Torrens Connect Pty Ltd	Services	Australia	23	23
Ventia Services Group Limited ²	Services	Australia	-	33

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

¹Entities have a 30 June statutory reporting date.

²Refer to change of control below.

Change in classification of investment in Ventia

In order avoid any perceived conflict of interest with other Group companies, on 31 March 2022, CIMIC decided to remove its nominee directors from the Ventia Services Group Limited board and to waive certain of its material rights in respect of nominating directors; the appointment of the Ventia CEO; and voting on the election, re-election, appointment or removal of directors. Further, CIMIC has agreed to abstain from voting its shares on certain resolutions put to a meeting of Ventia's shareholders, retaining the right to vote on matters relating to share rights, ownership and resolutions which may adversely affect the economic value of CIMIC's interest in Ventia.

In accordance with the Group's accounting policy, given CIMIC no longer has significant influence over its investment in Ventia, the investment has been reclassified from an associate to a financial investment measured at fair value through other comprehensive income. This resulted in a non-cash, one-off gain of \$501.7 million which has been presented in 'other gains' in the statement of profit and loss.

Notes continued

for the six months ended 30 June 2022

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

The Group has the following joint venture entities:

Name of entity	Principal activity	Country	Ownership interest	
			June 2022 %	December 2021 %
Adelaide Metro Operations Pty Ltd	Services	Australia	50	50
Auckland One Rail Limited	Services	New Zealand	50	-
Australian Terminal Operations Management Pty Ltd	Services	Australia	50	50
BIC Contracting LLC	Construction	United Arab Emirates	45	45
Canberra Metro Operations Pty Ltd	Services	Australia	50	50
CIP Holdings General Partner Limited ¹	Investment	New Zealand	40	40
Cornerstone Infrastructure Partners Holding LP ¹	Investment	New Zealand	40	40
GSJV Guyana Inc ¹	Contract Mining	Guyana	50	50
GSJV SCC (formerly GSJV Limited (Barbados)) ¹	Contract Mining	Barbados	50	50
IC Integrity Pty Ltd	Services	Australia	49	49
Kings Square No.4 Unit Trust ¹	Development	Australia	50	50
Kings Square Pty Ltd ¹	Development	Australia	50	50
Leighton Abigroup Joint Venture ¹	Construction	Australia	50	50
Leighton-Infra 13 Joint Venture ²	Construction	India	50	50
Leighton-Ose Joint Venture ²	Construction	India	50	50
Mode Apartments Pty Ltd (act as trustee of Mode Apartments Unit Trust)	Development	Australia	49	49
Mode Apartments Unit Trust	Development	Australia	49	49
Momentum Trains Holding Pty Ltd ¹	Investment	Australia	49	49
Momentum Trains Holding Trust ¹	Investment	Australia	49	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
Pulse Partners Agent Pty Ltd ¹	Investment	Australia	49	49
Pulse Partners Holding Pty Ltd ¹	Investment	Australia	49	49
Pulse Partners Holding Trust ¹	Investment	Australia	49	49
Thiess Group Holdings Pty Ltd ³	Investment	Australia	50	50
U-Go Mobility Pty Ltd	Services	Australia	50	50
Wallan Project Pty Ltd ¹ (act as trustee of Wallan Project Trust)	Investment	Australia	49	49
Wallan Project Trust ¹	Investment	Australia	49	49
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:

¹Entities have a 30 June statutory reporting date.

²Entities have a 31 March statutory reporting date.

³Thiess Group Holdings Pty Ltd is an intermediate holding company of Thiess Pty Ltd. The principal activity of Thiess Pty Ltd is contract mining.

Notes continued

for the six months ended 30 June 2022

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

BIC Contracting ("BICC")

On 15 February 2021 the Group announced it had signed a share purchase agreement ("SPA") with SALD Investment LLC ("SALD") for the sale of CIMIC's investment in the Middle East. SALD, a privately owned, UAE based investment company, will purchase CIMIC's 45% investment in BICC for nominal consideration. SALD is also acquiring the remaining 55% of BICC held by CIMIC's co-shareholder, also for a nominal amount. The sale covers all of CIMIC's investments in the Middle East. On completion, SALD will own all BICC's businesses in the UAE, Qatar, Oman and Saudi Arabia.

As part of the completion steps CIMIC representative directors were replaced by SALD representatives on 17 May 2021 and a power of attorney was also granted to SALD to manage the company. The sale of the Qatar based business has been completed.

While CIMIC has agreed with the purchaser to contribute a certain amount of funds into BICC, the transaction does not increase CIMIC's financial exposure to the Middle East. In the period to 30 June 2022, \$19.7 million (US\$14.8 million) has been paid under the amended SPA, including funds transferred to BICC to facilitate the payment of employee's end of service entitlements. These amounts have been funded by the financial liability and other amounts payable recognised in the year ended 31 December 2019.

At 30 June 2022, the completion of the share purchase agreement was on-going and subject to satisfaction of conditions precedent, including obtaining all necessary jurisdictional transfer approvals.

The parties continue to work together to achieve the satisfaction of the remaining outstanding conditions precedent and obtaining all necessary approvals. Accordingly, the investment is classified as an asset held for sale in accordance with AASB 5. The investment has nil book value and therefore is not in the Consolidated Statement of Financial Position.

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for the six months ended 30 June 2022

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

Thiess Group Holdings Joint Venture ("Thiess Joint Venture")

The Group holds a 50:50 joint venture with funds advised by Elliott Advisors (UK) Ltd ("Elliott").

The following table provides summarised financial information and reconciles the carrying amount of the Group's interest, and its share of profit or loss of its equity accounted investment in the Thiess Joint Venture. The information has been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies.

In the opinion of the directors, at 30 June 2022, there were no material joint ventures other than the Thiess Joint Venture.

Thiess Joint Venture	6 months to June 2022 \$m	6 months to June 2021 \$m
Summarised statement of profit or loss		
Revenue	1,660.3	1,689.2
Depreciation and amortisation	(274.7)	(292.6)
Other expenses	(1,155.3)	(1,179.8)
Finance income	0.4	0.7
Finance costs	(57.8)	(26.6)
Profit before tax	172.9	190.9
Income tax expense	(47.4)	(46.5)
Profit for the period	125.5	144.4
Non-controlling interest	(0.7)	(4.4)
Profit for the year attributable to members of the parent entity	124.8	140.0
Other comprehensive income	41.4	17.8
Total comprehensive income	166.2	157.8
Group's ownership interest	50%	50%
Group's total share of:		
Profit for the period	62.0	70.0
Other comprehensive income	20.7	8.9
Total comprehensive income	82.7	78.9
Dividends received	89.5	-

Notes continued

for the six months ended 30 June 2022

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

Thiess Joint Venture	30 June 2022 \$m	31 December 2021 \$m
Summarised statement of financial position		
Current assets		
Cash and cash equivalents	171.9	206.6
Other current assets	941.1	784.6
Total current assets	1,113.0	991.2
Non-current assets	4,506.0	4,584.1
Total non-current assets	4,506.0	4,584.1
Current liabilities		
Financial liabilities (excluding trade payables)	151.0	178.0
Other current liabilities	656.6	678.2
Total current liabilities	807.6	856.2
Non-current liabilities		
Financial liabilities (excluding trade payables)	2,032.1	1,849.2
Other non-current liabilities	299.8	284.3
Total non-current liabilities	2,331.9	2,133.5
Net assets (100%)	2,479.5	2,585.6
Less: non-controlling interests	(18.2)	(21.0)
Net assets attributable to members of the parent entity	2,461.3	2,564.6
Group's share of net assets (50%)	1,236.6	1,243.3

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for the six months ended 30 June 2022

10. JOINT OPERATIONS

The Group has the following interest in joint operations:

Name of arrangement	Principal activity	Country	Ownership interest	
			June 2022 %	December 2021 %
Acciona Infrastructure & CPB Contractors Joint Venture (formerly Leighton Abigroup Consortium (Epping to Thornleigh))	Construction	Australia	50	50
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
Bintai - Leighton JV ¹	Construction	Singapore	49	49
Casey Fields Joint Venture ¹	Development	Australia	-	54
CH2-UGL JV	Construction	Australia	50	50
CHT Joint Venture	Construction	Australia	-	50
CPB & BMD JV	Construction	Australia	50	50
CPB & Bombardier JV	Construction	Australia	50	50
CPB & JHG JV	Construction	Australia	50	50
CPB & United Infrastructure JV	Construction	Australia	75	-
CPB BAM Ghella UGL Joint Venture	Construction	Australia	54	54
CPB Black & Veatch Joint Venture ¹	Construction	Australia	50	50
CPB Contractors & Georgiou Group	Construction	Australia	50	-
CPB Contractors & Spotless Facilities Services	Construction	Australia	50	-
CPB Downer EDI JV	Construction	Australia	67	50
CPB Dragados Samsung Joint Venture	Construction	Australia	40	40
CPB Ghella UGL JV	Construction	Australia	78	78
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
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Gateway WA	Construction	Australia	-	68
Henry Road Edenbrook Joint Venture ¹	Development	Australia	-	49
HYLC Joint Venture ¹	Construction	Australia	50	50
IEC Boardwalk JV	Construction	Hong Kong	34	34
JH & CPB & Ghella JV	Construction	Australia	45	45
JHCPB JV	Construction	Australia	50	50
John Holland Pty Ltd, UGL Engineering Pty Ltd and GHD Pty Ltd trading as Malabar Alliance	Construction	Australia	50	50
Leighton - Able Joint Venture	Construction	Hong Kong	51	51
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 - Chubb E&M Joint Venture	Construction	Hong Kong	50	50
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 - John Holland Joint Venture	Construction	Hong Kong	55	55
Leighton - Total Joint Operation	Construction	Indonesia	67	67
Leighton China State Joint Venture (Wynn Resort)	Construction	Macau	50	50
Leighton Contractors Downer Joint Venture ¹	Construction	Australia	50	50

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for the six months ended 30 June 2022

10. JOINT OPERATIONS CONTINUED

Name of arrangement	Principal activity	Country	Ownership interest	
			June 2022 %	December 2022 %
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	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
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
NRT - Design & Delivery JV	Construction	Australia	50	50
NRT - Infrastructure Joint Venture	Construction	Australia	50	50
NRT Systems JV	Services	Australia	50	40
OWP Joint Venture (Optus Wireless JV)	Services	Australia	50	50
PTA Radio	Services	Australia	44	44
Rizzani CPB Joint Venture	Construction	Australia	50	50
Spark NEL DC JV	Construction	Australia	28	28
Swietelsky CPB Rail Joint Venture ¹	Services	Australia	-	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:

¹Arrangements 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.

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for the six months ended 30 June 2022

11. FINANCIAL INSTRUMENTS

a) Classification of financial assets and financial liabilities

Financial assets	June 2022 \$m	December 2021 \$m
Financial assets at amortised cost:		
Cash and cash equivalents	2,812.0	1,939.7
Trade and other receivables ¹	1,216.3	941.3
Financial assets at fair value through profit or loss	77.3	84.2
Financial assets at fair value through other comprehensive income ²	699.3	-
Derivative financial instruments:		
Used for hedging	3.2	13.8
Held for trading at fair value through profit or loss	-	-
Balance at reporting date	4,808.1	2,979.0

¹ Excludes prepayments of \$83.2 million (31 December 2021: \$68.1 million).

² Refer to Note 1(b): *Accounting estimates and judgements*.

Financial liabilities	June 2022 \$m	December 2021 \$m
Financial liabilities at amortised cost:		
Trade and other payables	5,471.3	4,584.2
Financial liability	51.6	68.9
Interest bearing liabilities	3,175.7	2,442.1
Lease liabilities	263.8	277.2
Derivative financial instruments:		
Used for hedging	11.1	0.7
Held for trading at fair value through profit or loss	8.0	13.0
Balance at reporting date	8,981.5	7,386.1

Notes continued

for the six months ended 30 June 2022

11. FINANCIAL INSTRUMENTS CONTINUED

a) Classification of financial assets and financial liabilities continued

The Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated statement of profit or loss:

	6 months to June 2022 \$m	6 months to June 2021 \$m
Income, expenses and gains and losses recognised in the statement of profit or loss:		
Interest from assets held at amortised cost	7.0	7.1
Net fair value gain / (loss) on equity investments mandatorily measured at FVPL	(3.6)	20.9
Gain / (loss) on de-recognition of financial assets measured at amortised cost	(1.3)	(11.1)
Net foreign exchange gain / (losses) recognised in profit before income tax for the period	(3.4)	(1.5)

b) 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 2022	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Financial assets at fair value through profit or loss				
- Listed	-	-	-	-
- Unlisted	-	-	77.3	77.3
Financial assets at fair value through other comprehensive income				
- Listed	699.3	-	-	699.3
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	3.2	-	3.2
- Cross currency interest rate swap contracts - cash flow hedges	-	-	-	-
Total assets	699.3	3.2	77.3	779.8
Liabilities				
Financial liability at fair value through profit or loss				
- Put option	-	-	(8.0)	(8.0)
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	(0.5)	-	(0.5)
- Cross currency interest rate swap contracts - cash flow hedges	-	(10.6)	-	(10.6)
Total liabilities	-	(11.1)	(8.0)	(19.1)

Notes continued

for the six months ended 30 June 2022

11. FINANCIAL INSTRUMENTS CONTINUED

b) Fair value hierarchy continued

31 December 2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Financial assets at fair value through profit or loss				
- Listed	3.8	-	-	3.8
- Unlisted	-	-	80.4	80.4
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	0.6	-	0.6
- Cross currency interest rate swap contracts - cash flow hedges	-	13.2	-	13.2
Total assets	3.8	13.8	80.4	98.0
Liabilities				
Financial liability at fair value through profit or loss				
- Put option	-	-	(13.0)	(13.0)
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	(0.7)	-	(0.7)
- Cross currency interest rate swap contracts - cash flow hedges	-	-	-	-
Total liabilities	-	(0.7)	(13.0)	(13.7)

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies. Level 3 instruments comprise unlisted equity and 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 2022 \$m	12 months to December 2021 \$m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	80.4	56.6
Additions	-	57.3
Disposals	-	(9.0)
Transferred to held for sale	-	(44.3)
(Losses) / gains recognised through profit or loss	(3.2)	19.6
Foreign exchange recognised in other comprehensive income	0.1	0.2
Balance at reporting date	77.3	80.4

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.

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for the six months ended 30 June 2022

11. FINANCIAL INSTRUMENTS CONTINUED

c) 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.

The fair value of interest bearing liabilities is:

- 10-Year-Fixed-Rate Guaranteed Notes - fair value US\$200.5 million, equivalent to \$290.6 million; carrying value US\$201.3 million, equivalent to \$291.7 million (fair value 31 December 2021: US\$205.3 million, equivalent to \$281.3 million; carrying value US\$201.3 million, equivalent to \$275.7 million).
- Euro Medium Term Notes - fair value EUR448.4 million, equivalent to \$680.7 million; carrying value EUR625.0 million, equivalent to \$948.8 million (fair value 31 December 2021: EUR624.2 million, equivalent to \$975.6 million; carrying value EUR625.0 million, equivalent to \$976.9 million).

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

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 are included in Level 2 of the fair value hierarchy. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates that reflect the credit risk of various counterparties.

Put option

As part of the Thiess divestment, the transaction agreement includes an option for Elliott to sell all or part of its 50% interest in Thiess to CIMIC after the third anniversary, between four and six years from completion on 31 December 2020. The exercise price will be the lower of a cost price or a price referable to movements in the S&P / ASX 200 Total Return index plus the accrued value of any shortfall in agreed minimum distributions. This option has no current impact on the control of the company.

The put option is accounted for as a derivative financial instrument in accordance with AASB 9 and is therefore held at fair value through profit and loss in the financial statements of CIMIC. External independent valuation advisors have been utilised in determining the fair value of the put option.

The fair value of the put option cannot be observed from a market price. A Probability Weighted Expected Returns Methodology is used to derive the value of the put option proceeds based on future potential payoffs if the option is exercised, adjusted for the minimum annual distributions per the Shareholders Agreement, and compares this to the estimated strike price to determine a fair value.

d) 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.

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11. FINANCIAL INSTRUMENTS CONTINUED

e) Valuation inputs

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Financial asset / liabilities	Significant unobservable inputs	Range of inputs	Relationship of inputs to fair value
Unlisted investments	Growth rates	2.5% - 3.0%	The impact on a change in the unobservable inputs would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.
	Internal rate of return	9%	
	Discount rates	8% - 15%	
Put option	Expected exercise period	2 – 5 years	
	EBITDA multiple	3.5 – 4.5 times	
	Discount rates	10% - 15%	

f) Capital Risk Management

Capital planning forms part of the business and strategic plans of the Group. Decisions relating to obtaining and investing capital are made following consideration of the Group's key financial objectives including total shareholder return and the maintenance of an investment grade credit rating. Performance measures include return on revenue, return on equity, earnings growth, liquidity and borrowing capacity. The Group has access to numerous sources of capital both domestically and internationally, including cash balances, equity, bank debt, capital markets, insurance, lease facilities and trade finance facilities.

g) Cross Currency Interest Rate Swap

On 20 May 2021 and 2 June 2021, CIMIC Finance Pty Limited issued a total of EUR625.0 million of 8-Year Fixed-Rate corporate bonds in the Euro Medium Term Note market.

The notes bear interest from 28 May 2021 at the rate of 1.5% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 30 June 2022: EUR625.0 million, equivalent to \$948.8 million (31 December 2021: EUR625.0 million, equivalent to \$976.9 million). The average Australian dollar to Euro exchange rate is 0.67. There are \$7.7 million of capitalised borrowing and other costs recognised against the loan facility (31 December 2021: \$8.3 million).

In order to hedge the exposure to movements in foreign exchange between the Australian Dollar and the Euro, the Group entered into a Cross Currency Interest Rate Swap ("CCIRS"). The terms match the term and value of the underlying debt and CIMIC has designated and documented this as a hedge relationship and swap the fixed rate Euro debt into fixed rate Australian Dollar Debt with an interest rate of 3.5%.

The notional principal of the CCIRS receive leg is EUR625.0 million at a rate of 1.5% and of the pay leg is AUD \$983.3 million at a rate of 3.5%. The Group applies the maturity date approach to classify derivative financial instruments.

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss consistent with the timing of recognition of the hedged item through profit or loss.

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for the six months ended 30 June 2022

11. FINANCIAL INSTRUMENTS CONTINUED

g) Cross Currency Interest Rate Swap continued

The contractual cash flows of the Euro Medium Term Debt and the associated CCIRS as at 30 June 2022 are as follows:

June 2022	Interest rate %	Carrying amount \$m	Contractual cash flows \$m	Less than 1 year \$m	1-5 years \$m	More than 5 years \$m
Non-derivative financial liabilities						
Euro Medium Term Note	1.50%	948.8	(1,224.7)	(34.5)	(137.8)	(1,052.4)
Derivative financial liabilities						
CCIRS	3.50%					
Net derivative financial liabilities		10.6				
Inflow			1,086.5	14.7	59.0	1,012.8
Outflow			(1,225.5)	(34.6)	(138.4)	(1,052.5)
Total CCIRS		10.6	(139.0)	(19.9)	(79.4)	(39.7)
December 2021						
	Interest rate %	Carrying amount \$m	Contractual cash flows \$m	Less than 1 year \$m	1-5 years \$m	More than 5 years \$m
Non-derivative financial liabilities						
Euro Medium Term Note	1.50%	976.9	(1,241.9)	(34.4)	(138.2)	(1,069.3)
Derivative financial liabilities						
CCIRS	3.50%					
Net derivative financial liabilities		(13.2)				
Inflow			1,101.2	14.7	59.0	1,027.5
Outflow			(1,242.8)	(34.6)	(138.4)	(1,069.8)
Total CCIRS		(13.2)	(141.6)	(19.9)	(79.4)	(42.3)

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for the six months ended 30 June 2022

11. FINANCIAL INSTRUMENTS CONTINUED

g) Cross Currency Interest Rate Swap continued

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss at expiry or termination of the hedge transaction. The impact on the hedge reserve from the CCIRS is as follows:

Cash Flow Hedge Disclosures for Cross Currency Interest Rates Swaps	6 months to June 2022 \$m	12 months to December 2021 \$m
Derivative financial liabilities		
Assets	-	13.2
Liabilities	(10.6)	-
Balance at reporting date	(10.6)	13.2
As at reporting date		
Cumulative fair value adjustment on hedged item	10.6	(13.2)
Effective portion recognised in reserves	10.5	(13.2)
Changes during the reporting period		
Change in fair value of the hedging instrument	(23.8)	13.2
Change in fair value of the hedged item	(23.7)	(13.2)
Cumulative fair value adjustment on hedged item	10.6	(13.2)
(Gain) / loss on hedge ineffectiveness recognised in profit and loss	(0.1)	-
Amount reclassified from cash flow hedge reserve to profit and loss	(34.3)	(6.4)
Effective portion recognised in cash flow hedge reserve from change in fair value of hedging instrument after FX movement	(23.8)	(19.6)
Tax impact	7.1	5.9
Cash flow hedge reserve balance ¹	(16.7)	(13.7)

¹Cash flow hedge reserve includes cost of hedging reserve of \$(6.9) million (31 December 2021: \$5.5 million) as a result of the change in the currency basis spread on the Group's derivative contracts.

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12. INTEREST BEARING LIABILITIES

	June 2022 \$m	December 2021 \$m
Current interest bearing loans	491.7	275.7
Non-current interest bearing loans	2,684.0	2,166.4
Total interest bearing liabilities	3,175.7	2,442.1

Syndicated loans

CIMIC Finance Limited, a wholly owned subsidiary of the Company, has three core syndicated bank debt facilities. The maturity of the facilities are as follows:

- \$950.0 million maturing on 25 September 2023
- \$1,200.0 million maturing on 3 May 2024
- \$950.0 million maturing on 25 September 2024

On 3 May 2022, CIMIC Finance Limited, a wholly owned subsidiary of the Company, entered into a syndicated banking facility totalling \$1,200.0 million, maturing on 3 May 2024.

On 16 May 2022, CIMIC Finance Limited, a wholly owned subsidiary of the Company, voluntarily cancelled a syndicated banking facility totalling \$1,300.0 million that had been due to mature on 22 September 2022.

The total carrying amount at 30 June 2022 was \$1,750 million (carrying amount at 31 December 2021: \$1,130 million). There are \$7.1 million of capitalised borrowing costs recognised against the loan facility (31 December 2021: \$7.2 million). No amounts drawn under the syndicated loans are classified as current.

At 30 June 2022, the Group had undrawn bank facilities of \$1,600 million (31 December 2021: \$2,445.0 million), and undrawn guarantee facilities of \$369.3 million (31 December 2021: \$590.9 million).

Guaranteed Senior Notes

CIMIC Finance (USA) Pty Limited (2012)

On 13 November 2012, CIMIC Finance (USA) Pty Limited 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 2022: US\$201.3 million (31 December 2021: US\$201.3 million) equivalent to \$291.7 million (31 December 2021: \$275.7 million).

Euro Medium Term Notes

CIMIC Finance Pty Limited (2021)

On 20 May 2021 and 2 June 2021, CIMIC Finance Pty Limited issued a total of EUR625.0 million of 8-Year Fixed-Rate corporate bonds in the Euro Medium Term Note market.

The notes bear interest from 28 May 2021 at the rate of 1.50% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 30 June 2022: EUR625.0 million (31 December 2021: EUR625.0 million), equivalent to \$948.8 million (31 December 2021: \$976.9 million). There are \$7.7 million of capitalised borrowing costs recognised against the loan facility (31 December 2021: \$8.3 million).

Bilateral loans

At 30 June 2022, bilateral and other unsecured loan facilities outstanding were \$200.0 million (31 December 2021: \$75.0 million).

Notes continued

for the six months ended 30 June 2022

13. TRADE FINANCE ARRANGEMENTS

The Group enters into factoring agreements with banks and financial institutions. These agreements only relate to certified receivables, on a non-recourse basis, acknowledged by the client with payment only being subject to the passage of time. Under the factoring agreements:

- The certified receivables are de-recognised where the risks and rewards of the receivables have been transferred, as the cash flow is only derived when there are goods or services provided or work performed by the Group for which it is entitled to be paid;
- The cash flow to the Group only arises when there is an amount certified by the client and contractually due to be paid to the Group; there are no disputes on the amounts due and the customer has acknowledged this by way of certification; and
- The receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

The factoring of these receivables is therefore done on a non-recourse basis. The level of non-recourse factoring across the Group was \$573.5 million as at 30 June 2022 (31 December 2021: \$434.1 million).

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Bank guarantees, insurance bonds and letters of credit

Indemnities given by third parties on behalf of controlled entities and equity accounted investments are as follows:

	June 2022 \$m	December 2021 \$m
Bank guarantees	3,490.0	2,892.4
Insurance, performance and payment bonds	1,735.9	1,595.3
Letters of credit	366.7	367.3

Other contingencies

- The Company gives, in the ordinary course of business, guarantees and indemnities in respect of the performance by controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminable in amount.
- There exists in some entities within the Group the normal design liability in relation to completed design and construction projects.
- Certain entities within the Group have the normal contractor's liability in relation to construction contracts. This liability may include litigation by or against the Group and / or joint arrangements in which the Group has an interest. It is not possible to estimate the financial effect of these claims should they be successful.
- Controlled entities have entered into joint arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint arrangement.
- Under the terms of the CIMIC Group Class Order, the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.
- On 13 February 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The matter, has been, and in some cases continues to be, subject to the investigations below:
 - In March 2014, the Australian Securities and Investment Commission ("ASIC") commenced a formal investigation into potential breaches of the Corporations Act relating to a number of matters being investigated by the AFP. In March 2017, ASIC advised CIMIC that its investigation has concluded and it will take no further action.

Notes continued

for the six months ended 30 June 2022

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Other contingencies continued

- On 22 May 2018, the UK Serious Fraud Office (“SFO”) announced it has charged individuals, none of whom are CIMIC employees, and on 26 June 2018 announced it has charged a company, which is not a member of the CIMIC Group. On 19 July 2019 the SFO announced that one individual had pleaded guilty to charges. Following trials in 2020 and 2021 the individuals were convicted on some charges. However, some of those convictions have been overturned on appeal. None of the juries’ guilty findings relate to charges involving the CIMIC Group company contracts.
- On 1 March 2019, CIMIC entered into an investigation agreement with the Department of Justice (“DOJ”). On 30 October 2019 the US DOJ announced that in March 2019 three individuals not employed by CIMIC pleaded guilty to a charge of conspiracy to violate the Foreign Corrupt Practices Act.
- On 18 November 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters and on 23 February 2021 the AFP announced it had brought an additional charge in relation to foreign bribery. On 11 January 2021 the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee and that its investigations continue. CIMIC does not know when the charges will be heard or the outcome of any investigation.

No CIMIC Group company has been charged.

CIMIC continues to cooperate with all official investigations.

- vii. On 25 August 2020 the Company announced to the ASX that a group of shareholders initiated proceedings on 24 August 2020 relating to the period 7 February 2018 – 22 January 2020 with regards to disclosures about the Company’s non-controlling 45% investment in the Middle East as well as the reporting of the Company’s cash flows in the context of factoring arrangements. The Company denies there is a proper basis for the claim and will defend the proceedings.
- viii. CIMIC’s wholly owned subsidiary, CPB Contractors, and its joint venture partner Hansen Yuncken, in a 50/50 JV, were awarded the design and construction of the new Royal Adelaide Hospital for the South Australian State Government. The project experienced difficulties and delays arising from the complex interdependencies between the State’s works and the JV’s works and a dispute between the parties arose. An arbitration to settle the dispute between the parties was commenced but has been delayed with hearings only likely to commence in 2023 with a decision in 2024.

15. EVENTS SUBSEQUENT TO REPORTING DATE

The Group declared a dividend of 39.0 cents per share to be paid on 7 October 2022.

Notes continued

for the six months ended 30 June 2022

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 2 to 31:
 - a) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2022 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
- 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:



Juan Santamaria
Executive Chairman



Russell Chenu
Chairman Audit and Risk Committee

Sydney, 21 July 2022

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

Conclusion

We have reviewed the half-year financial report of CIMIC Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 2 to 32.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of CIMIC Group Limited is not prepared, in all material respects, in accordance with Accounting Standard AASB 134 Interim Financial Reporting ("AASB 134").

Basis for Conclusion

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* ("ASRE 2410"). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report and have determined that the basis of accounting described in Note 1 is appropriate to meet the financial reporting requirements of AASB 134 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary for the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with ASRE 2410 in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not prepared, in all material respects, in accordance with AASB 134. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountants
Sydney, 21 July 2022



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