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19 July 2016

ASX Market Announcements
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

RE: CIMIC GROUP LIMITED – HALF YEAR REPORT

In accordance with Listing Rule 4.2A attached is the Company's Appendix 4D and Consolidated Interim Financial Report and Management Commentary for the six months ended 30 June 2016.

We also advise that we will be lodging with the ASX today an ASX / Media Release and an Investor Presentation.

Yours faithfully

Louise Griffiths
Company Secretary
CIMIC GROUP LIMITED
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CIMIC

Half Year Report (Appendix 4D) & Management Commentary

For the six months ended 30 June 2016
Issued 19 July 2016

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Half Year Report (Appendix 4D)

For the six months ended 30 June 2016
Issued 19 July 2016

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Results for Announcement to the Market

for the six months ended 30 June 2016

Name of Entity

CIMIC GROUP LIMITED

	6 months to June 2016 $m	6 months to June 2015 $m	% Change
Revenue - Group, joint ventures and associates	6,298.2	8,680.4	(27%)
Revenue - Joint ventures and associates	1,344.5	1,469.4	(9%)
Revenue	4,953.7	7,211.0	(31%)
Profit / (loss) attributable to members of the parent entity	265.2	257.2	3%

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

Details of Reporting Period	
Current reporting period:	Six (6) months to 30 June 2016
Previous corresponding period:	Six (6) months to 30 June 2015

Dividends - June 2016	Amount per security	Franked amount per security	
Interim dividend	48.0¢	48.0¢	100%
Previous corresponding period	46.0¢	46.0¢	100%

Key Dividend Dates	Date
Ex dividend date:	12 September 2016
Record date for determining entitlements to the dividend:	13 September 2016
Date for payment of dividend:	5 October 2016

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2016

	Note	6 months to June 2016 $m	6 months to June 2015 $m
Revenue	2	4,953.7	7,211.0
Expenses	3	(4,594.9)	(6,718.3)
Finance costs	4	(48.0)	(129.0)
Share of profits / (losses) of associates and joint venture entities		39.9	(0.1)
Profit / (loss) before tax		350.7	363.6
Income tax (expense) / benefit		(106.1)	(105.4)
Profit / (loss) for the period		244.6	258.2
(Profit) / loss for the period attributable to non-controlling interests		20.6	(1.0)
Profit / (loss) for the period attributable to members of the parent entity		265.2	257.2
Dividends per share - Interim	6	48.0¢	46.0¢
Basic earnings per share	7	79.8¢	76.0¢
Diluted earnings per share	7	79.7¢	75.7¢

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

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Consolidated Statement of Profit or Loss and other Comprehensive Income

for the six months ended 30 June 2016

	Note	6 months to June 2016 $m	6 months to June 2015 $m
Profit / (loss) for the period attributable to members of the parent entity		265.2	257.2
Other comprehensive income attributable to members of the parent entity:			
Items that may be reclassified to profit or loss			
- Foreign exchange translation differences (net of tax)		(89.3)	62.4
- Effective portion of changes in fair value of cash flow hedges (net of tax)		(12.4)	(0.1)
- Change in fair value of available-for-sale assets (net of tax)		0.8	(0.2)
- Recycling of associate reserve	10	(21.2)	-
Items that will not be reclassified to profit or loss			
- Change in value of equity reserves (net of tax)		(73.8)	-
Other comprehensive income / (expense) for the period		(195.9)	62.1
Total comprehensive income / (expense) for the period attributable to members of the parent entity		69.3	319.3
Total comprehensive income / (expense) for the period attributable to members of the parent entity:			
Total comprehensive income / (expense) for the period		48.7	320.3
Total comprehensive (income) / expense for the period attributable to non-controlling interests		20.6	(1.0)
Total comprehensive income / (expense) for the period attributable to members of the parent entity		69.3	319.3

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

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Consolidated Statement of Financial Position

as at 30 June 2016

	Note	30 June 2016 $m	31 December 2015 $m
Assets			
Cash and cash equivalents[1]		1,661.8	2,167.8
Trade and other receivables	9	3,087.4	2,659.6
Current tax assets		18.0	26.6
Inventories: consumables and development properties		250.1	264.0
Assets held for sale	11	223.7	235.8
Total current assets		5,241.0	5,353.8
Trade and other receivables	9	901.5	889.2
Inventories: development properties		225.0	275.3
Investments accounted for using the equity method	12	900.8	1,073.1
Other investments		127.8	125.7
Deferred tax assets		27.0	119.5
Property, plant and equipment		1,275.5	1,312.8
Intangibles		574.8	527.4
Total non-current assets		4,032.4	4,323.0
Total assets		9,273.4	9,676.8
Liabilities			
Trade and other payables		3,698.6	3,675.7
Current tax liabilities		66.7	81.3
Provisions		265.9	283.4
Interest bearing liabilities	15	156.0	217.4
Liabilities associated with assets held for sale	11	16.0	48.7
Total current liabilities		4,203.2	4,306.5
Trade and other payables		308.6	331.6
Provisions		68.7	84.5
Interest bearing liabilities	15	971.2	838.9
Total non-current liabilities		1,348.5	1,255.0
Total liabilities		5,551.7	5,561.5
Net assets		3,721.7	4,115.3
Equity			
Share capital		1,872.3	2,052.5
Reserves		130.8	423.6
Retained earnings		1,717.0	1,616.7
Total equity attributable to equity holders of the parent		3,720.1	4,092.8
Non-controlling interests		1.6	22.5
Total equity		3,721.7	4,115.3

[1] *As at 30 June 2016 $178.9 million (31 December 2015: $165.3 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.

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Consolidated Statement of Changes in Equity

for the six months ended 30 June 2016

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

	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 owners in their capacity as owners:						
- Contributions of equity	-	-	-	-	-	-
- Dividends	-	-	(164.9)	(164.9)	-	(164.9)
- Share based payments	-	(11.2)	-	(11.2)	-	(11.2)
- Share buy-back[1]	(180.2)	(85.7)	-	(265.9)	-	(265.9)
- Other	-	-	-	-	(0.3)	(0.3)
Total transactions with owners	(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

[1] *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. The buy-back will be funded by a combination of CIMIC's existing cash balances and working capital facilities. As at 30 June 2016 8,827,386 shares were bought back totalling $265.9 million. The associated par value of the shares cancelled totalling $180.2 million have reduced share capital with the total premium paid over par value of $85.7 million taken to the capital redemption reserve. The shares purchased have been cancelled.*

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

Consolidated Statement of Cash Flows

for the six months ended 30 June 2016

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	6 months to June 2016 $m	6 months to June 2015 $m
Cash flows from operating activities		
Cash receipts in the course of operations (including GST)	5,189.3	8,593.1
Cash payments in the course of operations (including GST)	(5,092.0)	(7,739.9)
Cash flows from operating activities	97.3	853.2
Dividends received	4.6	12.7
Interest received	12.5	11.0
Finance costs paid	(47.2)	(128.0)
Income taxes (paid) / received	7.0	(254.8)
Net cash from operating activities	74.2	494.1
Cash flows from investing activities		
Payments for intangibles	(8.2)	(2.8)
Payments for property, plant and equipment	(90.7)	(155.6)
Proceeds from sale of property, plant and equipment	30.0	35.1
Proceeds from sale of investments in controlled entities and businesses	-	1,588.9
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	(32.0)	(263.0)
Payments for investments	(34.7)	-
Net cash from investing activities	(43.9)	1,202.6
Cash flows from financing activities		
Own shares purchased from owners of CIMIC Group Limited	(265.9)	-
Cash payments in relation to employee share plans	(9.4)	(4.6)
Proceeds from borrowings	249.2	732.7
Repayment of borrowings	(71.5)	(1,776.1)
Repayment of finance leases	(114.9)	(63.0)
Dividends paid to non-controlling interests	(12.6)	-
Dividends paid to owners of the Company	(164.9)	(230.2)
Payments to acquire non-controlling interests	(129.7)	-
Net cash from financing activities	(519.7)	(1,341.2)
Net increase / (decrease) in cash held	(489.4)	355.5
Net cash at the beginning of the period	2,167.8	1,976.9
Effects of exchange rate fluctuations on cash held	(16.6)	17.3
Net cash at reporting date	1,661.8	2,349.7

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 2016

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1. BASIS OF PREPARATION

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

CIMIC Group Limited is a Company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 30 June 2016 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group") and the Consolidated Entity's interest in associates and joint ventures. The Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

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

The consolidated interim financial report does not include all the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 31 December 2015.

The consolidated interim financial report was authorised for issue by the Directors on 19 July 2016.

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 2015.

Change in accounting standards

New and amended accounting standards that apply for the first time to the 30 June 2016 interim period are as follows:

- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101;*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality;* and
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent*.

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

Accounting estimates and judgements

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the full financial report for the year ended 31 December 2015.

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Notes continued

for the six months ended 30 June 2016

2. REVENUE

	Note	6 months to June 2016 $m	6 months to June 2015 $m
Construction contracting services		3,513.2	5,103.9
Mining contracting services and mineral processing		1,206.6	1,518.6
Property development revenue		137.8	456.6
Other revenue		51.5	75.0
Revenue from external customers		4,909.1	7,154.1
Interest			
- Related parties		12.8	12.2
- Other parties		12.0	11.1
Unwinding of discounts on non-current receivables			
- Related parties		3.9	3.6
- Other parties		11.3	26.4
Dividends / distributions		4.6	3.6
Interest and dividends		44.6	56.9
Total revenue	5	4,953.7	7,211.0

Notes continued

for the six months ended 30 June 2016

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3. EXPENSES

	Note	6 months to June 2016 $m	6 months to June 2015 $m
Materials		(645.3)	(1,108.8)
Subcontractors		(1,745.8)	(2,300.7)
Plant costs		(350.2)	(520.3)
Personnel costs		(1,139.5)	(1,775.9)
Depreciation of property, plant and equipment	4	(139.8)	(228.4)
Amortisation of intangibles	4	(16.7)	(24.4)
Net gain on acquisition of controlled entities	4	46.6	-
Net gain / (loss) on sale of assets	4	(4.3)	24.0
Impairments	4	(8.4)	(1.7)
Property development - cost of goods sold		(236.0)	(428.7)
Foreign exchange gains / (losses)		1.7	(10.1)
Operating lease payments - plant and equipment		(117.7)	(115.3)
Operating lease payments - other		(77.9)	(69.0)
Design, engineering and technical consulting fees		(29.7)	(34.4)
Other expenses		(131.9)	(124.6)
Total expenses		(4,594.9)	(6,718.3)

Notes continued

for the six months ended 30 June 2016

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4. ITEMS INCLUDED IN PROFIT / (LOSS) BEFORE TAX

		6 months to June 2016 $m	6 months to June 2015 $m
Finance costs			
Interest			
- Related parties		-	(0.9)
- Other parties		(29.6)	(96.3)
Finance charge for finance leases		(5.3)	(8.6)
Facility fees			
- Bank guarantees, insurance bonds and letters of credit		(7.7)	(14.5)
- Other		(4.3)	(7.7)
Impact of discounting			
- Related parties		(1.1)	(1.0)
Total finance costs		(48.0)	(129.0)
Depreciation of property, plant and equipment			
- Buildings		-	(0.6)
- Leasehold land, buildings and improvements		(3.9)	(6.1)
- Plant and equipment		(135.9)	(221.7)
Total depreciation of property, plant and equipment		(139.8)	(228.4)
Amortisation			
- Intangibles		(16.7)	(24.4)
Net gain on acquisition of controlled entities			
- Controlled entities	10	46.6	-
Net gain / (loss) on sale of assets			
- Controlled entities		-	23.8
- Plant and equipment		(4.3)	0.2
Total gain / (loss) on sale of assets		(4.3)	24.0
Impairments			
- Property development and property joint venture write-downs		(1.4)	(1.7)
- Impairment of other intangibles[1]		(7.0)	-
Total impairments		(8.4)	(1.7)

[1] *Impairment of other intangibles include an impairment of the Devine Limited brand name during the period of $7.0 million from $24.0 million to $17.0 million. As announced to the ASX, following the completion of CIMIC's off-market takeover of Devine Limited, management have commenced a strategic review of Devine's businesses. Based on the current status of the review CIMIC management have concluded that the Devine brand name should be impaired to $17.0 million. The strategic review is ongoing and CIMIC management will continue to review the carrying value.*

The Group adopted the relief from royalty method to value Devine's brand name and have evaluated a number of factors to determine whether the recoverable amount is appropriate, including the competitive environment, internal projections of expected revenue, operating plans and weighted average cost of capital. This impairment is contained in the results of the Commercial & Residential segment. Refer to note 5: Segment information.

Notes continued

for the six months ended 30 June 2016

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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
- Public Private Partnerships ("PPPs")
- Engineering ("EIC")
- Habtoor Leighton Group ("HLG")
- Commercial & Residential

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

Following the acquisition of Sedgman Limited 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 a newly expanded segment called *Mining & Mineral Processing*. Accordingly, the equity accounted amounts of Sedgman Limited have been restated in the 6 months to 30 June 2015 period for comparison purposes, from the Corporate segment to Mining & Mineral Processing in accordance with AASB 8 *Operating Segments*.

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

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

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Notes continued

for the six months ended 30 June 2016

5. **SEGMENT INFORMATION** CONTINUED

6 months to June 2016	Construction $m	Mining & Mineral Processing $m	Habtoor Leighton Group $m	Commercial & Residential $m	Corporate $m	Eliminations $m	Total $m
Revenue							
Segment revenue before interest	3,457.8	1,416.7	612.2	204.9	633.1	(66.5)	6,258.2
Interest revenue	-	-	16.6	11.7	11.7	-	40.0
Segment revenue	3,457.8	1,416.7	628.8	216.6	644.8	(66.5)	6,298.2
Inter-segment revenue	(66.5)	-	-	-	-	66.5	-
Segment joint venture and associate revenue	(14.2)	(97.0)	(612.2)	(3.6)	(617.5)	-	(1,344.5)
External revenue	3,377.1	1,319.7	16.6	213.0	27.3	-	4,953.7
Result							
Segment result before finance costs	267.4	115.4	17.9	(55.9)	53.9	-	398.7
Finance costs	(7.4)	(7.2)	-	(3.5)	(29.9)	-	(48.0)
Segment result	260.0	108.2	17.9	(59.4)	24.0	-	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 members of the parent entity							265.2
Other							
Share of profit / (loss) of associates and joint venture entities	(7.9)	8.1	1.6	(1.1)	39.2	-	39.9
Depreciation & amortisation	(37.3)	(118.2)	-	(0.5)	(0.5)	-	(156.5)
Other material non-cash expenses	-	-	-	(8.4)	-	-	(8.4)

Notes continued

for the six months ended 30 June 2016

5. **SEGMENT INFORMATION** CONTINUED

6 months to June 2015	Construction $m	Mining & Mineral Processing[1] $m	Habtoor Leighton Group[2] $m	Commercial & Residential $m	Corporate[1,2] $m	Eliminations $m	Total $m
Revenue							
Segment revenue before interest	5,198.1	1,701.5	548.1	616.9	703.0	(140.5)	8,627.1
Interest revenue	-	-	14.8	26.4	12.1	-	53.3
Segment revenue	5,198.1	1,701.5	562.9	643.3	715.1	(140.5)	8,680.4
Inter-segment revenue	(72.9)	-	-	-	(67.6)	140.5	-
Segment joint venture and associate revenue	(36.6)	(161.2)	(548.1)	(92.4)	(631.1)	-	(1,469.4)
External revenue	5,088.6	1,540.3	14.8	550.9	16.4	-	7,211.0
Result							
Segment result before finance costs	333.5	122.7	14.8	86.4	(64.8)	-	492.6
Finance costs	(7.4)	(10.4)	-	(2.4)	(108.8)	-	(129.0)
Segment result	326.1	112.3	14.8	84.0	(173.6)	-	363.6
Income tax (expense) / benefit							(105.4)
Profit / (loss) for the period							258.2
(Profit) / loss for the period attributable to non-controlling interests							(1.0)
Profit / (loss) for the period attributable to members of the parent entity							257.2
Other							
Share of profit / (loss) of associates and joint venture entities	(1.9)	11.0	-	8.9	(18.1)	-	(0.1)
Depreciation & amortisation	(83.6)	(165.8)	-	(0.6)	(2.8)	-	(252.8)
Other material non-cash expenses	-	-	-	(1.7)	-	-	(1.7)

[1] *The Mining & Mineral Processing segment has been restated in the 6 months to 30 June 2015 period for comparison purposes, to reflect the equity accounted amounts of Sedgman Limited; these amounts were reclassified from the Corporate segment.*

[2] *Consistent with December 2015, amounts from June 2015 have been restated with interest revenue previously recorded in Corporate being reclassified to HLG.*

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Notes continued

for the six months ended 30 June 2016

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6. DIVIDENDS

	Cents per share	$m
2016 interim dividend		
Subsequent to reporting date the Company announced a 100% franked interim dividend in respect of the period ended 30 June 2016. The dividend is payable on 5 October 2016. This dividend has not been provided for in the consolidated statement of financial position.[1]	48.0	158.2
Dividends recognised in the reporting period to 30 June 2016		
31 December 2015 final dividend 100% franked paid on 8 April 2016	50.0	164.9
Dividends recognised in the reporting period to 31 December 2015		
30 June 2015 interim ordinary dividend 100% franked paid on 2 October 2015	46.0	155.7
31 December 2014 final dividend (including special dividend) 100% franked paid on 10 April 2015	68.0	230.2
		385.9

[1] *The Board has determined an interim dividend of 48.0 cents per share. The total dividend payable is an estimate only, based on the number of shares on issue at the date of this financial report. Due to the on-market share buy-back announced by the company on 14 December 2015, 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 2016

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7. EARNINGS PER SHARE

	6 months to June 2016	6 months to June 2015
Basic earnings per share	79.8¢	76.0¢
Diluted earnings per share	79.7¢	75.7¢
Profit / (loss) attributable to members of the parent entity used in the calculation of basic and diluted earnings per share ($m)	265.2	257.2
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]	332,478,294	338,503,563
Weighted average effect of share options on issue	102,424	-
Contingently issuable shares[2]	295,138	1,169,668
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	332,875,856	339,673,231

[1]During the period 8,827,386 of fully paid ordinary shares were purchased for a consideration of $265.9 million from the owners 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).

[2]Contingently issuable shares relate to share rights under plans disclosed in the 31 December 2015 Annual Report (note 37: Employee benefits). There have been no changes to these plans since this date.

8. NET TANGIBLE ASSET BACKING

	June 2016	December 2015
Net tangible asset backing per ordinary share	$9.55	$10.60

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9. TRADE AND OTHER RECEIVABLES

	June 2016 $m	December 2015 $m
Contract debtors[4]	3,290.3	2,820.0
Contract debtors provision[3]	(675.0)	(675.0)
Total contract debtors	2,615.3	2,145.0
Trade debtors	152.5	181.3
Other amounts receivable	263.7	241.3
Prepayments	44.9	34.7
Derivative financial assets	20.6	4.5
Amounts receivable from related parties[1]	861.5	916.8
Non-current tax asset[2]	30.4	25.2
Total trade and other receivables	3,988.9	3,548.8
Current	3,087.4	2,659.6
Non-current	901.5	889.2
Total trade and other receivables	3,988.9	3,548.8
Additional information on contract debtors		
Amounts due from customers – net contract debtors	2,615.3	2,145.0
Amounts due to customers – trade and other payables	(743.4)	(645.8)
Net contract debtors	1,871.9	1,499.2

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

- *loan receivables:*
  - *non-current interest free shareholder loans provided to HLG of US$118.2 million (31 December 2015: US$115.2 million) equivalent to $157.6 million (31 December 2015: $157.8 million), maturing on 30 September 2017;*
  - *non-current interest bearing loans of US$415.0 million (31 December 2015: US$415.0 million) equivalent to $553.3 million (31 December 2015: $568.5 million), maturing on 30 September 2017; and*
  - *the repayment of the above loans is subject to certain restrictions as a result of the loans being subordinate to other external debt held by HLG. Repayment of these amounts is expected to occur after the settlement of HLG's external debt in September 2017, or where HLG receives prior written consent from the financier, or where a permitted payment under the financing arrangement occurs.*
- *non-current interest receivable of US$94.5 million (31 December 2015: US$85.0 million), equivalent to $126.0 million (31 December 2015: $116.4 million), is receivable from HLG on the interest bearing shareholder loans.*

[2] *The non-current tax asset of $30.4 million (31 December 2015: $25.2 million) represents the amount of income taxes recoverable from the payment of tax in excess of the amounts due to the relevant tax authority not expected to be received within twelve months after reporting date.*

[3] *On 31 December 2014, the Group raised a contract debtors provision to cover the risk on a portfolio basis of unrecoverable contract debtors. This amount has remained unchanged in the current period.*

[4] *Includes an amount equal to $1.14 billion (31 December 2015: $1.13 billion) relating to the Gorgon LNG Jetty and Marine Structures Project being undertaken by CPB Contractors Pty Ltd (CPB), a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA (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;*

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9. TRADE AND OTHER RECEIVABLES CONTINUED

- *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 remain in negotiations in relation to some of the CORs; and*
- *Although negotiations continued, CIMIC determined that the process needed to progress to the next step. Therefore on 9 February 2016 the Consortium formally issued a Notice of Dispute to Chevron in connection with the Gorgon Contract. That Notice requires the Consortium to enter into a further prescribed negotiation process, which, if unsuccessful, may lead to a private arbitration. That negotiation continues.*

The Gorgon Contract does not specify a time limit within which the process must be determined. The Group's share of the total amount under negotiation equals approximately $1.86 billion. CIMIC confirms its view that CPB remains entitled to that amount plus interest (being an amount exceeding $500 million that will continue to accrue) and costs (Total Entitlement). CIMIC has only recognised revenue equal to the costs incurred in respect of the Gorgon Contract in accordance with the relevant accounting standard, AASB 111, resulting in an amount equal to $1.14 billion (approximately 50% of the Total Entitlement) being recognised as Contract Debtors at 30 June 2016 (Contract Debtors).

	6 months to June 2016 $m	12 months to December 2015 $m
Contract debtors provision		
Balance at beginning of reporting period	(675.0)	(675.0)
Net provision (made) / used	-	-
Balance at reporting date	(675.0)	(675.0)

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10. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES

June 2016 acquisitions and disposals of controlled entities and businesses

Acquisitions – Sedgman Limited ("SDM")

	Fair value on acquisition $m
Cash and cash equivalents	91.7
Trade and other receivables	73.8
Other current assets	4.0
Investments accounted for using the equity method	6.3
Other investments	0.4
Property, plant and equipment	16.4
Intangibles	3.1
Current and deferred tax	4.3
Trade and other payables	(86.6)
Provisions	(23.7)
Interest bearing liabilities	(4.5)
Net identifiable assets and liabilities	85.2

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 purchase consideration paid for Sedgman was determined as $156.7 million comprising: control date consideration of $5.7 million, acquisition date fair value of the Group's previously held equity interest of $104.6 million and acquisition date fair value of the non-controlling interest net assets of $46.4m. As the total purchase consideration of $156.7 million exceeded the fair value of the identifiable net assets of Sedgman at acquisition date of $85.2 million, this resulted in the recognition of intangible assets represented by goodwill on acquisition of $61.5 million and customer contracts of $10.0 million. In accordance with *AASB 3 Business Combinations*, the Group revalued its previously held equity interest in Sedgman to fair value, resulting in a gain on remeasurement of $25.4 million, and recycling of the associates reserve of $21.2 million of from equity to profit and loss, resulting in a total gain on acquisition before tax of $46.6 million (*refer to note 4: Items included in profit before tax*).

The contribution by Sedgman to the Group's revenue and profit or loss from the acquisition date to the end of the period ended 30 June 2016 was $157.1 million and $4.0 million respectively after making adjustments for the acquisition in accordance with *AASB 3 Business Combinations*.

June 2015 acquisitions and disposals of controlled entities and businesses

On 31 March 2015 and 15 May 2015, a subsidiary of Thiess Pty Limited, a controlled entity of the Company, disposed of its interests in PT Solo Ngawi Jaya, PT Ngawi Kertosono Jaya and PT Cinere Serpong Jaya for $68.0 million. In the six months to 30 June 2015 the disposed companies contributed $nil net profit after tax to the consolidated net profit for the period.

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

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11. HELD FOR SALE

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

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

The assets and associated finance lease liabilities relating to Arutmin were reclassified for the first time as held for sale under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* at 31 December 2013.

An agreement for the sale of assets was formally signed in January 2016. As a result, both the composition of the assets and liabilities to be sold and the expected timing of the sale changed. This resulted in a net $28.5 million of assets held for sale being reclassified during the 31 December 2015 reporting period to property, plant and equipment and inventories (after the impact of foreign exchange changes). The associated finance lease liabilities of $46.7 million were also reclassified to interest bearing liabilities. The change in assets and associated finance lease liabilities held for sale had no impact on the profit or loss for that reporting period.

The remaining assets and associated finance lease liabilities have continued to be classified as held for sale at 30 June 2016 as the sale is still expected within 12 months of reporting date.

	June 2016 $m	December 2015 $m
	Arutmin	Arutmin
Assets		
Inventories: consumables*	29.6	30.4
Total current assets	29.6	30.4
Property, plant and equipment*	189.0	194.2
Total non-current assets	189.0	194.2
Total assets	218.6	224.6
Liabilities		
Interest bearing liabilities*	(16.0)	(47.1)
Total current liabilities	(16.0)	(47.1)
Total non-current liabilities	-	-
Total liabilities	(16.0)	(47.1)

****Other held for sale***

Other held for sale includes development properties $3.6 million (31 December 2015: $11.0 million) inventories $0.3 million (31 December 2015: $nil) mining equipment of $1.2 million (31 December 2015 mining equipment: $0.2 million) and interest bearing liabilities $nil (31 December 2015: $1.6 million) actively marketed for sale in addition to the Arutmin amounts disclosed above.

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

The Group has the following investments in associates:

			Ownership interest	
Name of entity	Principal activity	Country	June 2016 %	December 2015 %
Al Habtoor Leighton LLC	Construction	United Arab Emirates	45	45
Canberra Metro Holdings Trust[1]	Construction	Australia	30	-
Canberra Metro Holdings Pty Ltd[1]	Construction	Australia	30	-
Dunsborough Lakes Village Syndicate[1]	Development	Australia	20	20
LCIP Co-Investment Unit Trust[3]	Investment	Australia	11	11
Macmahon Holdings Limited[1]	Construction, Contract Mining	Australia	20	20
Sedgman Limited[1, 4]	Construction, Contract Mining	Australia	-	37
Paradip Multi Cargo Berth Private Limited[2]	Development	India	26	26
On Talent Pty Ltd[1]	Recruitment	Australia	33	-
Wellington Gateway General Partner No.1 Limited[3]	Investment	New Zealand	15	15

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

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

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

[3]*The Group's investment was equity accounted as a result of the Group's active participation on the Board and the Group's ability to impact decision making, leading to the assessment that significant influence exists.*

[4]*Sedgman Limited was an equity accounted associate of the Group as at 31 December 2015. In the period to 30 June 2016 the Group increased its ownership interest in Sedgman and obtained control. Refer to note 10: Acquisitions and disposals of controlled entities and business.*

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

Al Habtoor Leighton LLC ("HLG")

During the reporting period, the carrying value of the Group's investment in HLG decreased from $444.7 million to $432.8 million (equivalent to US$324.6 million at 30 June 2016 and US$324.6 million at 31 December 2015). The decrease was due to a foreign exchange translation loss of $11.9 million. The recoverable amount of the Group's investment was calculated using a value in use calculation.

The key assumptions used in the value in use calculation:

Discount rate	➢	16% (31 December 2015: 15%)
Growth rate	➢	3% (31 December 2015: 3%) for cash flows beyond five years. This rate does not exceed the expected long-term average growth rate for the Middle East & North Africa ("MENA") region
Legacy project receivables	➢	There continues to be a delay in payment from clients in the MENA region, particularly for projects in progress at the time the Group invested in HLG. It is assumed of the remaining unprovided legacy project receivables, 52% will be collected within twenty-four months and 48% collected subsequently (31 December 2015: 56% and 44% respectively)
Borrowings	➢	Borrowings obtained to fund working capital will be progressively repaid during the forecast period
Forecast cash flow	➢	The calculation uses five year cash flow projections based on forecasts provided by HLG's management, risk adjusted downward by the Group. Cash flows beyond five years are extrapolated using the estimated growth rate

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

The Group has pledged the following security against borrowings by HLG under two facilities totalling US$251.7 million (31 December 2015: two facilities totalling US$259.8 million) equivalent to $335.6 million (31 December 2015: $356.0 million):

- letters of credit of US$64.1 million (31 December 2015: US$68.2 million), equivalent to $85.5 million (31 December 2015: $93.4 million); and
- guarantees of US$187.6 million (31 December 2015: US$191.6 million), equivalent to $250.1 million (31 December 2015: $262.6 million).

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

The Group has the following joint venture entities:

			Ownership interest	
Name of entity	Principal activity	Country	June 2016 %	December 2015 %
A.C.N. 115 687 057 Pty Ltd (formerly known as Promet Engineers Pty Limited)[1]	Construction	Australia	50	50
A.C.N. 610 912 484 Pty Ltd[1]	Services	Australia	50	-
APM Group (Aust) Pty Ltd & Broad Construction Services (NSW/VIC) Pty Ltd[1]	Construction	Australia	50	50
Applemead Proprietary Limited	Development	Australia	50	50
Auckland Road Maintenance Alliance (West) Management JV[1]	Construction	New Zealand	50	50
Bac Devco Pty Limited[1]	Development	Australia	33	33
Barclay Mowlem Thiess Joint Venture[1]	Construction	Australia	50	50
Canberra Metro Operations Pty Ltd[1]	Services	Australia	50	-
City West Property Holding Trust (Section 63 Trust)	Development	Australia	50	50
City West Property Holdings Pty Limited	Development	Australia	50	50
City West Property Investment (No. 1) Trust	Development	Australia	50	50
City West Property Investment (No. 2) Trust	Development	Australia	50	50
City West Property Investment (No. 3) Trust	Development	Australia	50	50
City West Property Investment (No. 4) Trust	Development	Australia	50	50
City West Property Investment (No. 5) Trust	Development	Australia	50	50
City West Property Investment (No. 6) Trust	Development	Australia	50	50
City West Property Investments (No. 1) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 2) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 3) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 4) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 5) Pty Limited	Development	Australia	50	50
City West Property Investments (No. 6) Pty Limited	Development	Australia	50	50
Cockatoo Iron Ore[1]	Contract Mining	Australia	-	50
Cockatoo Mining Pty Ltd[1]	Contract Mining	Australia	50	50
Doubleone 3 Unit Trust[1]	Development	Australia	50	50
Erskineville Residential Project Pty Ltd	Construction	Australia	50	50
Fallingwater Trust[1]	Development	Australia	15	15
Great Eastern Alliance	Construction	Australia	75	-
GSJV SCC	Contract Mining	Barbados	50	-
Kentz E & C Pty Ltd	Construction	Australia	-	50
Kings Square No.4 Unit Trust	Development	Australia	50	50
Kings Square Pty Ltd	Development	Australia	50	50
Kurunjang Development Pty Ltd[1]	Investment	Australia	50	50
LCS Employment Agency Ltd	Services	Macau	50	50

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

Name of entity	Principal activity	Country	Ownership interest June 2016 %	Ownership interest December 2015 %
Leighton Abigroup Joint Venture[1]	Construction	Australia	50	50
Leighton BMD JV[1]	Construction	Australia	50	50
Leighton Construction India (Private) Limited[2]	Construction	India	50	50
Leighton Contractors & Baulderstone Hornibrook Bilfinger Berger Joint Venture[1]	Construction	Australia	50	50
Leighton Kumagai Joint Venture (MetroRail)[1]	Construction	Australia	55	55
Leighton OSE Joint Venture[2]	Construction	India	50	50
Leighton Services UAE Co LLC	Services	UAE	50	36
Leighton / Ngarda Joint Venture (LNJV)[1]	Construction	Australia	88	88
Leighton-Infra 13 Joint Venture[2]	Construction	India	50	50
Leighton Holland Browse JV[1]	Construction	Australia	50	50
Majwe Mining Joint Venture (Proprietary) Limited	Contract Mining	Botswana	60	60
Manukau Motorway Extension[1]	Construction	New Zealand	50	50
Marine & Civil Pty Ltd[1]	Construction	Australia	50	50
Mode Apartments Pty Ltd	Development	Australia	50	50
Mode Apartments Unit Trust	Development	Australia	50	50
Moonee Ponds Pty Ltd	Development	Australia	50	50
Mosaic Apartments Holdings Pty Ltd[1]	Development	Australia	50	50
Mosaic Apartments Pty. Ltd.[1]	Development	Australia	50	50
Mosaic Apartments Unit Trust	Development	Australia	50	50
Mulba Mia Leighton Broad Joint Venture[1]	Construction	Australia	50	50
New Future Alliance (SIHIP)	Construction	Australia	80	80
Nextgen Group Holdings Pty Limited	Services	Australia	29	29
Ngarda Civil and Mining Pty Limited[1]	Contract Mining	Australia	50	50
Northern Gateway Alliance	Construction	New Zealand	50	50
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	50
S.A.N.T. (Term-Holding) Pty Ltd	Construction	Australia	50	50
SmartReo Pty Ltd	Construction	Australia	50	50
Southern Gateway Alliance (Mandurah)	Construction	Australia	69	69
The Kurunjang Development Trust[1]	Development	Australia	50	50
Thiess Alstom Joint Venture[1]	Construction	Australia	-	50
Thiess Barnard Joint Venture	Construction	Australia	-	50
Thiess Downer EDI Works JV[1]	Construction	Australia	-	75
Thiess Hochtief Joint Venture[1]	Construction	Australia	50	50
Thiess United Group Joint Venture[1]	Construction	Australia	50	50

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

			Ownership interest	
Name of entity	Principal activity	Country	June 2016 %	December 2015 %
Ventia Services Group Pty Limited (formerly known as LS HoldCo Pty Ltd)	Services	Australia	50	50
Viridian Noosa Pty Ltd[1]	Development	Australia	50	50
Viridian Noosa Trust[1]	Development	Australia	50	50
Wallan Project Pty Ltd[1]	Investment	Australia	50	50
Wallan Project Trust[1]	Investment	Australia	50	50
Wedgewood Road Hallam No. 1 Pty Ltd	Development	Australia	50	50
Wedgewood Road Hallam Trust	Development	Australia	50	50
Wellington Tunnels Alliance	Construction	New Zealand	50	50
Wrap Southbank Unit Trust	Development	Australia	50	50

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

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

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

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13. JOINT OPERATIONS

The Group has the following interest in joint operations:

Name of arrangement	Principal activity	Country	Ownership interest June 2016 %	Ownership interest December 2015 %
Bacchus Marsh[1]	Development	Australia	50	50
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
Casey Fields[1]	Development	Australia	55	55
China State Leighton Joint Venture	Construction	Hong Kong	50	50
CHT Joint Venture	Construction	Australia	50	50
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
Edenbrook Estate[1]	Development	Australia	50	50
Erskineville Residential Project	Development	Australia	50	50
EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV)	Construction	Australia	50	50
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Garlanja Joint Venture[1]	Construction	Australia	-	75
HYLC Joint Venture[1]	Construction	Australia	50	50
JHCPB JV	Construction	Australia	50	-
John Holland – Leighton (South East Asia) Joint Venture	Services	Hong Kong	50	50
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	-
Leighton Contractors Downer Joint Venture[1]	Construction	Australia	50	50
Leighton Fabrication and Modularisation Ltd	Construction	Thailand	-	50
Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga)[1]	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (SH16 Causeway Upgrade)	Construction	New Zealand	50	50
Leighton John Holland Joint Venture (Thomson Line)	Construction	Singapore	50	50
Leighton Offshore - John Holland Joint Venture (LTA Project)	Construction	Singapore	50	50
Leighton M&E - Southa Joint Venture	Construction	Australia	50	50

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13. JOINT OPERATIONS CONTINUED

Name of arrangement	Principal activity	Country	Ownership interest June 2016 %	Ownership interest December 2015 %
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	70	70
Link 200 Joint Venture[1]	Construction	Hong Kong	48	48
Link 200 Station Joint Venture[1]	Construction	Hong Kong	60	60
Link 200 Tunnel Joint Venture[1]	Construction	Hong Kong	60	60
LLECPB Crossing Removal JV	Construction	Australia	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	30	-
NRT - Infrastructure Joint Venture	Construction	Australia	50	50
OWP Joint Venture	Services	Australia	75	75
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	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 Pty Ltd & York Civil Pty Ltd	Construction	Australia	65	65
Thiess Sedgman Joint Venture[1,2]	Construction	Australia	-	68
Thiess Southbase Joint Venture	Construction	New Zealand	50	50
Thiess John Holland Joint Venture (Airport Link)	Construction	Australia	50	50
Thiess John Holland Joint Venture (Eastlink)	Construction	Australia	50	50
Thiess John Holland Joint Venture (Lane Cove Tunnel)	Construction	Australia	-	50
Veolia Water - Leighton- John Holland Joint Venture (formerly known as John Holland Veolia Water Australia Joint Venture (Hong Kong Sludge))	Construction	Hong Kong	24	24

All joint operations have a reporting date of 31 December with the following exceptions:

[1]*Arrangements have a 30 June reporting date.*

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

[2]*Entity have been transferred to controlled entities during the period.*

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14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data.

30 June 2016	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Equity and stapled securities available-for-sale				
- Listed	1.8	-	-	1.8
- Unlisted	-	-	71.4	71.4
Financial assets at fair value through profit or loss				
- Listed	-	-	-	-
- Unlisted	-	-	54.6	54.6
Derivatives	-	20.6	-	20.6
Total assets	1.8	20.6	126.0	148.4
Liabilities				
Derivatives	-	(2.4)	-	(2.4)
Total liabilities	-	(2.4)	-	(2.4)

31 December 2015	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Equity and stapled securities available-for-sale				
- Listed	1.6	-	-	1.6
- Unlisted	-	-	72.3	72.3
Financial assets at fair value through profit or loss				
- Listed	-	-	-	-
- Unlisted	-	-	51.8	51.8
Derivatives	-	4.5	-	4.5
Total assets	1.6	4.5	124.1	130.2
Liabilities				
Derivatives	-	(1.4)	-	(1.4)
Total liabilities	-	(1.4)	-	(1.4)

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14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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

	6 months to June 2016 $m	12 months to December 2015 $m
Unlisted equity and stapled securities available-for-sale		
Balance at beginning of reporting period	72.3	63.7
Disposals	(1.7)	-
Gains/ (losses) recognised in other comprehensive income	0.8	8.6
Balance at reporting date	71.4	72.3

	6 months to June 2016 $m	12 months to December 2015 $m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	51.8	47.0
Acquisitions through business combinations	0.3	-
Gains recognised through profit or loss	2.5	4.8
Balance at reporting date	54.6	51.8

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.

Listed and unlisted debt

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

The fair value of interest bearing liabilities is:

- *Listed debt:* 10-Year-Fixed-Rate Guaranteed Notes fair value US$213.8 million, equivalent to $285.1 million; carrying value US$201.3 million, equivalent to $268.4 million (31 December 2015: fair value US$207.5 million, equivalent to $284.2 million; carrying value US $201.3 million, equivalent to $275.8 million).
- *Unlisted debt*: Guaranteed Senior Notes fair value US$378.3 million, equivalent to $504.4 million; carrying value US$339.0 million, equivalent to $452.0 million (31 December 2015: fair value US$377.6 million, equivalent to $517.3 million; carrying value US$339.0 million, equivalent to $464.4 million).

Notes continued

for the six months ended 30 June 2016

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14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS CONTINUED

Methods and valuation techniques continued

Cash flow hedges

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

Valuation process

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

15. INTEREST BEARING LIABILITIES

	June 2016 $m	December 2015 $m
Current		
Interest bearing loans	4.9	20.1
Finance lease liabilities	106.4	145.3
Interest bearing liabilities - limited recourse loans	44.7	52.0
Total current liabilities	156.0	217.4
Non-current		
Interest bearing loans	920.4	740.1
Finance lease liabilities	50.8	98.8
Interest bearing liabilities - limited recourse loans	-	-
Total non-current liabilities	971.2	838.9
Total interest bearing liabilities[1]	1,127.2	1,056.3

[1]30 June 2016: Total interest bearing liabilities excludes $16.0 million of interest bearing liabilities included in held for sale as at the end of reporting period (31 December 2015: $48.7 million). Refer to note 11: Held for sale.

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Notes continued

for the six months ended 30 June 2016

15. INTEREST BEARING LIABILITIES CONTINUED

Interest Bearing Loans

Syndicated Loans

On 21 June 2013, CIMIC Finance Limited (formerly Leighton Finance Limited), a wholly owned subsidiary of the Company, entered into a syndicated bank facility for $1.0 billion, maturing on 21 June 2016. On 8 December 2014 the maturity date of this facility was extended to 8 December 2017. Carrying amount at 30 June 2016: $200.0 million (carrying amount at 31 December 2015: $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 2016: US$79.0 million (31 December 2015: US$79.0 million) equivalent to $105.3 million (31 December 2015: $108.2 million), of which US$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 (formerly Leighton Finance (USA) Pty Limited), a wholly owned subsidiary of the Company, issued a total of US$350.0 million Guaranteed Senior Notes in three series:

- Series A Notes: US$90.0 million Guaranteed Senior Notes at the rate of 4.51% 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 2016: US$260.0 million (31 December 2015: US$260.0 million) equivalent to $346.7 million (31 December 2015: $356.1 million), of which US$nil is due for repayment within twelve months from the reporting date.

CIMIC Finance (USA) Pty Limited (2012)

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

The notes bear interest from 13 November 2012 at the rate of 5.95% per annum and mature on 13 November 2022. Interest on the notes 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 2016: US$201.3 million (31 December 2015: US$201.3 million) equivalent to $268.4 million (31 December 2015: $275.8 million).

Bilateral Loans

At 30 June 2016, bilateral loan facilities were undrawn (31 December 2015: $nil).

Other Unsecured Loans

Other unsecured loans outstanding as at 30 June 2016: $4.9 million (31 December 2015: $20.1 million). Other unsecured loans expected to be settled within twelve months after reporting date: $4.9 million (31 December 2015: $20.1 million).

Finance Lease Liabilities

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

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Notes continued

for the six months ended 30 June 2016

15. INTEREST BEARING LIABILITIES CONTINUED

Limited Recourse Loans

The Group has limited recourse property development loans secured against certain property development assets of the Group and overseas borrowings by subsidiaries secured against the assets of the overseas subsidiaries. Carrying amount as at 30 June 2016: $44.7 million (31 December 2015: $52.0 million).

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since 31 December 2015.

17. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date:

- The Group declared a 100% franked dividend of 48.0 cents per share.

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Directors' Declaration

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

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

   a) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2016 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 19th day of July 2016.

Signed in accordance with a resolution of Directors:

Marcelino Fernández Verdes
Executive Chairman and Chief Executive Officer

Russell Chenu
Chairman Audit and Risk Committee

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

We have reviewed the accompanying interim financial report of CIMIC Group Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2016, and the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 33.

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

Auditor's Responsibility
Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 2016 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

John Leotta
Partner
Chartered Accountants
Sydney, 19 July 2016

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

19 July 2016

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 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

John Leotta
Partner
Chartered Accountants

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Management Commentary

For the six months ended 30 June 2016
Issued 19 July 2016

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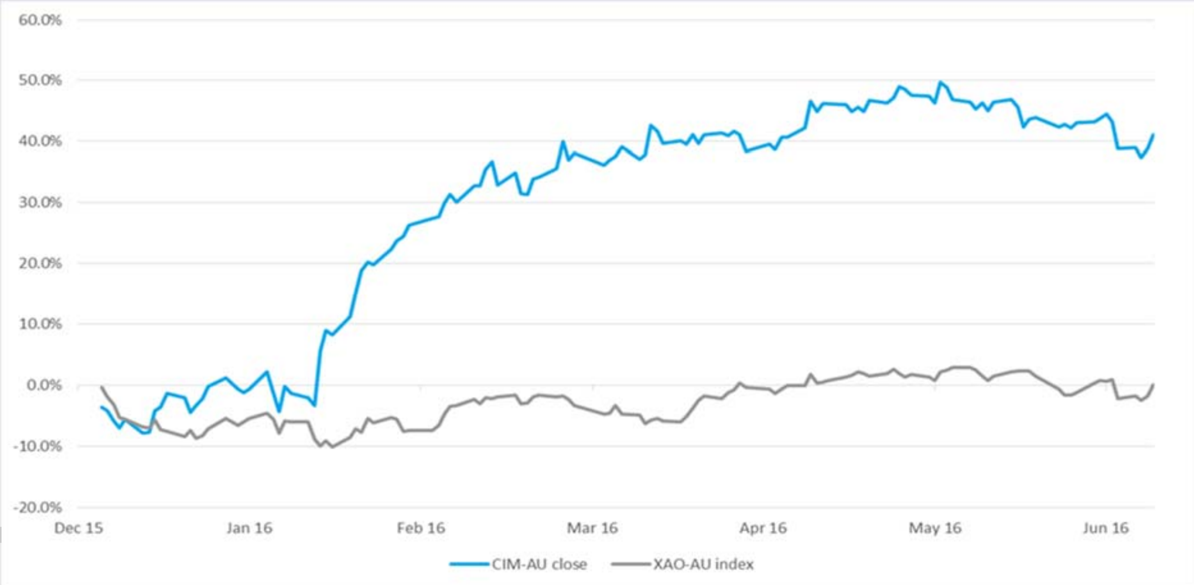
FINANCIAL HIGHLIGHTS

KEY FIGURES ($m)	HY 2016	HY 2015	chg.	FY 2015
Revenue excluding interest[1]	4,913.7	7,157.7	(31.4)%	13,280.8
EBIT	358.7	439.3	(18.3%)	838.9
EBIT margin[2]	**7.3%**	**6.1%**	**1.2pp**	**6.3%**
Profit before tax	350.7	363.6	(3.5)%	735.0
PBT margin[2]	**7.1%**	**5.1%**	**2.0pp**	**5.5%**
NPAT	**265.2**	**257.2**	**3.1%**	**520.4**
NPAT margin[2]	**5.4%**	**3.6%**	**1.8pp**	**3.9%**
Earnings per share (basic)	79.8c	76.0c	5.0%	153.7c
Net cash from operating activities[3]	**74.2**	**494.1**	**(85.0)%**	**1,450.2**
Gross capital expenditure[4]	(90.7)	(155.6)	(41.7)%	(266.3)
Free operating cash flow[5]	**(16.5)**	**338.5**	**NA**	**1,183.9**
Net cash/(debt)	534.6	355.1	50.5%	1,111.5
Operating leases	(523.0)	(570.0)	(8.2)%	(583.4)
Net cash/(debt) including operating leases	**11.6**	**(214.9)**	**NA**	**528.1**
Gearing[6]	(0.3)%	5.3%	NA	(14.7)%
Net contract debtors	1,871.9	1,894.3	(1.2)%	1,499.2
New work[7]	6,809	6,893	(1.2)%	14,131
Executed work	(6,258)	(8,627)	(27.5)%	(16,129)
Total work in hand[8]	29,555	29,267	1.0%	29,004

Indexed performance of CIMIC shares



[1] Excluding interest income $40.0 million (FY15: $89.9 million, HY15: $53.3 million) and revenue from joint ventures and associates of $1,344.5 million (FY15: $ 2,848.0 million, HY15: $1,469.4 million).
[2] Margin calculated on revenue excluding joint ventures and associates revenue of $1,344.5 million (FY15: $ 2,848.0 million, HY15: $1,469.4 million) and interest income $40.0 million (FY15: $89.9 million, HY15: $53.3 million).
[3] Net cash from operating activities is defined as the cash flow from operating activities after dividends received, interest, finance costs and tax.
[4] Gross capital expenditure is payments for property, plant and equipment.
[5] Free operating cash flow is net cash from operating activities including gross capital expenditure.
[6] Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholders' equity.
[7] New work includes new contracts and contract extensions and variations including the impact of foreign exchange rate movements.
[8] Work in hand includes CIMIC's share of work in hand from joint ventures and associates. Work in hand has been restated to include work in hand beyond five years of FY15: $1,663 million, HY15: $760 million.

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HY16 FINANCIAL HIGHLIGHTS

SOLID NPAT PERFORMANCE AND MARGIN IMPROVEMENT; POSITIVE REVENUE TREND EMERGING

- Net profit after tax of $265.2 million, an increase of 3.1% compared with HY15: NPAT margin of 5.4%, an increase of 180 basis points on HY15.
- Earnings per share (basic) were 79.8c, an increase of 5.0% on HY15, boosted by the benefits of the share buy-back.
- Earnings before interest and tax and profit before tax margins of 7.3% and 7.1% respectively, increases of 120 and 200 basis points on HY15.
- Revenue[9] down 31.4% on HY15; positive revenue trend emerging in the second quarter, up 5.6% compared with the first quarter and expected to continue.

CONSISTENT, POSITIVE BALANCE SHEET DEVELOPMENT AND NET CASH POSITION

- Net cash (excluding operating leases) of $534.6 million, a $179.5 million increase on 30 June 2015.
- Net cash (including operating leases) of $11.6 million, a $226.5 million increase on 30 June 2015.
- Significant decline in net finance cost, down $67.7 million on HY15, due to the strengthened balance sheet and reduced financing margins.

OPERATING CASH FLOW GENERATION OF $335.5 MILLION IN 2Q16

- Generation of nearly $1.2 billion of cash flow from operating activities in the 12 months to 30 June 2016.
- Gross capital expenditure of $90.7 million in HY16, a reduction of $64.9 million on HY15.
- Generation of nearly $830 million of free operating cash flow in the 12 months to 30 June 2016 reflective of the improved financial position and focus on cash collection.

WORK IN HAND STEADILY IMPROVING AT $29.6 BILLION

- Secured new work of $6.8 billion during HY16.
- Work in hand up nearly 2% on 31 December 2015.
- Solid pipeline of infrastructure and mining projects. Tendering on work worth more than $25 billion in the remainder of 2016 and investigating a further $250 billion of opportunities in 2017 and beyond.

FY16 GUIDANCE CONFIRMED

- Guidance confirmed for FY16 NPAT in the range of $520 million to $580 million, subject to market conditions.

SHAREHOLDER RETURNS

- Share price increase of 47.1% as at 30 June 2016, compared with a 0.6% decline in the All Ordinaries index.
- Interim dividend declared of 48 cents per share, franked at 100%, payable on 5 October 2016.
- As at 30 June 2016 8.8 million shares had been bought back in on-market share buy-back, representing 2.6% total CIMIC shares outstanding before the start of the share buy-back.

[9] Excluding interest income $40.0 million (FY15: $89.9 million, HY15: $53.3 million) and revenue from joint ventures and associates of $1,344.5 million (FY15: $2,848.0 million, HY15: $1,469.4 million).

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FINANCIAL PERFORMANCE

CIMIC Group's financial performance continues to show the ongoing benefits of the transformation strategy. The Group's activity-focused operating model and attention to producing cash-backed, sustainable profits have delivered a solid financial position and enhanced returns for shareholders.

Financial performance **$m**	**HY** **2016**	**HY** **2015**	**chg. %**	**FY** **2015**
Group revenue	6,298.2	8,680.4	(27.4)%	16,218.7
Revenue - JV and associates	(1,344.5)	(1,469.4)	(8.5)%	(2,848.0)
Revenue	4,953.7	7,211.0	(31.3)%	13,370.7
Interest revenue	(40.0)	(53.3)	(25.0)%	(89.9)
Revenue excluding interest	**4,913.7**	**7,157.7**	**(31.4)%**	**13,280.8**
Expenses	(4,594.9)	(6,718.3)	(31.6)%	(12,427.4)
Share of profit/(loss) of JV and associates	39.9	(0.1)	NA	(14.5)
EBIT	358.7	439.3	(18.3)%	838.9
EBIT margin[10]	7.3%	6.1%	1.2pp	6.3%
Net finance costs[11]	(8.0)	(75.7)	(89.4)%	(103.9)
Profit before tax	350.7	363.6	(3.5)%	735.0
PBT margin[10]	7.1%	5.1%	2.0pp	5.5%
Income tax	(106.1)	(105.4)	0.7%	(220.6)
Profit for the period	244.6	258.2	(5.3)%	514.4
Non-controlling interests	20.6	(1.0)	NA	6.0
NPAT	**265.2**	**257.2**	**3.1%**	**520.4**
NPAT margin[10]	5.4%	3.6%	1.8pp	3.9%
Earnings per share (basic)	79.8c	76.0c	5.0%	153.7c

REVENUE

Revenue excluding interest was $4.9 billion during HY16, a decline of 31.4% on HY15. Revenue excluding interest improved 5.6% to $2.5 billion during the second quarter compared with the first quarter, showing a positive emerging trend that is expected to continue. Work in hand, a forward indicator of revenue, also increased reflecting this trend. (Refer to section titled 'Work in hand').

Group revenue by segment

Group revenue for the period included for the first time the full consolidation of Sedgman and the 2015 comparable figures have been reallocated from the Corporate segment to an expanded segment: Mining and mineral processing.

Group revenue **$m**	**HY** **2016**	**HY** **2015**	**chg. %**	**FY** **2015**
Construction	3,457.8	5,198.1	(33.5)%	9,514.0
Mining & mineral processing	1,416.7	1,701.5	(16.7)%	3,220.4
HLG	628.8	562.9	11.7%	1,191.7
Commercial & residential	216.6	643.3	(66.3)%	1,100.7
Corporate	578.3	574.6	0.6%	1,191.9
Group revenue	**6,298.2**	**8,680.4**	**(27.4%)**	**16,218.7**

Construction revenue was $3.5 billion during HY16, a decline of 33.5% on HY15, reflecting the successful completion of large, primarily LNG-related infrastructure projects and the Group's large infrastructure projects that are in preliminary stages.

During the period, the major Construction projects by revenue included:

- Rail and road activities in Australia, including Sydney Metro Northwest, and Westconnex M4 in New South Wales, Moreton Bay Rail Link in Queensland and the CityLink Tulla Widening in Victoria;
- Social infrastructure projects including the Northern Beaches hospital in New South Wales;
- LNG-related contracts including Gorgon Civils in Western Australia;
- Infrastructure activities in Hong Kong including the Passenger Clearance Building for the Hong Kong Boundary Crossing Facilities, the West Kowloon Terminus Station, and Hung Hom Station and Stabling Sidings; and
- Wynn Palace resort development in Macau.

[10] Margin calculated on revenue excluding joint ventures and associates revenue of $1,344.5 million (FY15: $ 2,848.0 million, HY15: $1,469.4 million) and interest income $40.0 million (FY15: $89.9 million, HY15: $53.3 million).
[11] Net finance cost includes interest income $40.0 million (FY15: $89.9 million, HY15: $53.3 million) and finance costs of $48.0 million (FY15: $193.8 million, HY15: $129.0 million).

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Mining and mineral processing revenue was $1.4 billion during the period, a decline of 16.7% on HY15, reflecting the challenging operating environment in the resources sector.

During the period, the major Mining and mineral processing projects by revenue included the:

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

Revenue from Habtoor Leighton Group was $628.8 million during the period, an increase of 11.7% on HY15. HLG continued to diversify its client and geographic base through contract wins. The Group continues to view its investment in HLG as offering long-term growth opportunities in the Middle East and North Africa.

Commercial and residential revenue was $216.6 million during the period, a decline of 66.3% on HY15 as a result of the sale of significant assets in the first half of 2015. The Group continues to seek to maximise the value of its property investments. A review of the operations of Devine, of which CIMIC owns 59.1%, is in progress.

Revenue was split 60:40 between domestic and international operations, compared with 66:34 in HY15.

EXPENSES

Total expenses of $4.6 billion were recorded during the period, a reduction of 31.6% on HY15, in line with the reduction in revenue.

NET FINANCE COSTS

Net finance costs were $8.0 million in HY16, a decline of $67.7 million on HY15 as a consequence of the Group's improved financial structure and reduced cost of debt. The debt buy-back of US$298.7 million of 10-Year Fixed-Rate Guaranteed Senior Notes in June 2015 resulted in one-off expenses in the first half of 2015, but significantly reduced interest costs over the remaining term of the Notes.

The average cost of debt was 5.8% during the period, impacted by the higher cost of US bonds and finance leases representing around 75% of gross debt. The decrease in finance costs would have been greater without the impact of the share buy-back in the first quarter and the acquisition of shares in Sedgman and Devine.

Finance cost detail $m	**HY 2016**
Debt interest expenses	(34.9)
Facility fees, bonding and other costs	(13.1)
Total finance costs	(48.0)
Interest income	40.0
Net finance costs	**(8.0)**

Average cost of debt calculation $m	**HY 2016**
Debt interest expenses (a)	(34.9)
Gross debt[12] at 30 June 2016	1,127.2
Gross debt HY16 average (b)	1,195.0
Average cost of debt HY16 (2a/b)	5.8%

[12] Total interest bearing liabilities

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PROFIT BEFORE TAX

PBT was $350.7 million during the period and the PBT margin was 7.1%, a 200 basis point increase on HY15. The reduction in PBT is less than the reduction in revenue due to the improvement in margins. Commercial and residential PBT declined as a result of the restructuring of Devine and the contribution of asset sales to HY15. Corporate PBT significantly improved due to the reduction of finance costs and the increased contribution from associates and joint ventures.

Profit before tax by segment[13] **$m**	**HY** **2016**	**HY** **2015**	**chg. %**	**FY** **2015**
Construction	260.0	326.1	(20.3)%	649.2
Mining & mineral processing	108.2	112.3	(3.7)%	232.3
HLG	17.9	14.8	20.9%	17.9
Commercial & residential	(59.4)	84.0	NA	70.5
Corporate	24.0	(173.6)	NA	(234.9)
Profit before tax	**350.7**	**363.6**	**(3.5)%**	**735.0**

TAX

Total tax expense was $106.1 million in HY16. This equates to an effective tax rate of 30% and compares with an effective tax rate of 29% for HY15. The effective tax rate is driven by the blend of different tax rates on profits and losses from the various jurisdictions in which the Group operates.

Profit after tax and before minorities for the period was $244.6 million. Non-controlling interests were $20.6 million, attributable to shares of minority owners in Devine's losses for the period.

NPAT

NPAT was $265.2 million during the period, an increase of 3.1% compared with HY15. This shows the Group's robust operating performance. The NPAT margin was 5.4%, an increase of 180 basis points on HY15.

Earnings per share were 79.8 cents, an increase of 5.0% on HY15, partially due to the share buy-back program.

[13] The Mining & mineral processing segment has been restated in the FY15 and HY15 periods for comparison purposes, to reflect the equity accounted amounts of Sedgman, these amounts were reclassified from the Corporate segment.

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FINANCIAL POSITION AND CASH FLOW

FINANCIAL POSITION

CIMIC's strong balance sheet further improved during the period.

NET CASH

Net cash excluding operating leases was $534.6 million at 30 June 2016, an increase of $92.8 million compared with 31 March 2016 and an increase of $179.5 million compared with 30 June 2015. Net cash including operating leases was $11.6 million, an increase of $117.1 million compared with 31 March 2016 and an increase of $226.5 million compared with 30 June 2015.

Net cash including operating leases as at 30 June 2016 would have been $354.5 million adjusted for the cash outflow from the share buy-back program and the purchase of shares in Sedgman and Devine[14]. This represents a substantial improvement on the net debt position of $214.9 million recorded at 30 June 2015.

Net cash $m	**HY 2016**	**HY 2015**	**chg. %**	**FY 2015**
Cash and cash equivalents	1,661.8	2,349.7	(29.3)%	2,167.8
Current interest-bearing liabilities	(156.0)	(610.4)	(74.4)%	(217.4)
Non-current interest-bearing liabilities	(971.2)	(1,384.2)	(29.8)%	(838.9)
Net cash	**534.6**	**355.1**	**50.5%**	**1,111.5**
Operating leases	(523.0)	(570.0)	(8.2)%	(583.4)
Net cash/(net debt) including operating leases	**11.6**	**(214.9)**	**NA**	**528.1**

Interest-bearing liabilities

Current and non-current interest-bearing liabilities totalled $1,127.2 million at 30 June 2016 compared with $1,056.3 million at 31 December 2015. The $70.9 million increase in interest-bearing liabilities was due to the drawdown of a NAB facility offset by repayment of finance leases and foreign exchange rate movements.

The Group has a manageable maturity profile and maintains a healthy net cash position to meet its upcoming debt maturities.

BONDING AND WORKING CAPITAL FACILITIES

CIMIC has significant bonding and guarantee facilities available which are integral to the successful delivery of existing and future work in hand. Bond and guarantee facilities as at 30 June 2016 were $4,227 million, of which $2,968 million was drawn. Of the $1,258 million undrawn, $427 million was committed and $830 million was uncommitted. As at 30 June 2016, the Group had working capital facilities of $1,846 million (31 December 2015: $1,862 million), of which $1,646 million was undrawn (31 December 2015: $1,862 million).

On 29 June 2016 Standard & Poor's confirmed its current investment grade rating of 'BBB-/A-3' with a stable outlook. Moody's Investors Service maintained an investment-grade rating for CIMIC of 'Baa3' with a stable outlook.

As at 30 June 2016 gearing was below zero, compared with 5.3% at 30 June 2015. The improvement was due to the Group's focus on cash collection and better operating cash inflows, despite the payment of dividends, the share buyback and income tax.

CASH FLOW

During the period, CIMIC maintained its focus on working capital management, generating almost $1.2 billion of operating cash flow during the 12 months to 30 June 2016, and $335.5 million during 2Q16. The improvement in operating cash flow on a 12 month basis was the result of the Group's sustained attention to cash collection and better management of risks.

Free operating cash flow $m	**March 2015**	**June 2015**	**September 2015**	**December 2015**	**March 2016**	**June 2016**
Cash flow from operating activities	**(333.0)**	**1,186.2**	**496.8**	**569.6**	**(238.2)**	**335.5**
Interest, finance costs, taxes and dividend received	(63.3)	(295.8)	(74.4)	(35.9)	(50.1)	27.0
Net cash from operating activities	**(396.3)**	**890.4**	**422.4**	**533.7**	**(288.3)**	**362.5**
Gross capital expenditure	(67.4)	(88.2)	(41.0)	(69.7)	(44.6)	(46.1)
Free operating cash flow	**(463.7)**	**802.2**	**381.4**	**464.0**	**(332.9)**	**316.4**

[14] Purchase of shares in Sedgman and Devine, less cash acquired from the consolidation of Sedgman, was $77 million.

Free cash flow generation was nearly $830 million during the 12 months to 30 June 2016, and $316.4 million during 2Q16, reflective of the Group's improved financial position and continued focus on cash collection as well as reduced finance costs and capital expenditure.

Other cash flows from investing and financing activities
The cash outflow for gross capital expenditure was $90.7 million during the period, a reduction of 41.7% on HY15. The cash outflow for net capital expenditure was $60.7 million, a reduction of $59.8 million compared with HY15.

During HY15, the cash inflow from investing activities was $1.2 billion primarily as a result of the $1.6 billion proceeds received from the sale of John Holland and 50% of Ventia.

The significant financing cash outflows during HY16 were the $265.9 million invested in the share buy-back and the $129.7 million invested in the purchase of shares in Sedgman and Devine. In HY15 the cash outflows from financing activities were $1.3 billion due to the net debt repayment of $1.0 billion. This included the repurchase of the 10-Year Fixed-Rate Guaranteed Senior Notes and the repayment of other bilateral, syndicated and other unsecured loans.

OTHER CAPITAL EMPLOYED
Major elements of the balance sheet, other than cash and interest bearing liabilities (refer to section titled 'Net cash'), are set out below:

Other capital employed $m	**HY 2016**	**HY 2015**	**chg. %**	**FY 2015**
Current trade and other receivables	3,087.4	3,003.1	2.8%	2,659.6
Current trade and other payables	(3,698.6)	(3,747.2)	(1.3)%	(3,675.7)
Property, plant and equipment	1,275.5	1,596.6	(20.1)%	1,312.8
Non-current trade and other receivables	901.5	851.1	5.9%	889.2
Equity-accounted investments	900.8	1,087.8	(17.2)%	1,073.1

Current trade and other receivables
Current trade and other receivables of $3,087.4 million have increased since 31 December 2015 by $427.8 million. The figure included $2,615.3 million of amounts due from customers. The remaining balance relates to sundry debtors, joint venture working capital and other receivables.

Net contract debtors
Net contract debtors represents the net of amounts due from customers and amounts due to customers, (refer to the Appendix 4D, 'Note 9: Trade and Other Receivables'):

Net contract debtors $m	**HY 2016**	**HY 2015**	**chg. %**	**FY 2015**
Net contract debtors	1,871.9	1,894.3	(1.2)%	1,499.2

Net contract debtors is at a similar level to HY15 due to project timings and milestones.

Current trade and other payables
Current trade and other payables of $3,698.6 million include amounts due to customers, trade creditors, joint venture payables, and other creditors. Overall, the balance has remained steady compared to 31 December 2015.

Non-current trade and other receivables
Non-current trade and other receivables of $901.5 million included $836.9 million of loan receivables and accrued interest owed by HLG.

Property, plant and equipment
At 30 June 2016 the Group's property, plant and equipment balance was $1,275.5 million, with an additional $523.0 million financed by the Group under operating leases. Property, plant and equipment purchases for the six months totalled $90.7 million and disposals were $30.0 million. The net decrease in property, plant and equipment for the period was $37.3 million.

Equity-accounted investments
Equity-accounted investments reduced by $172.3 million compared with 31 December 2015 is partly due to Sedgman being derecognised. The Consolidated Financial Statements include the full consolidation of Sedgman from the first quarter of 2016.

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Equity-accounted investments included project-related associates and joint ventures, such as the Transmission Gully PPP in New Zealand and various property investments. Also included in this item are the Group's holdings in HLG, Ventia, Nextgen Group and some listed entities.

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The Group's total exposure to HLG as at 30 June 2016 was $1,605.3 million and comprised:

- $432.8 million carrying value of the investment;
- $836.9 million in loan receivables and accrued interest, in non-current receivables; and
- $335.6 million in off-balance sheet letters of credit and guarantees.

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WORK IN HAND

CIMIC secured $6.8 billion of new work during HY16 bringing work in hand to $29.6 billion at 30 June 2016, up nearly 2% on 31 December 2015. The Group maintained its position as a leading infrastructure group with a diversified portfolio.

Work in hand $m	HY 2016	HY 2015	chg. %	FY 2015
New work and variations[15]	6,809	6,893	(1.2)%	14,131
Executed work	(6,258)	(8,627)	(27.5)%	(16,129)
Total work in hand[16]	29,555	29,267	1.0%	29,004

MAJOR CONTRACT AWARDS

New work comprised $5.1 billion of new contracts and $1.7 billion of contract extensions and variations including the impact of foreign exchange rate movements.

In Australia and New Zealand, CIMIC won several major construction and mining projects, including a:

- $500 million contract to design and construct the Level Crossing Removal Project: Caulfield to Dandenong in Victoria;
- $300 million contract to design and construct the first stage of Capital Metro, Canberra's light rail project and the project's $300 million 20-year maintenance concession contract in the ACT;
- $200 million contract to design and construct the second stage of the Gold Coast light rail project in Queensland;
- $350 million contract for network integrity and facilities management for Telstra across Australia (through 50% owned Ventia. Value to CIMIC is $175 million); and
- $160 million contract to construct the Bruce Highway - Cooroy to Curra, Section C in Queensland.

Overseas the major awards included a:

- $320 million contract to construct a columbarium and garden of remembrance in Hong Kong;
- $223 million contract for phases two and three of the Maker Maxity development in India; and
- $180 million contract extension at the Melak coal mine in Indonesia.

WORK IN HAND BY SEGMENT

Work in hand $m	June 2015	December 2015	June 2016	chg. % June 2016 vs June 2015	chg. % June 2016 vs December 2015
Construction	12,427	12,448	13,176	6.0%	5.8%
Mining & mineral processing[17]	9,352	9,600	10,021	7.2%	4.4%
HLG	2,353	2,404	1,968	(16.4)%	(18.1)%
Commercial & residential	2,099	1,427	945	(55.0)%	(33.8)%
Corporate	3,036	3,125	3,445	13.5%	10.2%
Work in hand	**29,267**	**29,004**	**29,555**	**1.0%**	**1.9%**

There was a positive trend in work in hand for the Group's core activities.

Construction work in hand was $13.2 billion at 30 June 2016, an increase of 6.0% from 30 June 2015 and 5.8% from 31 December 2015. Diversified across a range of markets and sectors in Australia and overseas, the major projects were social infrastructure, rail and road activities in Australia and Hong Kong.

Mining and mineral processing work in hand was $10.0 billion at 30 June 2016, an increase of 7.2% from 30 June 2015 and 4.4% from 31 December 2015.

At 30 June 2016, work in hand was split 66:34 between domestic and international, compared with 60:40 at 30 June 2015.

[15] New work includes new contracts and contract extensions and variations including the impact of foreign exchange rate movements.
[16] Work in hand includes CIMIC's share of work in hand from joint ventures and associates. Comparative periods work in hand has been restated to include work in hand beyond five years of FY15: $1,663 million, HY15: $760 million (Mining FY15: $921 million, HY15: $82 million, Corporate FY15: $742 million, HY15: $678 million).
[17] Mining and mineral processing work in hand has been restated to include Sedgman; FY15: $92 million, HY15: $157 million being reclassified from corporate.

STRATEGY

During the past two years, CIMIC has transformed its operating model. This has included the reorganisation of its businesses around core activities of construction, mining and mineral processing, engineering, and concessions, and the strengthening of its balance sheet. The transformation has produced a lower cost base, and improved project delivery and cash generation.

CIMIC is leveraging its strengthened position to pursue organic growth and free cash flow improvements. The Group's focus is to deliver value to clients and shareholders and:

- Win its fair share of construction and mining projects given its strong competitive position;
- Deliver operational excellence which maximises margins and sustainable profits;
- Further expand in the PPP sector, given the current high demand for PPP projects in Australia-Pacific and Asia;
- Diversify by commodity and activity in existing markets and geographies, and expand into other countries, for example by exporting mining skills into North and South America; and
- Further develop the FleetCo equipment hire business, using existing business resources to gain new opportunities.

The transformation has also positioned CIMIC to pursue investment opportunities in its core activities and to selectively expand the Group's presence in its existing and new markets. The recent acquisition of Sedgman reflects this growth-oriented strategy.

CIMIC will continue to take a disciplined approach to capital allocation, for example, the agreement during the period to sell certain Nextgen Group assets.

OPERATING ENVIRONMENT

In markets where CIMIC operates, public and private clients continue to invest in infrastructure, including PPPs, providing a robust pipeline of projects and opportunities for CIMIC to contribute its financial strength, civil engineering capabilities and major project experience.

CONSTRUCTION MARKET OUTLOOK

Australia's consistently strong economic performance, robust population growth and proposals to ease urban congestion, underpin continued infrastructure investment. Such infrastructure is expected to be additionally supported by the private sector financing of numerous major projects under PPP models. This should provide a range of construction, operations and maintenance and PPP opportunities for the Group.

Transport infrastructure has strong growth prospects driven by a forecast increase in government expenditure and private sector funding.

The Australian Industry Group Construction Outlook Survey reported in June 2016 that: "The total value of infrastructure work […] is expected to recover (+3.5%) in 2016, partially offsetting the industry's downturn in mining projects. The current phase of strengthening investment in urban transport infrastructure is reflected in solid projected rises in revenue from both road (+10.6%) and rail projects (+10.7%). Telecommunications infrastructure is also set to expand solidly in 2016 (+8.8%)."[18]

CIMIC's international operations also have positive prospects, with a gradually improving investment outlook in ASEAN countries.

MINING AND MINERAL PROCESSING OUTLOOK

While the market outlook for mining is challenging, the Group is in a strong position to capitalise on opportunities. Long-term client partnerships, the successful negotiation of contract extensions and the Group's competitive position provide confidence for the future. CIMIC plans to increase its market and commodity diversification and is analysing several growth opportunities.

The Australian Government's Resources and Energy Quarterly reported in June 2016 that: "The outlook for Australia's energy exports is generally positive. Thermal coal imports into emerging economies are forecast to remain stable as lower imports into China are offset by higher imports from India and Southeast Asia. LNG imports are forecast to continue to increase robustly, driven by Asia and led by China. Australian producers are well-placed to fulfil demand for resources and energy over the next 18 months, despite difficult operating conditions. In particular, production of bulk commodities is forecast to increase, even as prices decline."[19]

[18] Construction Outlook, AI Group/Australian Construction Association, June 2016.
[19] Australian Government Department of Industry, Innovation and Science (Office of the Chief Economist) Resources and Energy Quarterly, June 2016.

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FUTURE DEVELOPMENTS

GUIDANCE

FY16 NPAT is expected to be within the range of $520 million to $580 million, subject to market conditions.

GROUP PROSPECTS

CIMIC is a leading provider of construction, mining, mineral processing, PPP and engineering services in Australia and overseas. The opportunities in these sectors provide the main longer-term drivers for the Group, combined with a continued focus on improved project delivery, project-level cash collection and efficiency gains. Refer to sections titled 'Strategy' and 'Operating environment' for information on growth prospects.

The pipeline of infrastructure projects (many of which will be delivered through PPP models) remains high, underpinning demand for the Group's activities. In the short-term, the Group's competitive position and steadily improving level of work in hand provide a solid base of future revenue and profitability. There is a strong pipeline of infrastructure and mining projects relevant to CIMIC of more than $25 billion (65% of which is in Australia and New Zealand) which is expected to be awarded in the second half of the year; and around $250 billion in 2017 and beyond (60% of which is in Australia and New Zealand). Of these figures, mining accounts for $8 billion in 2016 and more than $55 billion in subsequent years.

SHAREHOLDER RETURNS

Shareholder returns **$**	**30 June** **2016**	**30 June** **2015**	**31 December** **2015**
Closing share price	$35.75	$21.75	$24.30
Market capitalisation ($m)	11,785.9	7,362.4	8,225.6
Final dividend per share	NA	NA	50c
Interim dividend per share	48c	46c	46c
Total dividends per share	NA	NA	96c
NPAT payout ratio	60%	60%	62%
Earnings per share (basic)	79.8c	76.0c	153.7c

CIMIC's share price performed strongly during the first half of the year, increasing by 47.1% or $11.45 per share during the period to close at $35.75 on 30 June 2016. By comparison, the All Ordinaries index declined 0.6% during the same period to 5,310.4 points. At $35.75, CIMIC's market capitalisation was almost $11.8 billion at 30 June 2016. CIMIC shares have risen 36.9% from 31 December 2015 to 18 July 2016 compared with a 3.6% increase in the All Ordinaries index.

The Group seeks to reward shareholders by sustainably paying dividends in line with profits. For the six months to 30 June 2016, CIMIC declared an interim dividend of 48 cents per share, 100% franked, which will be paid on 5 October 2016.

On 14 December 2015, CIMIC announced it would commence an on-market share buy-back of up to 10% of its fully paid ordinary shares over the following 12 months, and buying began in January 2016. Between 13 January 2016 and 15 March 2016, CIMIC bought 8,827,386 shares for $265.9 million (equivalent to 2.6% of the capital stock), which were cancelled on a daily basis.

Earnings per share (basic) were 79.8c, an increase of 5.0% on HY15, boosted by the benefits of the share buy-back.

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GLOSSARY

Term	Description
1Q16/2Q16/3Q16 or 4Q16	First, second, third or fourth quarter of the relevant year
A$ or $	Australian dollars
ASEAN	Association of Southeast Asian Nations
ASX	Australian Securities Exchange
Company or CIMIC	CIMIC Group Limited
Devine	Devine Limited
EBIT	Earnings before interest and taxes
FY16/FY15	Financial year ended 31 December 2016/2015
Group or CIMIC Group	CIMIC Group Limited and certain entities it controls
HLG	Habtoor Leighton Group
HY16/HY15	Six month period ended 30 June 2016/2015
JV	Joint venture
LNG	Liquefied natural gas
NPAT	Net profit after tax
PBT	Profit before tax
Period/the period	Six month period ended 30 June 2016
PPP	Public-private partnership
Sedgman	Sedgman Limited
Services or Ventia	50:50 Partnership of CPB Contractors' and Thiess' operations and maintenance services businesses with certain funds managed by affiliates of Apollo Global Management, LLC
Subsidiary	Subsidiary of the Company as defined in the Corporations Act
WIH	Work in hand