



CIMIC Group Limited
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18 July 2017

Singapore Exchange (SGX)
2 Shenton Way
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RE: HALF YEAR REPORT (APPENDIX 4D) & MANAGEMENT COMMENTARY

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

Yours faithfully
CIMIC GROUP LIMITED

Lyn Nikolopoulos
Company Secretary

A nighttime photograph of a construction site on the Sydney Harbour Bridge. A large, illuminated steel structure is visible, with workers in orange safety gear standing on a platform. The bridge's arch and city lights are visible in the background.

Sydney Metro City and Southwest Tunnel
and Station Excavation works, NSW

Half Year Report (Appendix 4D) & Management Commentary

For the six months ended 30 June 2017
Issued 17 July 2017

CIMIC Group Limited

ABN 57 004 482 982

Half Year Report (Appendix 4D)

**For the six months ended 30 June 2017
Issued 17 July 2017**

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Results for Announcement to the Market

for the six months ended 30 June 2017

Name of Entity

CIMIC GROUP LIMITED

	6 months to June 2017 \$m	6 months to June 2016 \$m	% Change
Revenue - Group, joint ventures and associates	7,661.2	6,258.2	22%
Revenue - Joint ventures and associates	1,381.8	1,344.5	3%
Revenue	6,279.4	4,913.7	28%
Profit / (loss) attributable to shareholders of the parent entity	322.9	265.2	22%

For a brief explanation of the figures reported above: refer to page 35 onwards.

Details of Reporting Period	
Current reporting period:	Six (6) months to 30 June 2017
Previous corresponding period:	Six (6) months to 30 June 2016

Dividends - June 2017	Amount per security	Franked amount per security	
Interim dividend	60.0¢	60.0¢	100%
Previous corresponding period	48.0¢	48.0¢	100%

Key Dividend Dates	Date
Ex dividend date:	12 September 2017
Record date for determining entitlements to the dividend:	13 September 2017
Date for payment of interim dividend:	4 October 2017

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2017

	Note	6 months to June 2017 \$m	6 months to June 2016 \$m
Revenue	2	6,279.4	4,913.7
Expenses	3	(5,802.1)	(4,594.9)
Share of (loss) / profit of associates and joint venture entities		(15.8)	39.9
Earnings before interest and tax ("EBIT")		461.5	358.7
Finance income		35.0	40.0
Finance costs		(54.7)	(48.0)
Net finance income / (costs)	4	(19.7)	(8.0)
Profit / (loss) before tax		441.8	350.7
Income tax (expense) / benefit		(123.7)	(106.1)
Profit / (loss) for the period		318.1	244.6
(Profit) / loss for the period attributable to non-controlling interests		4.8	20.6
Profit / (loss) for the period attributable to shareholders of the parent entity		322.9	265.2
Dividends per share - Interim	6	60.0¢	48.0¢
Basic earnings per share	7	99.6¢	79.8¢
Diluted earnings per share	7	99.5¢	79.7¢

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

CIMIC Group Limited

Appendix 4D and Consolidated Interim Financial Report for the six months ended 30 June 2017

Consolidated Statement of Other Comprehensive Income

for the six months ended 30 June 2017

	6 months to June 2017 \$m	6 months to June 2016 \$m
Profit / (loss) for the period attributable to shareholders of the parent entity	322.9	265.2
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)	(146.1)	(89.3)
- Effective portion of changes in fair value of cash flow hedges (net of tax)	3.6	(12.4)
- Change in fair value of available-for-sale assets (net of tax)	(0.1)	0.8
<i>Items that will not be reclassified to profit or loss</i>		
- Change in value of equity reserves (net of tax)	-	(73.8)
- Recycling of associate reserve 10	-	(21.2)
Other comprehensive income / (expense) for the period	(142.6)	(195.9)
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	180.3	69.3
<i>Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity:</i>		
Total comprehensive income / (expense) for the period	175.5	48.7
Total comprehensive income / (expense) for the period attributable to non-controlling interests	4.8	20.6
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	180.3	69.3

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

CIMIC Group Limited

Appendix 4D and Consolidated Interim Financial Report for the six months ended 30 June 2017

Consolidated Statement of Financial Position

as at 30 June 2017

	Note	30 June 2017 \$m	Restated ¹ 31 December 2016 \$m
Assets			
Cash and cash equivalents ²		1,691.0	1,576.5
Trade and other receivables	9	3,224.4	3,209.6
Current tax assets		32.4	28.0
Inventories: consumables and development properties		191.9	213.0
Assets held for sale		45.6	47.7
<i>Total current assets</i>		5,185.3	5,074.8
Trade and other receivables	9	1,223.9	1,235.8
Inventories: development properties		170.8	166.9
Investments accounted for using the equity method	11	529.0	616.5
Other investments		161.0	135.4
Deferred tax assets		299.7	328.1
Property, plant and equipment		1,275.1	1,355.7
Intangibles		1,120.5	1,146.9
<i>Total non-current assets</i>		4,780.0	4,985.3
Total assets		9,965.3	10,060.1
Liabilities			
Trade and other payables		4,705.6	4,781.1
Dividend payable		201.0	-
Current tax liabilities		108.8	126.6
Provisions		331.3	333.3
Interest bearing liabilities	14	563.4	618.2
<i>Total current liabilities</i>		5,910.1	5,859.2
Trade and other payables		200.5	287.0
Provisions		71.9	73.5
Interest bearing liabilities	14	520.1	549.0
<i>Total non-current liabilities</i>		792.5	909.5
Total liabilities		6,702.6	6,768.7
Net assets		3,262.7	3,291.4
Equity			
Share capital		1,750.3	1,750.3
Reserves		(471.1)	(325.6)
Retained earnings		1,998.4	1,876.5
<i>Total equity attributable to equity holders of the parent</i>		3,277.6	3,301.2
Non-controlling interests		(14.9)	(9.8)
Total equity		3,262.7	3,291.4

¹ Amounts have been restated at December 2016 due to the finalisation of the purchase price allocation on the UGL acquisition as set out in note 10.

² As at 30 June 2017 \$191.2 million (31 December 2016: \$166.7 million) of cash at bank and cash on hand is classified as restricted cash in relation to the sale of receivables during the reporting period.

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

CIMIC Group Limited

Appendix 4D and Consolidated Interim Financial Report for the six months ended 30 June 2017

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017

	Share Capital \$m	Reserves \$m	Retained Earnings \$m	Attributable to Equity Holders \$m	Non- controlling Interests \$m	Total Equity \$m
Total equity at 1 January 2016	2,052.5	423.6	1,616.7	4,092.8	22.5	4,115.3
Profit for the period	-	-	265.2	265.2	(20.6)	244.6
Other comprehensive income	-	(195.9)	-	(195.9)	-	(195.9)
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	(164.9)	(164.9)	-	(164.9)
- Share based payments	-	(11.2)	-	(11.2)	-	(11.2)
- Share buy-back ²	(180.2)	(85.7)	-	(265.9)	-	(265.9)
- Other	-	-	-	-	(0.3)	(0.3)
Total transactions with shareholders	(180.2)	(96.9)	(164.9)	(442.0)	(0.3)	(442.3)
Total equity at 30 June 2016	1,872.3	130.8	1,717.0	3,720.1	1.6	3,721.7
	Share Capital \$m	Reserves ¹ \$m	Retained Earnings \$m	Attributable to Equity Holders ¹ \$m	Non- controlling Interests \$m	Total Equity ¹ \$m
Total equity at 1 January 2017	1,750.3	(325.6)	1,876.5	3,301.2	(9.8)	3,291.4
Profit for the period	-	-	322.9	322.9	(4.8)	318.1
Other comprehensive income	-	(142.6)	-	(142.6)	-	(142.6)
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	(201.0)	(201.0)	-	(201.0)
- Share based payments	-	(2.9)	-	(2.9)	-	(2.9)
- Other	-	-	-	-	(0.3)	(0.3)
Total transactions with shareholders	-	(2.9)	(201.0)	(203.9)	(0.3)	(204.2)
Total equity at 30 June 2017	1,750.3	(471.1)	1,998.4	3,277.6	(14.9)	3,262.7

¹ Amounts have been restated at December 2016 due to the finalisation of the purchase price allocation on the UGL acquisition as set out in note 10.

² On 14 December 2015 the CIMIC Group Board approved a proposal to conduct an on-market share buy-back of up to 10% of CIMIC's fully paid ordinary shares over the following 12 months. As at 30 June 2016 8,827,386 shares were bought back for \$265.9 million. Share capital was reduced by the associated par value of the shares cancelled of \$180.2 million. The total premium paid over par value of \$85.7 million is recorded in the capital redemption reserve. The shares purchased have been cancelled.

On 12 December 2016, 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 2016. As at 30 June 2017 no shares have been bought back under this new scheme.

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

CIMIC Group Limited

Appendix 4D and Consolidated Interim Financial Report for the six months ended 30 June 2017

Consolidated Statement of Cash Flows

for the six months ended 30 June 2017

	6 months to June 2017 \$m	6 months to June 2016 \$m
Cash flows from operating activities		
Cash receipts in the course of operations (including GST)	6,963.7	5,189.3
Cash payments in the course of operations (including GST)	(6,343.3)	(5,092.0)
Cash flows from operating activities	620.4	97.3
Dividends received	-	4.6
Interest received	8.3	12.5
Finance costs paid	(50.3)	(47.2)
Income taxes (paid) / received	(45.0)	7.0
Net cash from operating activities	533.4	74.2
Cash flows from investing activities		
Payments for intangibles	(6.5)	(8.2)
Payments for property, plant and equipment	(201.5)	(90.7)
Proceeds from sale of property, plant and equipment	12.2	30.0
Cash acquired from acquisition of investments in controlled entities and businesses	-	91.7
Income tax paid in relation to proceeds from sale of investments in controlled entities and businesses	(59.0)	(32.0)
Payments for investments	(13.5)	(34.7)
Loans to associates and joint ventures	(40.9)	-
Net cash from investing activities	(309.2)	(43.9)
Cash flows from financing activities		
Own shares purchased from shareholders of the Company	-	(265.9)
Cash payments in relation to employee share plans	(3.4)	(9.4)
Proceeds from borrowings	678.5	249.2
Repayment of borrowings	(711.1)	(71.5)
Repayment of finance leases	(10.5)	(114.9)
Dividends paid to non-controlling interests	-	(12.6)
Dividends paid to shareholders of the Company	-	(164.9)
Payments to acquire non-controlling interests	(29.3)	(129.7)
Net cash from financing activities	(75.8)	(519.7)
Net increase / (decrease) in cash held	148.4	(489.4)
Cash and cash equivalents at the beginning of the period	1,576.5	2,167.8
Effects of exchange rate fluctuations on cash held	(33.9)	(16.6)
Cash and cash equivalents at reporting date	1,691.0	1,661.8

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 2017

1. BASIS OF PREPARATION

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

CIMIC Group Limited is a Company domiciled in Australia. The consolidated interim financial report for the six months ended 30 June 2017 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 dated 24 March 2016 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 2016.

The consolidated interim financial report was authorised for issue by the Directors on 17 July 2017.

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 2016.

Change in accounting standards

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

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses;
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107; and
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle.

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

Accounting estimates and judgements

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the full financial report for the year ended 31 December 2016.

Notes continued

for the six months ended 30 June 2017

2. REVENUE

	Note	6 months to June 2017 \$m	6 months to June 2016 \$m
Construction revenue		3,556.0	3,377.1
Mining and mineral processing revenue		1,515.2	1,319.7
Services revenue		1,174.0	-
Other revenue		34.2	212.3
Revenue from external customers		6,279.4	4,909.1
Dividends / distributions		-	4.6
Total revenue	5	6,279.4	4,913.7

3. EXPENSES

	Note	6 months to June 2017 \$m	6 months to June 2016 \$m
Materials		(1,139.2)	(645.3)
Subcontractors		(1,881.2)	(1,745.8)
Plant costs		(581.9)	(350.2)
Personnel costs		(1,564.4)	(1,139.5)
Depreciation of property, plant and equipment		(228.1)	(139.8)
Amortisation of intangibles		(23.7)	(16.7)
Impairment		(4.0)	(8.4)
Net gain on acquisition of controlled entities	10	-	46.6
Net gain / (loss) on sale of assets		14.6	(4.3)
Property development - cost of goods sold		(12.5)	(236.0)
Foreign exchange gains / (losses)		1.6	1.7
Operating lease payments - plant and equipment		(101.1)	(117.7)
Operating lease payments - other		(69.5)	(77.9)
Design, engineering and technical consulting fees		(28.2)	(29.7)
Other expenses		(184.5)	(131.9)
Total expenses		(5,802.1)	(4,594.9)

Notes continued

for the six months ended 30 June 2017

4. NET FINANCE INCOME / (COSTS)

	6 months to June 2017 \$m	6 months to June 2016 \$m
Finance Income		
Interest		
- Related parties	17.0	12.8
- Other parties	10.7	12.0
Unwinding of discounts on receivables		
- Related parties	7.1	3.9
- Other parties	0.2	11.3
Total finance income	35.0	40.0
Finance costs		
Interest		
- Other parties	(39.2)	(29.6)
Finance charge for finance leases	(0.6)	(5.3)
Facility fees		
- Bank guarantees, insurance bonds and letters of credit	(8.0)	(7.7)
- Other	(2.7)	(4.3)
Unwinding of discounts on payables		
- Related parties	(0.8)	(1.1)
- Other	(3.4)	-
Total finance costs	(54.7)	(48.0)
Net finance income / (costs)	(19.7)	(8.0)

Notes continued

for the six months ended 30 June 2017

5. SEGMENT INFORMATION

Description of segments

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

- Construction
- Mining & Mineral Processing
- Services
- HLG
- Public Private Partnerships ("PPPs")
- Engineering
- Commercial & Residential
- Corporate

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

Following the acquisition of UGL Limited ("UGL") in November 2016 as outlined in note 10: *Acquisitions and disposals of controlled entities and businesses*, UGL's results were identified to be reportable in a separate segment called *Services*. Furthermore, following the acquisition of Sedgman Limited in February 2016 as outlined in note 10: *Acquisitions and disposals of controlled entities and businesses*, Sedgman Limited's results are reported along with the contract mining results in the *Mining & Mineral Processing segment*.

The Commercial and Residential segment does not meet the size threshold of a reportable segment at 30 June 2017. 2016 comparatives have been restated to include the results of the Commercial and Residential segment within the Corporate segment results. Consistent with prior year, PPP's and Engineering segments are also included within the Corporate segment results.

The types of activities from which segments derive revenue, are included in note 2: *Revenue*. The Group's share of revenue from associates and joint ventures is included in the revenue reported 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. Amounts from 2016 have been restated with interest revenue recorded in segment revenue being reclassified to net finance income / (costs) across the Group.

Notes continued

for the six months ended 30 June 2017

5. SEGMENT INFORMATION CONTINUED

6 months to June 2017	Construction	Mining & Mineral Processing	Services	HLG	Corporate	Eliminations	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue							
Segment revenue	3,561.4	1,588.3	1,350.3	501.6	660.2	(0.6)	7,661.2
Inter-segment revenue	(0.6)	-	-	-	-	0.6	-
Segment joint venture and associate revenue	(4.8)	(73.1)	(176.3)	(501.6)	(626.0)	-	(1,381.8)
Revenue	3,556.0	1,515.2	1,174.0	-	34.2	-	6,279.4
Result							
Segment EBIT	290.7	155.3	67.9	(48.1)	(4.3)	-	461.5
Net finance income / (costs)	(3.2)	(4.3)	(2.4)	24.1	(33.9)	-	(19.7)
Segment result	287.5	151.0	65.5	(24.0)	(38.2)	-	441.8
Income tax (expense) / benefit							(123.7)
Profit / (loss) for the period							318.1
(Profit) / loss for the period attributable to non-controlling interests							4.8
Profit / (loss) for the period attributable to shareholders of the parent entity							322.9
Other							
Share of profit / (loss) of associates and joint venture entities	0.2	5.5	6.2	(47.9)	20.2	-	(15.8)
Depreciation & amortisation	(74.9)	(158.9)	(15.8)	-	(2.2)	-	(251.8)
Other material non-cash income / (expenses)	-	-	-	-	25.1	-	25.1

Notes continued

for the six months ended 30 June 2017

5. SEGMENT INFORMATION CONTINUED

6 months to June 2016	Construction	Mining & Mineral Processing	Services	HLG	Corporate	Eliminations	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue							
Segment revenue	3,457.8	1,416.7	-	612.2	838.0	(66.5)	6,258.2
Inter-segment revenue	(66.5)	-	-	-	-	66.5	-
Segment joint venture and associate revenue	(14.2)	(97.0)	-	(612.2)	(621.1)	-	(1,344.5)
Revenue ¹	3,377.1	1,319.7	-	-	216.9	-	4,913.7
Result							
Segment EBIT	267.4	115.4	-	1.3	(25.4)	-	358.7
Net finance income / (costs) ¹	(7.4)	(7.2)	-	16.6	(10.0)	-	(8.0)
Segment result	260.0	108.2	-	17.9	(35.4)	-	350.7
Income tax (expense) / benefit							(106.1)
Profit / (loss) for the period							244.6
(Profit) / loss for the period attributable to non-controlling interests							20.6
Profit / (loss) for the period attributable to shareholders of the parent entity							265.2
Other							
Share of profit / (loss) of associates and joint venture entities	(7.9)	8.1	-	1.6	38.1	-	39.9
Depreciation & amortisation	(37.3)	(118.2)	-	-	(1.0)	-	(156.5)
Other material non-cash income / (expenses)	-	-	-	-	38.2	-	38.2

¹ Finance income is now shown as part of the net finance costs line and therefore 2016 has been restated to include interest income previously included under segment revenue.

Notes continued

for the six months ended 30 June 2017

6. DIVIDENDS

	Cents per share	\$m
2017 interim dividend		
Subsequent to reporting date the Company announced a 100% franked interim dividend in respect of the period ended 30 June 2017. The dividend is payable on 4 October 2017. This dividend has not been provided for in the consolidated statement of financial position. ¹	60.0	194.6
Dividends recognised in the reporting period to 30 June 2017		
31 December 2016 final dividend 100% franked payable on 4 July 2017	62.0	201.0
Dividends recognised in the reporting period to 31 December 2016		
30 June 2016 interim ordinary dividend 100% franked paid on 5 October 2016	48.0	155.6
31 December 2015 final dividend (including special dividend) 100% franked paid on 8 April 2016	50.0	164.9
		320.5

¹ The Board has determined an interim dividend of 60 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 12 December 2016, 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 2017

7. EARNINGS PER SHARE

	6 months to June 2017	6 months to June 2016
Basic earnings per share	99.6¢	79.8¢
Diluted earnings per share	99.5¢	79.7¢
Profit / (loss) attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share (\$m)	322.9	265.2
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	332,478,294
Weighted average effect of share options on issue	141,670	102,424
Contingently issuable shares ²	6,279	295,138
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	324,402,046	332,875,856

¹During the comparative period 8,827,386 of fully paid ordinary shares were purchased for a consideration of \$265.9 million from the shareholders of CIMIC Group Limited and cancelled under the on-market share buy-back programme announced on 14 December 2015. Issued and fully paid share capital at 30 June 2016 of 329,676,177 (December 2015: 338,503,563). No share buy-backs have taken place in the current period under the programme announced on 14 December 2016.

²Contingently issuable shares relate to share rights under plans disclosed in the 31 December 2016 Annual Report (note 36: Employee benefits). There have been no changes to these plans since this date.

8. NET TANGIBLE ASSET BACKING

	June 2017	December 2016 ¹
Net tangible asset backing per ordinary share	\$6.61	\$6.61

¹ Amounts have been restated at December 2016 due to the finalisation of the purchase price allocation on the UGL acquisition as set out in note 10.

Notes continued

for the six months ended 30 June 2017

9. TRADE AND OTHER RECEIVABLES

	June 2017 \$m	Restated ¹ December 2016 \$m
Contract debtors ²	3,276.6	3,282.9
Contract debtors provision	(675.0)	(675.0)
Total contract debtors	2,601.6	2,607.9
Trade debtors	290.2	302.7
Other amounts receivable	393.3	364.3
Prepayments	40.4	46.5
Derivative financial assets	12.6	17.3
Amounts receivable from related parties ³	1,087.1	1,077.8
Non-current tax asset ⁴	23.1	28.9
Total trade and other receivables	4,448.3	4,445.4
Current ²	3,224.4	3,209.6
Non-current ^{3, 4}	1,223.9	1,235.8
Total trade and other receivables	4,448.3	4,445.4
Additional information on contract debtors		
Amounts due from customers – contract debtors	2,601.6	2,607.9
Amounts due to customers – trade and other payables	(1,362.9)	(1,283.3)
Net contract debtors	1,238.7	1,324.6

¹ Amounts have been restated at December 2016 due to the finalisation of the purchase price allocation on the UGL acquisition as set out in note 10.

² Contract debtors includes an amount equal to \$1.15 billion (31 December 2016: \$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 Maritimo LDA (together 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.

Notes continued

for the six months ended 30 June 2017

9. 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.
- On 20 August 2016, in order to pursue further its entitlement under the contract, CPB 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 CPB's entitlement to the amounts under negotiation / claimed in the arbitration.

Since December 2016 the arbitration has continued in accordance with the contractual terms. The Arbitrators have been appointed and have made orders for the conduct of the proceedings and it is anticipated that the hearings will be in 2019 with a determination thereafter.

³The Group has the following trade and other receivables relating to HLG Contracting LLC ("HLG Contracting").

- loan receivables:
 - non-current interest free shareholder loans provided to HLG Contracting of US\$18.2 million (31 December 2016: US\$148.8 million) equivalent to \$23.9 million (31 December 2016: \$206.6 million), maturing on 30 September 2018;
 - non-current interest bearing loans of US\$664.7 million (31 December 2016: US\$497.7 million) equivalent to \$874.6 million (31 December 2016: \$691.3 million), with an expected repayment date of 30 September 2021; and
 - the repayment of the above loans is subject to certain restrictions as a result of the loans being subordinate to other external debt held by HLG Contracting, such as the new Syndicated Loan Facility (see note 11). Repayment of these amounts can be subject to prior written consent from the financier, or where a permitted payment under the financing arrangement occurs.
- non-current interest receivable of US\$117.5 million (31 December 2016: US\$104.6 million), equivalent to \$154.6 million (31 December 2016: \$145.3 million), is receivable from HLG on the interest bearing shareholder loans.

⁴ The non-current tax asset of \$23.1 million (31 December 2016: \$28.9 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.

	6 months to June 2017 \$m	12 months to December 2016 \$m
Contract debtors provision¹		
Balance at beginning of reporting period	(675.0)	(675.0)
Net provision (made) / used	-	-
Balance at reporting date	(675.0)	(675.0)

¹The Group maintains a contract debtors provision to cover the risk on a portfolio basis of unrecoverable contract debtors.

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for the six months ended 30 June 2017

10. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES

There were no acquisitions or disposals of controlled entities or businesses during the period to 30 June 2017. Acquisitions in 2016 were as follows:

Acquisitions – UGL Limited

On 10 October 2016, CIMIC Group Investments No.2 Pty Limited (CGI2), a controlled entity within the Group, became a substantial shareholder in UGL Limited (UGL), an entity formerly listed on the ASX, by acquiring an interest of 13.84% of shares on issue. On obtaining the initial interest CIMIC announced a final unconditional offer for the remaining shares pursuant to a takeover at a price of \$3.15 per share.

On 24 November 2016, CGI2's ownership interest in UGL increased to over 50% and thereby gained control. The results of UGL were consolidated from this date. CGI2 subsequently increased its ownership interest in UGL to 100%, which was completed on 20 January 2017.

Details of the business combination were disclosed in note 29: *Acquisitions and Disposals of controlled entities and businesses* in the Group's annual financial statements for the year ended 31 December 2016.

The Group's 2016 annual financial statements included provisional fair values for assets and liabilities acquired in the business combination. Accounting for the business combination is now complete, and the 31 December 2016 comparative information has been restated retrospectively to increase the fair value of trade and other payables at the acquisition date by \$60.0 million, increase deferred tax assets by \$18.0 million, and increase goodwill and equity reserve each by \$21.0 million.

Acquisitions – Sedgman Limited ("SDM")

On 23 February 2016, CIMIC Group Investments Pty Ltd, a controlled entity of the Company, increased its ownership interest in Sedgman Limited ("Sedgman"), an entity listed on the ASX, to 51% and thereby gained control of Sedgman. As at 31 December 2015, the Group's ownership interest in Sedgman was 37%. The acquisition of Sedgman shares was made under an unconditional off-market takeover offer for Sedgman Limited. CIMIC Group Investments Pty Ltd subsequently increased its ownership interest in Sedgman to 90% and exercised its right to compulsorily acquire the remaining shares in Sedgman, which was completed on 13 April 2016.

The revaluation of CIMIC's previously held investment to fair value resulted in a gain on remeasurement of \$25.4 million in the 6 months to 30 June 2016. In addition the associates reserve of \$21.2 million was recycled from equity to profit and loss, resulting in a total gain on acquisition before tax of \$46.6 million in the 6 months to 30 June 2016 (refer to note 3: *Expenses*).

Details of the business combination were disclosed in note 29: *Acquisitions and Disposals of controlled entities and businesses* in the Group's annual financial statements for the year ended 31 December 2016. The fair values of assets and liabilities recognised as a result of the business combination have been finalised with no adjustments made from the values previously disclosed.

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for the six months ended 30 June 2017

11. 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 2017 %	December 2016 %
Canberra Metro Holdings Trust ¹	Construction	Australia	30	30
Canberra Metro Holdings Pty Ltd ¹	Construction	Australia	30	30
Canberra Metro Pty Ltd	Construction	Australia	30	30
Dunsborough Lakes Village Syndicate ¹	Development	Australia	20	20
LCIP Co-Investment Unit Trust	Investment	Australia	11	11
Macmahon Holdings Limited ¹	Construction, Contract Mining	Australia	24	21
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
On Talent Pty Ltd ¹	Recruitment	Australia	30	30
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:

¹Entities have a 30 June statutory reporting date.

²The 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 2017

11. 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 2017 %	December 2016 %
APM Group (Aust) Pty Ltd & Broad Construction Services (NSW/VIC) Pty Ltd ¹	Construction	Australia	50	50
Applemead Proprietary Limited	Development	Australia	-	50
Auckland Road Maintenance Alliance (West) Management JV ¹	Construction	New Zealand	50	50
Australian Terminal Operations Management Pty Ltd ¹	Services	Australia	50	50
Bac Devco Pty Limited ¹	Development	Australia	33	33
Barclay Mowlem Thiess Joint Venture ¹	Construction	Australia	-	50
Canberra Metro Operations Pty Ltd ¹	Services	Australia	50	50
City West Property Holding Trust (Section 63 Trust)	Development	Australia	50	50
City West Property Holdings Pty Limited	Development	Australia	50	50
City West Property Investment (No. 1) Trust	Development	Australia	50	50
City West Property Investment (No. 2) Trust	Development	Australia	50	50
City West Property Investment (No. 3) Trust	Development	Australia	50	50
City West Property Investment (No. 4) Trust	Development	Australia	50	50
City West Property Investment (No. 5) Trust	Development	Australia	50	50
City West Property Investment (No. 6) Trust	Development	Australia	50	50
City West Property Investments (No. 1) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 2) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 3) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 4) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 5) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 6) Pty Limited	Development	Australia	50	50
Cockatoo Mining Pty Ltd ¹	Contract Mining	Australia	50	50
Doubleone 3 Unit Trust ¹	Development	Australia	30	50
Erskineville Residential Project Pty Ltd	Construction	Australia	50	50
Great Eastern Highway Upgrade	Construction	Australia	75	75
GSJV Guyana Inc	Contract Mining	Guyana	50	50
GSJV Limited (Barbados)	Contract Mining	Barbados	50	50
HLG Contracting LLC	Construction	United Arab Emirates	45	45
Kings Square No.4 Unit Trust	Development	Australia	50	50
Kings Square Pty Ltd	Development	Australia	50	50
LCS Employment Agency Ltd	Services	Macau	50	50
Leighton Abigroup Joint Venture ¹	Construction	Australia	50	50
Leighton BMD JV ¹	Construction	Australia	50	50

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for the six months ended 30 June 2017

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

Name of entity	Principal activity	Country	Ownership interest	
			June 2017 %	December 2016 %
Leighton Construction India (Private) Limited ²	Construction	India	-	50
Leighton Contractors & Baulderstone Hornibrook Bilfinger Berger Joint Venture ¹	Construction	Australia	50	50
Leighton Holland Browse JV ¹	Construction	Australia	50	50
Leighton Kumagai Joint Venture (MetroRail) ¹	Construction	Australia	55	55
Leighton Services UAE Co LLC	Services	United Arab Emirates	36	36
Leighton / Ngarda Joint Venture (LNJV) ¹	Construction	Australia	88	88
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	60	60
Manukau Motorway Extension ¹	Construction	New Zealand	50	50
Mode Apartments Pty Ltd	Development	Australia	30	30
Mode Apartments Unit Trust	Development	Australia	30	30
Moonee Ponds Pty Ltd	Development	Australia	50	50
Mosaic Apartments Holdings Pty Ltd ¹	Development	Australia	50	50
Mosaic Apartments Pty. Ltd ¹	Development	Australia	50	50
Mosaic Apartments Unit Trust	Development	Australia	50	50
MPEET Pty Ltd	Services	Australia	50	50
Mulba Mia Leighton Broad Joint Venture ¹	Construction	Australia	50	50
Naval Ship Management (Australia) Pty Ltd ¹	Services	Australia	50	50
New Future Alliance (SIHIP)	Construction	Australia	80	80
Ngarda Civil and Mining Pty Limited ¹	Contract Mining	Australia	50	50
Northern Gateway Alliance	Construction	New Zealand	50	50
RTL JV ¹	Mining	Australia	44	44
RTL Mining and Earthworks Pty Ltd ¹	Construction	Australia	44	44
S.A.N.T. (MGT Holding) Pty Ltd	Construction	Australia	-	50
S.A.N.T. (Term-Holding) Pty Ltd	Construction	Australia	-	50
Sedgman Cimec Joint Venture	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	Services	Australia	47	47
Viridian Noosa Pty Ltd ¹	Development	Australia	50	50
Viridian Noosa Trust ¹	Development	Australia	50	50
Wallan Project Pty Ltd ¹	Investment	Australia	30	30

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for the six months ended 30 June 2017

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

Name of entity	Principal activity	Country	Ownership interest	
			June 2017 %	December 2016 %
Wallan Project Trust ¹	Investment	Australia	30	30
Wedgewood Road Hallam No. 1 Pty Ltd	Development	Australia	-	50
Wedgewood Road Hallam Trust	Development	Australia	50	50
Wellington Tunnels Alliance	Construction	New Zealand	-	50
Wrap Southbank Unit Trust	Development	Australia	50	50

All joint venture entities have a statutory reporting date of 31 December with the following exceptions:

¹Entities have a 30 June statutory reporting date.

²Entities have a 31 March statutory reporting date.

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

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

HLG Contracting LLC ("HLG Contracting")

HLG Contracting's new shareholder structure agreed on the 30 November 2016 is a step towards reaching its long term strategic objectives in the region. This allows HLG Contracting to continue to deliver leading projects for clients. A strategic review of the HLG Contracting business is ongoing.

CIMIC continues to equity account for the investment. During the reporting period, the carrying value of the Group's investment in HLG Contracting decreased from \$366.5 million to \$298.2 million (equivalent to US\$226.6 million at 30 June 2017 and US\$263.9 million at 31 December 2016). The decrease was due to a foreign exchange translation loss of \$19.3 million and the group's share of equity accounted loss of \$49.0m for the period. The recoverable amount of the Group's investment was calculated using a value in use calculation.

The key assumptions used in the value in use calculation:

Discount rate	➤	15% (31 December 2016: 15%)
Growth rate	➤	3% (31 December 2016: 3%) for cash flows beyond five years. This rate does not exceed the expected long-term average growth rate for the Middle East & North Africa ("MENA") region
Legacy project receivables	➤	There continues to be a delay in payment from clients in the MENA region, particularly for projects in progress at the time the Group invested in HLG Contracting. It is assumed of the remaining unprovided legacy project receivables, approximately half will be collected within twenty-four months and approximately half collected subsequently.
Borrowings	➤	Borrowings obtained to fund working capital will be progressively repaid during the forecast period
Forecast cash flow	➤	The calculation uses five year cash flow projections based on forecasts provided by HLG's management, risk adjusted downward by the Group. Cash flows beyond five years are extrapolated using the estimated growth rate

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for the six months ended 30 June 2017

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

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

The Group continues to hold a call option to purchase the remaining 55% shareholding in HLG Contracting. This option has no current impact on the control of the company. As at 30 June 2017 the fair value of the call option was determined to be US\$54.0 million (31 December 2016: US\$54.0 million), equivalent to \$71.1 million (31 December 2016: \$75.0m). In accordance with AASB 139 the option has been classified as a financial asset held at fair value through profit or loss. No gain or loss was recognised in the period.

During the period HLG Contracting entered into a new four-year Syndicated Loan facility to refinance existing borrowing facilities. CIMIC continues to secure the HLG Contracting facilities with a secured and drawn amount of US\$268.2 million as at 30 June 2017 equivalent to \$352.9 million compared to US\$239.7 million as at 31 December 2016 equivalent to \$332.9 million.

No amounts have been recognised in relation to these facilities at 30 June 2017 or 31 December 2016.

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for the six months ended 30 June 2017

12. JOINT OPERATIONS

The Group has the following interest in joint operations:

Name of arrangement	Principal activity	Country	Ownership interest	
			June 2017 %	December 2016 %
Bacchus Marsh ¹	Development	Australia	30	30
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
Building ROE 8	Construction	Australia	71	71
Casey Fields ¹	Development	Australia	33	33
CH2 – UGL	Construction	Australia	50	50
China State Leighton Joint Venture	Construction	Hong Kong	50	50
CHT Joint Venture	Construction	Australia	50	50
CPB Black & Veatch Joint Venture (formerly known as Leighton Contractors Black & Veatch Joint Venture) ¹	Construction	Australia	50	50
CPB Dragados Samsung Joint Venture (formerly known as Leighton Dragados Samsung Joint Venture)	Construction	Australia	40	40
CPB John Holland Dragados Joint Venture (formerly known as Thiess John Holland Dragados Joint Venture)	Construction	Australia	50	50
CPB Samsung John Holland Joint Venture (formerly known as Leighton Samsung John Holland Joint Venture)	Construction	Australia	33	33
Erskineville Residential Project	Development	Australia	50	50
EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV)	Construction	Australia	50	50
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Gateway WA	Construction	Australia	68	68
Henry Road Edenbrook Joint Venture	Development	Australia	30	30
HYLC Joint Venture ¹	Construction	Australia	50	50
JHCPB JV	Construction	Australia	50	50
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 - Gammon Joint Venture	Construction	Hong Kong	50	50
Leighton - HEB Joint Venture	Construction	New Zealand	80	80
Leighton Abigroup Consortium (Epping to Thornleigh)	Construction	Australia	50	50
Leighton China State John Holland Joint Venture (City of Dreams) ¹	Construction	Macau	40	40
Leighton China State Joint Venture (Wynn Resort) ¹	Construction	Macau	50	50
Leighton China State Van Oord Joint Venture	Construction	Hong Kong	45	45
Leighton Contractors Downer Joint Venture ¹	Construction	Australia	50	50
Leighton 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

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12. JOINT OPERATIONS CONTINUED

Name of arrangement	Principal activity	Country	Ownership interest	
			June 2017 %	December 2016 %
Leighton John Holland Joint Venture (Thomson Line)	Construction	Singapore	50	50
Leighton Offshore - John Holland Joint Venture (LTA Project)	Construction	Singapore	-	50
Leighton M&E - Southa Joint Venture	Construction	Australia	50	50
Leighton York Joint Venture	Construction	Australia	75	75
Leighton - Able Joint Venture	Construction	Hong Kong	51	51
Leighton - Chubb E&M Joint Venture	Construction	Hong Kong	50	50
Leighton - John Holland Joint Venture	Construction	Hong Kong	55	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
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 ¹	Services	Australia	40	40
OWP Joint Venture	Services	Australia	50	50
Rizzani Leighton Joint Venture	Construction	Australia	50	50
Swietelsky CPB Rail Joint Venture (formerly known as Leighton Swietelsky 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 Decmil Kentz Joint Venture ¹	Construction	Australia	-	33
Thiess Degremont JV	Construction	Australia	65	65
Thiess Degremont Nacap Joint Venture ¹	Construction	Australia	33	33
Thiess MacDow Joint Venture ¹	Construction	Australia	50	50
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
UGL Cape ¹	Services	Australia	50	50
UGL Kaefer ¹	Services	Australia	50	50
UGL Kentz ¹	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 operation partners' reporting date and / or the reporting date is prescribed by local statutory requirements.

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13. 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 value of financial assets and liabilities has been determined based on either the listed price or the net present value of cash flows using current market rates of interest. The carrying amounts of other financial assets and liabilities in the Group's balance sheet approximate fair values.

The table below analyses other financial instruments carried at fair value by fair value hierarchy. The different levels are 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.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
30 June 2017				
Assets				
Equity and stapled securities available-for-sale				
- Listed	1.7	-	-	1.7
- Unlisted	-	-	6.0	6.0
Financial assets at fair value through profit or loss				
- Unlisted	-	-	82.2	82.2
- Option to acquire shares	-	-	71.1	71.1
Derivatives	-	12.6	-	12.6
Total assets	1.7	12.6	159.3	173.6
Liabilities				
Derivatives	-	(1.0)	-	(1.0)
Total liabilities	-	(1.0)	-	(1.0)
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
31 December 2016				
Assets				
Equity and stapled securities available-for-sale				
- Listed	1.9	-	-	1.9
- Unlisted	-	-	5.4	5.4
Financial assets at fair value through profit or loss				
- Unlisted	-	-	53.1	53.1
- Option to acquire shares	-	-	75.0	75.0
Derivatives	-	17.3	-	17.3
Total assets	1.9	17.3	133.5	152.7
Liabilities				
Derivatives	-	(4.6)	-	(4.6)
Total liabilities	-	(4.6)	-	(4.6)

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for the six months ended 30 June 2017

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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

	6 months to June 2017 \$m	12 months to December 2016 \$m
Unlisted equity and stapled securities available-for-sale		
Balance at beginning of reporting period	5.4	72.3
Acquisitions	0.8	0.4
Transfers	-	4.6
Disposals	(0.2)	(71.9)
Gains/ (losses) recognised in other comprehensive income	-	-
Balance at reporting date	6.0	5.4
	6 months to June 2017 \$m	12 months to December 2016 \$m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	128.1	51.8
Acquisitions through business combinations	-	1.3
Gains recognised through profit or loss	29.1	75.0
Foreign exchange recognised in other comprehensive income	(3.9)	-
Balance at reporting date	153.3	128.1

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

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.

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.

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13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

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.

With the exception of listed and unlisted debt the carrying amounts of other financial assets and liabilities in the Group's statement of financial position approximate fair values. Fair value of listed and unlisted debt is determined based on either the listed price or the net present value of cash flows using current market rates of interest and the fair values are disclosed in note 14: *Interest bearing liabilities*.

Valuation process

The internal valuation process for unlisted investments, unlisted debt and cash flow hedges is managed by a team in the Group finance department which performs the valuations required for financial reporting purposes. The valuation team reports to the Group's Chief Financial Officer (CFO). Discussions on valuation processes and outcomes are held between the valuation team and CFO as required. 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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14. INTEREST BEARING LIABILITIES

	June 2017 \$m	December 2016 \$m
<i>Current</i>		
Interest bearing loans	512.0	328.1
Finance lease liabilities	11.3	22.8
Interest bearing liabilities - limited recourse loans	40.1	267.3
<i>Total current liabilities</i>	<i>563.4</i>	<i>618.2</i>
<i>Non-current</i>		
Interest bearing loans	520.1	549.0
<i>Total non-current liabilities</i>	<i>520.1</i>	<i>549.0</i>
<i>Total interest bearing liabilities</i>	<i>1,083.5</i>	<i>1,167.2</i>

Interest Bearing Loans

Syndicated Loans

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

The fair value of the syndicated loan is \$nil (31 December 2016: \$nil).

Guaranteed Senior Notes

CIMIC Finance Limited (2008)

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

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

Interest on the above notes is paid semi-annually on the 15th day of April and October in each year. Carrying amount at 30 June 2017: US\$79.0 million (31 December 2016: US\$79.0 million) equivalent to \$103.9 million (31 December 2016: \$109.7 million), of which \$nil is due for repayment within twelve months from the reporting date.

CIMIC Finance (USA) Pty Limited (2010)

On 21 July 2010, CIMIC Finance (USA) Pty Limited, 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% maturing on 21 July 2017
- Series C Notes: US\$115.0 million Guaranteed Senior Notes at the rate of 5.78% maturing on 21 July 2020

Interest on the above notes is paid semi-annually on the 21st day of January and July in each year. Carrying amount at 30 June 2017: US\$260.0 million (31 December 2016: US\$260.0 million) equivalent to \$342.1 million (31 December 2016: \$361.1 million), of which US\$145.0 million is due for repayment within twelve months from the reporting date.

Notes continued

for the six months ended 30 June 2017

14. INTEREST BEARING LIABILITIES CONTINUED

CIMIC Finance (USA) Pty Limited (2012)

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

The notes bear interest from 13 November 2012 at the rate of 5.95% per annum and mature on 13 November 2022. Interest on the notes will be paid semi-annually on the 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 2017: US\$201.3 million (31 December 2016: US\$201.3 million) equivalent to \$264.9 million (31 December 2016: \$279.6 million).

The fair value of the guaranteed senior notes is US\$364.1 million, equivalent to \$479.1 million (31 December 2016: fair value US\$368.3 million, equivalent to \$511.6 million).

The fair value of the 10-Year Fixed-Rate Guaranteed notes is US\$218.8 million, equivalent to \$287.9 million (31 December 2016: fair value US\$212.4 million, equivalent to \$295.0 million).

Bilateral Loans

At 30 June 2017, bilateral loan facilities outstanding were \$315.0 million (31 December 2016: \$115.0 million).

Other Unsecured Loans

Other unsecured loans outstanding as at 30 June 2017: \$6.2 million (31 December 2016: \$11.6 million). Other unsecured loans expected to be settled within twelve months after reporting date: \$6.2 million (31 December 2016: \$11.6 million).

Finance Lease Liabilities

The Group has leased mining plant and equipment in Mongolia and Australia under finance leases that expire within one year of the reporting date.

Limited Recourse Loans

The Group has limited recourse property development loans secured against certain property development assets of the Group and borrowings by subsidiaries secured against the assets of the subsidiaries. Carrying amount as at 30 June 2017: \$40.1 million (31 December 2016: \$267.3 million).

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since 31 December 2016.

16. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date:

- The Group declared a 100% franked dividend of 60.0 cents per share.

Directors' Declaration

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

- 1) the consolidated interim financial report and notes set out on pages 3 to 30, 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 2017 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 17th day of July 2017.

Signed in accordance with a resolution of Directors:



Adolfo Valderas
Chief Executive Officer and Managing Director



Russell Chenu
Director and Chairman Audit and Risk Committee

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 2017, and the Consolidated Statement of Profit or 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, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 31.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 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.

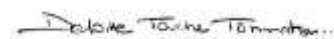
Auditor's Independence Declaration

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 2017 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



J A Leotta
Partner
Chartered Accountants
Sydney, 17 July 2017

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

17 July 2017

Dear Directors

Auditors Independence Declaration to CIMIC Group Limited

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

As lead audit partner for the review of the interim financial report of CIMIC Group Limited for the financial half-year ended 30 June 2017, 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



J A Leotta
Partner
Chartered Accountants

Management Commentary

For the six months ended 30 June 2017

Issued 17 July 2017

CIMIC Group Limited

ABN 57 004 482 982



CIMIC Group Limited

ABN 57 004 482 982

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For more information contact:

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FINANCIAL HIGHLIGHTS

OPERATING PERFORMANCE

- Revenue of \$6.3 billion up 27.8% on HY16. Revenue increases were recorded across all core businesses.
- NPAT of \$322.9 million up 21.8% on HY16.
- Consistent PBT and NPAT margins of 7.0% and 5.1% respectively.
- No significant one off impacts.

CASH FLOWS

- Cash flows from operating activities of \$620.4 million in HY17, up \$523.1 million on HY16.
- EBITDA cash conversion rate of 87.0% for HY17 compared to 18.9% in HY16, 133% LTM¹.
- 2Q17 cash flows from operating activities of \$519.6 million, up 54.9%, or \$184.1 million on 2Q16.
- Free operating cash flow generation of \$344.1 million in HY17.

FINANCIAL POSITION

- Balance sheet strength enhanced, net cash of \$607.5 million up \$329.6 million since 1Q17.
- Net contract debtors of \$1.2 billion, down 33.8%, or \$633.2 million on HY16.
- Standard & Poor's upgraded its current investment grade rating in May 2017 for CIMIC one-notch to "BBB/A-2" with a stable outlook.

WORK IN HAND AND PROSPECTS

- Work in hand of \$35.2 billion, up \$1.1 billion in 2Q17, equivalent to more than two years' worth of revenue.
- New work of \$8.9 billion awarded in HY17.
- Relevant to CIMIC, nearly \$50 billion of tenders are to be bid and/or awarded in the remainder of 2017, and \$320 billion of projects are coming to the market in 2018 and beyond.

SHAREHOLDER RETURNS

- Share price of \$38.84 as at 30 June 2017, up 11.2% in HY17, compared to an increase in the ASX 200 index of 0.98%.
- Interim ordinary dividend declared of 60c per share (\$194.6 million), up 25.0% on HY16, franked at 100%, payable on 4 October 2017.
- EPS (basic) was 99.6 cents, up 24.8% on HY16 (compared to a 21.8% increase in NPAT).

GUIDANCE

- FY17 NPAT guidance confirmed in the range of \$640 million to \$700 million, subject to market conditions.

¹ Based on LTM cash flows from operating activities of \$1,724.5 million and LTM EBITDA of \$1,293.9 million.

FINANCIAL HIGHLIGHTS (CONTINUED)

Financial performance	HY	HY	chg. \$	chg. %	FY
\$m	2017	2016			2016
Group revenue	7,661.2	6,258.2	1,403.0	22.4%	13,534.5
Revenue – joint ventures and associates	(1,381.8)	(1,344.5)	(37.3)	2.8%	(2,680.9)
Revenue²	6,279.4	4,913.7	1,365.7	27.8%	10,853.6
EBIT	461.5	358.7	102.8	28.7%	758.4
EBIT margin ³	7.3%	7.3%	-		7.0%
Profit before tax	441.8	350.7	91.1	26.0%	740.4
PBT margin ³	7.0%	7.1%	(10)bp		6.8%
NPAT	322.9	265.2	57.7	21.8%	580.3
NPAT margin ³	5.1%	5.4%	(30)bp		5.3%
EPS (basic)	99.6c	79.8c	19.8	24.8%	176.6c

Financial position	June	December ⁴	chg. \$	chg. %	June
\$m	2017	2016			2016
Net cash/(debt)	607.5	409.3	198.2	48.4%	534.6
Operating leases	(450.4)	(466.9)	16.5	(3.5)%	(523.0)
Net cash/(debt) (including operating leases)	157.1	(57.6)	214.7	(372.7)%	11.6
Net contract debtors⁵	1,238.7	1,324.6	(85.9)	(6.5)%	1,871.9

Cash flow	HY	HY	chg. \$	chg. %	FY
\$m	2017	2016			2016
Cash flows from operating activities⁶	620.4	97.3	523.1	537.6%	1,201.4
Interest, finance costs, taxes and dividends received	(87.0)	(23.1)	(63.9)	276.6%	(74.4)
Net cash from operating activities⁷	533.4	74.2	459.2	618.9%	1,127.0
Gross capital expenditure ⁸	(201.5)	(90.7)	(110.8)	122.2%	(280.2)
Gross capital proceeds ⁹	12.2	30.0	(17.8)	(59.3)%	97.8
Free operating cash flow¹⁰	344.1	13.5	330.6	2,448.9%	944.6

Work in hand ¹¹	HY	HY	chg. \$	chg. %	FY
\$m	2017	2016			2016
Work in hand beginning of period	34,012.0	29,004.4	5,007.6	17.3%	29,004.4
New work ¹²	8,896.6	6,809.1	2,087.5	30.7%	13,433.1
UGL acquisition work in hand ¹³	-	-	-	-	5,109.0
Executed work	(7,661.2)	(6,258.2)	(1,403.0)	22.4%	(13,534.5)
Total work in hand end of period	35,247.4	29,555.3	5,692.1	19.3%	34,012.0

² Revenue excludes revenue from joint ventures and associates of \$1,381.8 million (HY16: \$1,344.5 million).

³ Margin is calculated on revenue as defined above.

⁴ Amounts have been restated at December 2016 due to the finalisation of the purchase price allocation on the UGL acquisition.

⁵ Net contract debtors represents the net of amounts due from customers and amounts due to customers. (Refer to Interim Financial Report, 'Note 9: Trade and other receivables' – 'Additional information on contract debtors').

⁶ Cash flows from operating activities is defined as the cash flows from operating activities before interest, finance costs, taxes and dividends received.

⁷ Net cash from operating activities is defined as the cash flows from operating activities after interest, finance costs, taxes and dividends received.

⁸ Gross capital expenditure is payments for property, plant and equipment.

⁹ Gross capital proceeds are proceeds received for property, plant and equipment.

¹⁰ Free operating cash flow is defined as net cash from operating activities less gross capital expenditure plus gross capital proceeds.

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.

¹³ Includes UGL's work in hand at acquisition date, 24 November 2016.

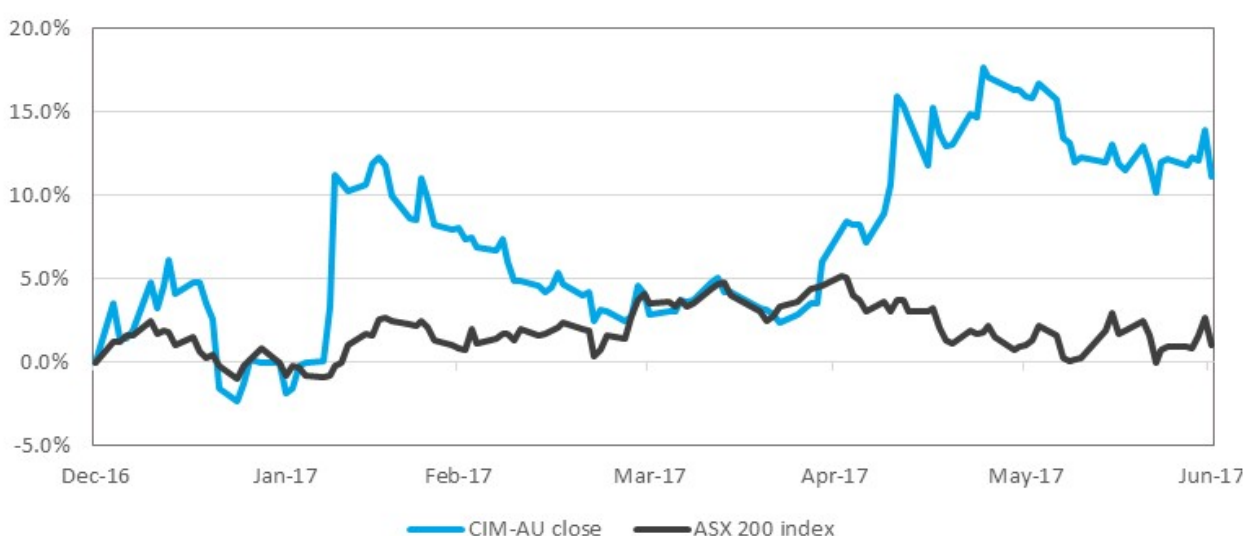
SHAREHOLDER RETURNS

Shareholder returns	30 June 2017	31 December 2016	30 June 2016
Closing share price	\$38.84	\$34.94	\$35.75
Market capitalisation (\$m)	12,594.0	11,329.4	11,785.9
Final dividend per share	N/A	62c	N/A
Interim dividend per share	60c	48c	48c
Total dividends per share	N/A	110c	N/A
EPS (basic)	99.6c	176.6c	79.8c
Payout ratio for ordinary dividends (HY17 estimate at the time the dividend is paid)	60.3%	61.5%	60.0%

PERFORMANCE OF CIMIC SHARES

CIMIC's share price performed strongly during the first half of the year and closed at \$38.84 (representing a market capitalisation of \$12.6 billion as at 30 June 2017), an increase of 11.2% or \$3.90 per share since 31 December 2016. By comparison the ASX 200 index increased 0.98% to 5,721.5 points during the same period.

Indexed performance of CIMIC shares



DIVIDENDS

CIMIC seeks to reward shareholders by paying dividends over time in line with profits. For the six months to 30 June 2017, CIMIC declared an interim dividend of 60c per share, 100% franked, which will be paid on 4 October 2017.

The total dividend payable of \$194.6 million is an estimate only, based on the number of shares on issue as at the date of the Interim Financial Report. Due to the share buy-back announced by CIMIC on 12 December 2016, which commenced on 29 December 2016, 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 12 December 2016, CIMIC announced an 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 2016. As at 30 June 2017 no additional shares have 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.

EPS (basic) was 99.6 cents, an increase of 24.8% on HY16 (compared to a 21.8% increase in NPAT).

FINANCIAL PERFORMANCE

Financial performance \$m	HY 2017	HY 2016	chg. \$	chg. %	FY 2016
Group revenue	7,661.2	6,258.2	1,403.0	22.4%	13,534.5
Revenue – joint ventures and associates	(1,381.8)	(1,344.5)	(37.3)	2.8%	(2,680.9)
Revenue	6,279.4	4,913.7	1,365.7	27.8%	10,853.6
Expenses	(5,802.1)	(4,594.9)	(1,207.2)	26.3%	(10,051.2)
Share of profit/(loss) of joint ventures and associates	(15.8)	39.9	(55.7)	(139.6)%	(44.0)
EBIT	461.5	358.7	102.8	28.7%	758.4
EBIT margin	7.3%	7.3%	-		7.0%
Net finance costs ¹⁴	(19.7)	(8.0)	(11.7)	146.3%	(18.0)
Profit before tax	441.8	350.7	91.1	26.0%	740.4
PBT margin	7.0%	7.1%	(10)bp		6.8%
Income tax	(123.7)	(106.1)	(17.6)	16.6%	(188.0)
Profit for the year	318.1	244.6	73.5	30.0%	552.4
Non-controlling interests	4.8	20.6	(15.8)	(76.7)%	27.9
NPAT	322.9	265.2	57.7	21.8%	580.3
NPAT margin	5.1%	5.4%	(30)bp		5.3%
EPS (basic)	99.6c	79.8c	19.8	24.8%	176.6c

REVENUE

Revenue increased by \$1.4 billion, or 27.8%, to \$6.3 billion in HY17. Revenue increases were recorded across all core businesses. Work in hand, a forward indicator of revenue, also increased. (Refer to section titled 'New work and work in hand').

Revenue by segment ¹⁵ \$m	HY 2017	HY 2016	chg. \$	chg. %	FY 2016
Construction	3,556.0	3,377.1	178.9	5.3%	7,316.8
Mining & mineral processing	1,515.2	1,319.7	195.5	14.8%	2,786.2
Services	1,174.0	-	1,174.0	100.0%	204.2
Corporate	34.2	216.9	(182.7)	(84.2)%	546.4
Revenue	6,279.4	4,913.7	1,365.7	27.8%	10,853.6
Revenue – joint ventures and associates	1,381.8	1,344.5	37.3	2.8%	2,680.9
Group revenue	7,661.2	6,258.2	1,403.0	22.4%	13,534.5

Group revenue from the various market segments was split 70:30 between domestic and international markets, compared with 60:40 in HY16, largely due to the acquisition of UGL.

CONSTRUCTION REVENUE

Construction revenue was \$3.6 billion for HY17, an increase of 5.3%, or \$178.9 million, compared to HY16. This reflects the contribution from the ramp up of several large infrastructure projects.

During the period, major projects by revenue included:

- Rail and road activities in Australia, including Sydney Metro Northwest, WestConnex M4 and M5 in New South Wales, and the CityLink Tulla Widening and the Level Crossing Removal projects in Victoria;
- Social infrastructure projects including the Northern Beaches hospital in New South Wales; and
- Infrastructure activities in Hong Kong including the Passenger Clearance Building for the Hong Kong Boundary Crossing Facilities, the West Kowloon Terminus Station, and the Liantang / Hueng Yuen Wai Boundary Control Point.

MINING & MINERAL PROCESSING REVENUE

Mining & mineral processing revenue was \$1.5 billion for HY17, an increase of 14.8%, or \$195.5 million, compared to HY16. This result demonstrates CIMIC's competitive strength in the resources sector. The increase in revenue reflects contract extensions and increased production levels, as well as the benefits of diversification into new commodity and geographic markets.

During the period, major projects by revenue included:

- Lake Vermont, Mount Owen and Curragh North coal mines in Australia;
- Solomon iron ore mine in Australia;
- Kaltim Prima coal mine in Indonesia; and
- Ukhaakhudag coal mine in Mongolia.

¹⁴ Net finance costs includes interest income of \$35.0 million (HY16: \$40.0 million), and finance costs of \$54.7 million (HY16: \$48.0 million).

¹⁵ 2016 revenue and PBT comparatives have been restated to include the results of the Commercial and residential segment within the Corporate segment results.

FINANCIAL PERFORMANCE (CONTINUED)

SERVICES REVENUE

Services revenue was \$1.2 billion for HY17.

During the period, major projects by revenue included:

- Maintenance and supply chain services to over 1,200 passenger cars in Sydney's metropolitan rail fleet;
- Station and precinct construction, rail signalling systems, tunnel systems and provision of rolling stock and franchisee operations for a period of 15 years as part of the Operation, Trains and System for the Sydney Metro Northwest Rail project;
- Heavy resource maintenance works for Chevron, BP, BHP, Rio Tinto, Woodside and Alcoa; and
- Rail rolling stock maintenance for Pacific National and Freightliner.

CORPORATE REVENUE

Corporate revenue was \$34.2 million for HY17, a decrease of 84.2%, or \$182.7 million, compared to HY16, due to reduced commercial and residential revenue. This reflects CIMIC's strategy to reduce the size of this non-core business, while continuing to maximise the value of its property investments.

REVENUE – JOINT VENTURES AND ASSOCIATES

Revenue from joint ventures and associates was \$1.4 billion for HY17, an increase of 2.8%, or \$37.3 million, compared to HY16. This includes contributions from HLG Contracting and Ventia.

EXPENSES

Expenses were \$5.8 billion for HY17, an increase of 26.3%, or \$1.2 billion, compared to HY16, in line with the increase in revenue. The major direct expenses were materials, subcontractors, plant costs, depreciation and personnel costs.

Depreciation and amortisation

Depreciation and amortisation was \$251.8 million for HY17, an increase of 60.9%, or \$95.3 million, compared to HY16. The higher level of depreciation is driven by increased mining activities and the ramp up of tunnelling projects.

NET FINANCE COSTS

Net finance costs were \$19.7 million for HY17, an increase of \$11.7 million, compared to HY16. This is due to an increase in the average level of debt by \$623.5 million which reflects the acquisition of UGL. This debt has a lower cost, which reduced the Group's average cost of debt.

Finance cost detail \$m	HY 2017	HY 2016	chg. \$	chg. %	FY 2016
Debt interest expenses	(39.8)	(34.9)	(4.9)	14.0%	(67.1)
Facility fees, bonding and other costs	(14.9)	(13.1)	(1.8)	13.7%	(24.4)
Total finance costs	(54.7)	(48.0)	(6.7)	14.0%	(91.5)
Interest income	35.0	40.0	(5.0)	(12.5)%	73.5
Net finance costs	(19.7)	(8.0)	(11.7)	146.3%	(18.0)

Average cost of debt calculation \$m	HY 2017	HY 2016
Debt interest expenses (a)	(39.8)	(34.9)
Gross debt ¹⁶	1,083.5	1,127.2
Gross debt average (b)	1,818.5	1,195.0
Average cost of debt (-2a/b)	4.4%	5.8%

PROFIT BEFORE TAX

PBT was \$441.8 million for HY17, an increase of 26.0%, or \$91.1 million, compared to HY16. The PBT margin was steady at 7.0% reflecting a solid performance from all core businesses and includes a loss of \$24.0 million for HLG Contracting due to restructuring costs in the context of its strategic review.

Profit before tax by segment ¹⁵ \$m	HY 2017	HY 2016	chg. \$	chg. %	FY 2016
Construction	287.5	260.0	27.5	10.6%	595.5
Mining & mineral processing	151.0	108.2	42.8	39.6%	275.6
Services	65.5	-	65.5	100.0%	8.6
HLG	(24.0)	17.9	(41.9)	(234.1)%	29.4
Corporate	(38.2)	(35.4)	(2.8)	7.9%	(168.7)
Profit before tax	441.8	350.7	91.1	26.0%	740.4

¹⁵ 2016 revenue and PBT comparatives have been restated to include the results of the Commercial and residential segment within the Corporate segment results.

¹⁶ Total interest bearing liabilities.

FINANCIAL PERFORMANCE (CONTINUED)

INCOME TAX

Income tax expense was \$123.7 million for HY17, an increase of 16.6%, or \$17.6 million, compared to HY16. This equates to an effective tax rate of 28.0% compared with 30.3% for HY16. The change in effective tax rate is due to income tax rate differentials to the various overseas jurisdictions in which the Group operates.

NON-CONTROLLING INTERESTS

Non-controlling interests were \$4.8 million for HY17, a decrease of \$15.8 million, or 76.7%, compared to HY16. This is a result of reduced losses attributable to the share of minority owners for the period.

NET PROFIT AFTER TAX

NPAT was \$322.9 million for HY17, an increase of 21.8%, or \$57.7 million, compared to HY16. The NPAT margin was 5.1%.

EPS (basic) was 99.6 cents, an increase of 24.8% on HY16 (compared to a 21.8% increase on NPAT).

FINANCIAL POSITION

Net cash/(debt) \$m	June 2017	December 2016	chg. \$	chg. %	June 2016
Cash and cash equivalents	1,691.0	1,576.5	114.5	7.3%	1,661.8
Current interest bearing liabilities	(563.4)	(618.2)	54.8	(8.9)%	(156.0)
Non-current interest bearing liabilities	(520.1)	(549.0)	28.9	(5.3)%	(971.2)
Net cash/(debt)	607.5	409.3	198.2	48.4%	534.6
Operating leases	(450.4)	(466.9)	16.5	(3.5)%	(523.0)
Net cash /(debt) (including operating leases)	157.1	(57.6)	214.7	(372.7)%	11.6

Net contract debtors \$m	June 2017	December 2016	chg. \$	chg. %	June 2016
Net contract debtors	1,238.7	1,324.6	(85.9)	(6.5)%	1,871.9

Assets \$m	June 2017	December 2016	chg. \$	chg. %	June 2016
Current assets					
Cash and cash equivalents	1,691.0	1,576.5	114.5	7.3%	1,661.8
Trade and other receivables	3,224.4	3,209.6	14.8	0.5%	3,087.4
Current tax assets	32.4	28.0	4.4	15.7%	18.0
Inventories: consumables and development properties	191.9	213.0	(21.1)	(9.9)%	250.1
Assets held for sale	45.6	47.7	(2.1)	(4.4)%	223.7
Total current assets	5,185.3	5,074.8	110.5	2.2%	5,241.0
Non-current assets					
Trade and other receivables	1,223.9	1,235.8	(11.9)	(1.0)%	901.5
Inventories: development properties	170.8	166.9	3.9	2.3%	225.0
Investments accounted for using the equity method	529.0	616.5	(87.5)	(14.2)%	900.8
Other investments	161.0	135.4	25.6	18.9%	127.8
Deferred tax assets	299.7	328.1	(28.4)	(8.7)%	27.0
Property, plant and equipment	1,275.1	1,355.7	(80.6)	(5.9)%	1,275.5
Intangibles	1,120.5	1,146.9	(26.4)	(2.3)%	574.8
Total non-current assets	4,780.0	4,985.3	(205.3)	(4.1)%	4,032.4
Total assets	9,965.3	10,060.1	(94.8)	(0.9)%	9,273.4

Liabilities and equity \$m	June 2017	December 2016	chg. \$	chg. %	June 2016
Current liabilities					
Trade and other payables	4,705.6	4,781.1	(75.5)	(1.6)%	3,698.6
Dividend payable	201.0	-	201.0	100.0%	-
Current tax liabilities	108.8	126.6	(17.8)	(14.1)%	66.7
Provisions	331.3	333.3	(2.0)	(0.6)%	265.9
Interest bearing liabilities	563.4	618.2	(54.8)	(8.9)%	156.0
Liabilities associated with assets held for sale	-	-	-	-	16.0
Total current liabilities	5,910.1	5,859.2	50.9	0.9%	4,203.2
Non-current liabilities					
Trade and other payables	200.5	287.0	(86.5)	(30.1)%	308.6
Provisions	71.9	73.5	(1.6)	(2.2)%	68.7
Interest bearing liabilities	520.1	549.0	(28.9)	(5.3)%	971.2
Total non-current liabilities	792.5	909.5	(117.0)	(12.9)%	1,348.5
Total liabilities	6,702.6	6,768.7	(66.1)	(1.0)%	5,551.7
Equity	3,262.7	3,291.4	(28.7)	(0.9)%	3,721.7

FINANCIAL POSITION (CONTINUED)

NET CASH / (DEBT)

Net cash was \$607.5 million at 30 June 2017, an increase of 48.4%, or \$198.2 million, compared to 31 December 2016 and an increase of 13.6%, or \$72.9 million, compared to 30 June 2016.

Interest bearing liabilities

Current and non-current interest bearing liabilities were \$1,083.5 million at 30 June 2017, a decrease of 7.2%, or \$83.7 million, compared to 31 December 2016.

Bonding

CIMIC has significant bonding and guarantee facilities available which are integral to the successful delivery of existing and future work in hand. Bonds and guarantees outstanding at 30 June 2017 were \$3.5 billion (31 December 2016: \$4.0 billion). An additional \$1.7 billion (31 December 2016: \$1.6 billion) was undrawn of which \$600.0 million (31 December 2016: \$575.4 million) was committed and \$1.1 billion (31 December 2016: \$1.0 billion) was uncommitted.

Credit ratings

On 10 May 2017, Standard & Poor's upgraded its current investment grade rating for CIMIC from 'BBB-/A-3' to 'BBB /A-2', with a stable outlook. Moody's Investors Service rating for CIMIC is an investment grade of 'Baa3', with a stable outlook.

NET CONTRACT DEBTORS

The Group's net contract debtors were \$1,238.7 million at 30 June 2017, a decrease of 6.5%, or \$85.9 million, compared to 31 December 2016 and a decrease of 33.8%, or \$633.2 million, compared to 30 June 2016. CIMIC continued to deliver an improvement in the level of net contract debtors reflecting the Group's focus on cash collection and risk management approach.

The Group's \$675.0 million contract debtors portfolio provision remains unchanged at 30 June 2017.

CURRENT ASSETS

Trade and other receivables

Trade and other receivables were \$3,224.4 million at 30 June 2017, an increase of 0.5%, or \$14.8 million, compared to 31 December 2016. The figure includes \$2,601.6 million (31 December 2016: \$2,607.9 million) of amounts due from customers (refer to net contract debtors below). The remaining balance relates to sundry debtors, joint venture working capital and other receivables.

NON-CURRENT ASSETS

Trade and other receivables

Trade and other receivables were \$1,223.9 million at 30 June 2017, a decrease of 1.0%, or \$11.9 million, compared to 31 December 2016. This figure includes \$1,053.1 million (31 December 2016: \$1,043.2 million) of non-current loan receivables and interest receivable owed by HLG Contracting, refer to the Interim Financial Report, 'Note 9: Trade and other receivables' for details.

Investments accounted for using the equity method

Equity accounted investments include project related associates and joint ventures, PPP projects, along with the Group's investments in HLG Contracting, Ventia and Macmahon.

Investments accounted for using the equity method were \$529.0 million at 30 June 2017, a decrease of 14.2%, or \$87.5 million, compared to 31 December 2016. This is largely due to the reduction in the carrying value of the Group's investment in HLG Contracting. For details on the valuation of HLG Contracting refer to the Interim Financial Report, 'Note 11: Associates and joint ventures accounted for using the equity method'.

Property, plant and equipment

Property, plant and equipment was \$1,275.1 million at 30 June 2017, a decrease of 5.9%, or \$80.6 million, compared to 31 December 2016. At 30 June 2017, there was \$450.4 million of equipment financed by the Group under operating leases. Additions to property, plant and equipment during the period included investment in job-costed tunnelling machines, and capital expenditure on plant and equipment for mining projects. The balance also includes the effect of foreign exchange rate fluctuations.

Intangibles

Intangibles were \$1,120.5 million at 30 June 2017, a decrease of 2.3%, or \$26.4 million, compared to 31 December 2016, including goodwill from the acquisition of UGL.

CURRENT LIABILITIES

Trade and other payables

Trade and other payables were \$4,705.6 million at 30 June 2017, a decrease of 1.6%, or \$75.5 million, compared to 31 December 2016. The remaining balance includes amounts due to customers, trade creditors, joint venture payables and other creditors.

NON-CURRENT LIABILITIES

Trade and other payables

Trade and other payables were \$200.5 million at 30 June 2017, a decrease of 30.1%, or \$86.5 million, compared to 31 December 2016.

CASH FLOW

Cash flows from operating activities	HY	HY	chg. \$	chg. %	FY
\$m	2017	2016			2016
Cash flows from operating activities	620.4	97.3	523.1	537.6%	1,201.4
Interest, finance costs, taxes and dividends received	(87.0)	(23.1)	(63.9)	276.6%	(74.4)
Net cash from operating activities	533.4	74.2	459.2	618.9%	1,127.0
Cash flows from investing activities	HY	HY	chg. \$	chg. %	FY
\$m	2017	2016			2016
Payments for intangibles	(6.5)	(8.2)	1.7	(20.7)%	(14.7)
Payments for property, plant and equipment	(201.5)	(90.7)	(110.8)	122.2%	(280.2)
Proceeds from sale of property, plant and equipment	12.2	30.0	(17.8)	(59.3)%	97.8
Proceeds from sale of equity accounted investments	-	-	-	-	180.8
Cash acquired from acquisition of investments in controlled entities and businesses	-	91.7	(91.7)	(100.0)%	244.4
Income tax paid in relations to proceeds from sale of investments in controlled entities and businesses	(59.0)	(32.0)	(27.0)	84.4%	(32.0)
Payments for investments	(13.5)	(34.7)	21.2	(61.1)%	(325.1)
Loans to associates and joint ventures	(40.9)	-	(40.9)	100.0%	(152.7)
Net cash from investing activities	(309.2)	(43.9)	(265.3)	604.3%	(281.7)
Cash flows from financing activities	HY	HY	chg. \$	chg. %	FY
\$m	2017	2016			2016
Own shares purchased from shareholders of the Company	-	(265.9)	265.9	(100.0)%	(425.9)
Cash payments in relation to employee share plans	(3.4)	(9.4)	6.0	(63.8)%	(18.8)
Proceeds from borrowings	678.5	249.2	429.3	172.3%	380.4
Repayment of borrowings	(711.1)	(71.5)	(639.6)	894.5%	(380.1)
Repayment of finance leases	(10.5)	(114.9)	104.4	(90.9)%	(276.9)
Dividends paid to non-controlling interests	-	(12.6)	12.6	(100.0)%	(12.6)
Dividends paid to shareholders of the Company	-	(164.9)	164.9	(100.0)%	(320.5)
Payments to acquire non-controlling interests	(29.3)	(129.7)	100.4	(77.4)%	(389.0)
Net cash from financing activities	(75.8)	(519.7)	443.9	(85.4)%	(1,443.4)

Cash flows from operating activities

Cash flows from operating activities were \$620.4 million for HY17. The EBITDA conversion rate was 87.0% in HY17, compared to 18.9% in HY16. HY17 showed a significant increase in cash flow generation from operating activities, a result of CIMIC's continued focus on working capital improvements.

Income taxes paid have increased by \$52.0 million. The increase in the amount of taxes paid is primarily due to the receipt of refunds in HY16 from overpayment of income taxes relating to the divestment of businesses. A conservative approach was taken to estimate taxes due on these divestments. Finance costs paid have increased due to the higher average gross debt in the period from the acquisition of UGL.

Cash flows from investing activities

Net cash outflows from investing activities were \$309.2 million for HY17. This compares to an outflow of \$43.9 million in HY16.

Gross capital expenditure was \$201.5 million for HY17, an increase of 122.2%, or \$110.8 million, compared to HY16. The increase in capital expenditure reflects investment in job-costed tunnelling machines, and capital expenditure on plant and equipment for mining projects.

Cash flows from financing activities

Net cash outflows from financing activities were \$75.8 million for HY17 compared to \$519.7 million in HY16. The HY16 financing cash outflows include amounts paid in the share buy-back.

NEW WORK AND WORK IN HAND

The Group's total work in hand was \$35.2 billion at 30 June 2017, an increase of 3.6%, or \$1.2 billion, compared to 31 December 2016. This equates to more than two years' worth of revenue and provides a solid base for future growth.

Work in hand \$m	June 2017	June 2016	chg. \$	chg. %	December 2016
Work in hand beginning of period	34,012.0	29,004.4	5,007.6	17.3%	29,004.4
New work	8,896.6	6,809.1	2,087.5	30.7%	13,433.1
UGL acquisition work in hand	-	-	-	-	5,109.0
Executed work	(7,661.2)	(6,258.2)	(1,403.0)	22.4%	(13,534.5)
Total work in hand end of period	35,247.4	29,555.3	5,692.1	19.3%	34,012.0

Work in hand was split 72:28 between domestic and international markets, compared with 66:34 in HY16. The change is largely due to the acquisition of UGL.

MAJOR CONTRACT AWARDS AND SCOPE INCREASES IN 2017¹⁷

During the period, \$8.9 billion of new work was awarded. New work comprised \$8.4 billion of new contracts and \$522.1 million of contract extensions and variations, including the impact of foreign exchange rate movements.

In Australia and New Zealand, the Group won several major contracts, including:

- \$2.810 billion contract to design and construct works for Sydney Metro – Stage 2 (\$1.265 billion, CPB Contractors), in New South Wales;
- \$500 million contract to provide mining services at the Mount Pleasant coal mine, in New South Wales;
- \$276 million contract as part of three WA road projects, in Western Australia;
- \$195 million contract extension at Yallourn coal mine, in Victoria;
- \$175 million contract to design and construct the third stage of the NorthLink road project, in Western Australia;
- \$117 million contract to design and build White Rock Solar Farm and Collinsville Solar Farm, in New South Wales and Queensland respectively; and
- The provision of maintenance services for the next five years to Esso Australia, in Victoria.

Overseas major awards include:

- \$436 million contract to construct the East Kowloon Cultural Centre, in Hong Kong;
- \$278 million contract to deliver the Terminal 1 Annex Building and Carpark 4 Expansion for the International Airport, in Hong Kong;
- \$148 million contract to deliver the Black Point Power Station Combined Cycle Gas Turbine, in Hong Kong;
- \$145 million contract for the construction of Al Garhoud Towers, in Dubai (through 45% owned HLG Contracting. CIMIC's share approximately \$65 million);
- \$134 million contract and contract extension at the Satui and Wahana adjoining coal mines, in Indonesia;
- \$103 million contract to deliver a PPP schools initiative, in New Zealand; and
- \$63 million contract for process upgrade and equipment replacement at the Woodleigh Waterworks, in Singapore.

Work in hand by segment ¹⁸ \$m	June 2017	%	December 2016	%	chg. \$	chg. %	June 2016	%
Construction	15,191.2	43%	12,959.0	38%	2,232.2	17.2%	13,175.7	45%
Mining & mineral processing	9,576.9	27%	10,025.4	30%	(448.5)	(4.5)%	10,021.0	34%
Services	4,927.0	14%	4,926.3	14%	0.7	-	-	-
HLG	1,774.9	5%	1,798.1	5%	(23.2)	(1.3)%	1,968.2	7%
Corporate	3,777.4	11%	4,303.2	13%	(525.8)	(12.2)%	4,390.4	14%
Total work in hand	35,247.4	100%	34,012.0	100%	1,235.4	3.6%	29,555.3	100%

¹⁷ Australian dollar values at date of announcement of the awards, unless otherwise noted.

¹⁸ Corporate work in hand includes work in hand from PPP, commercial and residential and CIMIC's share of investments such as Ventia. Balance has been restated to include commercial and residential segment (FY16: \$724.2 million; HY16: \$945.0 million).

STRATEGY

CIMIC's mission is to generate sustainable economic returns for shareholders by successfully delivering projects for our clients while providing safe, rewarding and fulfilling careers for our people.

CIMIC has strategically streamlined its operating model to create activity focused businesses in construction, mining, mineral processing, operations and maintenance services, PPPs and engineering. These businesses are broadly diversified by market sector, activity, geography, type of client, contract type, size and duration.

The size of CIMIC's construction, mining, PPPs and operations and maintenance services businesses creates economies of scale which has strengthened our competitive position. The Group's diversity provides clients with integrated solutions - from development to financing to engineering, construction, mining, operations and maintenance. This ability to offer a complementary suite of capabilities, throughout the life-cycle of client's infrastructure, resources or property projects, differentiates CIMIC. The Group continuously expands and leverages these competencies to further develop in Australia and select new geographies.

Crucial to the strategy is the development of diversified income streams which helps to reduce volatility and balance risk and sustainable returns. Shorter term projects (e.g. construction) are balanced against medium term projects (e.g. mining and large construction) and longer-term projects (e.g. operations and maintenance services, PPPs and life-of-mine projects).

Underlying the Group's activity focused businesses are common systems and processes. This structure leverages the Group's scale, facilitates innovation and the sharing of knowledge, and provides a rigorous governance framework. Key elements of our strategy are a disciplined approach to risk management, an uncompromising focus on safety and a strict approach to cash generation and capital allocation.

The Principles of Integrity, Accountability, Innovation and Delivery, underpinned by Safety, guide all of the Group's activities.

OPERATING ENVIRONMENT OUTLOOK

In the markets where the Group operates, public and private clients continue to invest (including through PPP models), providing a robust pipeline of projects and opportunities for CIMIC to contribute its project and operational experience in construction, mining, mineral processing, operations and maintenance services, PPPs and engineering.

CONSTRUCTION MARKET

Governments in Australia-Pacific and Asia continue to roll out substantial investment initiatives to address significant infrastructure deficits and manage the needs of their growing populations.

The Australian Federal Government's 2017-18 Budget has committed \$75 billion to road and rail infrastructure investment through to 2026-27¹⁹. This commitment builds on its 2013-21 road, rail and air transport infrastructure investment plan, and is spearheaded by major transport projects, including \$5.3 billion for the delivery of Western Sydney Airport and the \$10 billion National Rail Program²⁰. Over \$42 billion of infrastructure commitments outlined in the Federal Budget are dedicated to the three eastern mainland Australian states²¹. In addition, each of the State Governments have their own infrastructure investment programs, some of which are substantial in their own right.

This commitment to infrastructure investment will be complemented by the private sector, via financing of numerous major State and Federal Government projects under PPP models.

CIMIC's international operations also have a positive outlook, offering growth opportunities in construction and, in the longer term, operations and maintenance services sector.

¹⁹ Based on Commonwealth of Australia data, *Budget 2017-18: Stronger growth to create more and better paying jobs*, May 2017, p. 8, accessed 6 June 2017.

²⁰ Based on Commonwealth of Australia data, *Budget 2017-18: Stronger growth to create more and better paying jobs*, May 2017, p. 9, accessed 6 June 2017.

²¹ Based on Commonwealth of Australia data, *Budget 2017-18: Stronger growth to create more and better paying jobs*, May 2017, pp. 10-11, accessed 6 June 2017.

OPERATING ENVIRONMENT OUTLOOK (CONTINUED)

PPP MARKET

Australia has one of the world's most well-developed PPP markets, having procured numerous economic and social infrastructure PPP projects over the past two decades in the road, rail, health, education, defence, justice, correctional, water, convention centre, social housing and student accommodation sectors.

As per the National PPP Policy Framework agreed to by the Coalition of Australian Governments, all projects costing over \$50 million may be considered for PPP agreements²². The year-on-year value of PPPs is expected to double in 2017-18 to over \$9 billion, led by transportation and social infrastructure in NSW and Victoria²³, including rail, roads, schools, prisons and hospitals.

MINING AND MINERAL PROCESSING MARKET

In mining and mineral processing, the Group remains in a strong position to capitalise on opportunities as they arise. Long-term client partnerships, the successful negotiation of contract extensions and the Group's competitive position provide confidence for the future.

The Australian Government's Resources and Energy Quarterly reported in March 2017²⁴ that Australia's resources and energy export earnings are forecast to reach an all-time high of \$215 billion in 2016-17 and 2017-18. In real terms, this represents 32% growth on 2015-16. Higher prices for iron ore and metallurgical coal, as well as increased LNG export volumes, are likely to be the most significant contributors to growth in export earnings. From FY16 to FY18, export volumes are expected to grow by 3% for metallurgical coal, by 1% for thermal coal and by 13% for iron ore.

Underlying market fundamentals and early indicators are showing signs of an improved market outlook:

- Seasonally adjusted mineral exploration rose 5.2% (\$375.9 million to \$395.3 million) quarter on quarter from December to March 2017²⁵; and
- Seasonally adjusted employment figures from the ABS showed 241,700 people were employed in the mining industry in February 2017, up 5.8% YOY²⁶.

SERVICES MARKET

Strong growth is expected from a range of operations and maintenance services opportunities particularly in road and rail infrastructure, oil and gas, defence, water and renewable energy.

Continuing investment in infrastructure development, and an increase in the proportion of the Australian market that is outsourced, is expected to grow private sector opportunities by about 4-5% per annum until FY21²⁷. This growth will be led primarily by the oil and gas and mining sectors, and also includes operations and maintenance in transport, utilities, manufacturing and buildings²⁸.

²² Infrastructure Australia, *Public Private Partnerships*, accessed 6 June 2017 at <http://infrastructureaustralia.gov.au/policy-publications/public-private-partnerships/>

²³ Infrastructure Partnerships Australia, *Public Private Partnerships: Australia & New Zealand Public Private Partnership Market Analysis*, accessed 6 June 2017 at <http://infrastructure.org.au/chart-group/public-private-partnerships/>

²⁴ Australian Government Department of Industry, Innovation and Science (Office of the Chief Economist) Resources and Energy Quarterly, March 2017

²⁵ 8412.0 - Mineral and Petroleum Exploration, Australia, Mar 2017 - ABS

²⁶ 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, Feb 2017 - ABS

²⁷ BIS Shrapnel (BIS Oxford Economics), *Maintenance in Australia 2016 – 2031*, October 2016, p. v.

²⁸ BIS Shrapnel (BIS Oxford Economics), *Maintenance in Australia 2016 – 2031*, October 2016, p. iii.

FUTURE DEVELOPMENTS

GROUP PROSPECTS

CIMIC is a leading provider of construction, mining, mineral processing, operations and maintenance services, PPPs and engineering in Australia and overseas. The opportunities in these sectors continue to provide the main longer-term drivers for the Group.

The Group's competitive position and work in hand provide a solid base for future revenue and profitability.

The pipeline of infrastructure projects (many of which will be delivered through PPP models), mining and services opportunities remains high, underpinning demand for the Group's activities. Relevant to CIMIC, nearly \$50 billion of tenders are to be bid and/or awarded in the remainder of 2017, and \$320 billion of projects are coming to the market in 2018 and beyond.

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

- Sydney Central train station, part of the Sydney Metro City and Southwest Project-Stage 2 Sydney Metro development, in New South Wales;
- Selected projects under the Western Sydney roads upgrade program and the M4-M5 link in New South Wales;
- Outer Suburban Arterial Roads (OSAR) Programme – Western Package, in Victoria;
- Bannerton 85MW Solar Park Stage 1, in Victoria and the 300MW Yandin Wind Farm, in Western Australia;
- Central Kowloon Route – Yau Ma Tei East, in Hong Kong;
- Various packages for the Deep Tunnel Sewerage System, in Singapore;
- Contract mining at Grande Cache coal mine, in Canada; and
- Contract mining at Encuentro – Minera Centinela SA copper mine, in Chile.

CIMIC continues to consider opportunities to expand into new regions and markets, by leveraging its existing capabilities or analysing local acquisition opportunities.

GUIDANCE

2017 NPAT is expected to be within the range of \$640 million to \$700 million, subject to market conditions.

DIRECTORS' REPORT

The Directors of CIMIC Group Limited present their report for the half-year ended 30 June 2017 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 2017 and the auditor's review report are presented on pages 3 to 32.

The lead auditor's independence declaration is set out on page 33 and forms part of the Directors' Report for the half-year ended 30 June 2017.

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 35 to 47 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 <i>Executive Chairman</i> Appointed Executive Chairman in June 2014 having been a non-executive director since October 2012 until March 2014. He was CEO and Managing Director from March 2014 until October 2016.	Adolfo Valderas Appointed CEO and Managing Director in October 2016
David P Robinson A Non-executive Director since December 1990 and alternate Director for Mr Pedro López Jiménez since June 2014	Pedro López Jiménez A Non-executive Director since March 2014
Peter W Sassenfeld A Non-executive Director since November 2011	Trevor Gerber An Independent Non-executive Director since June 2014
José-Luis del Valle Pérez A Non-executive Director since March 2014	Russell Chenu An Independent Non-executive Director since June 2014

ALTERNATE DIRECTORS	
Robert L Seidler AM An Alternate Director for Mr José-Luis del Valle Pérez and Mr Peter Sassenfeld since June 2014	David Robinson An Alternate Director for Mr Pedro López Jiménez since June 2014

RETIRED DIRECTORS	
Nil	

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that ASIC Instrument, amounts in the interim financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Dated at Sydney this **17 July 2017**

Signed in accordance with a resolution of the Directors:



Adolfo Valderas
Chief Executive Officer and Managing Director



Russell Chenu
Director and Chairman Audit And Risk Committee