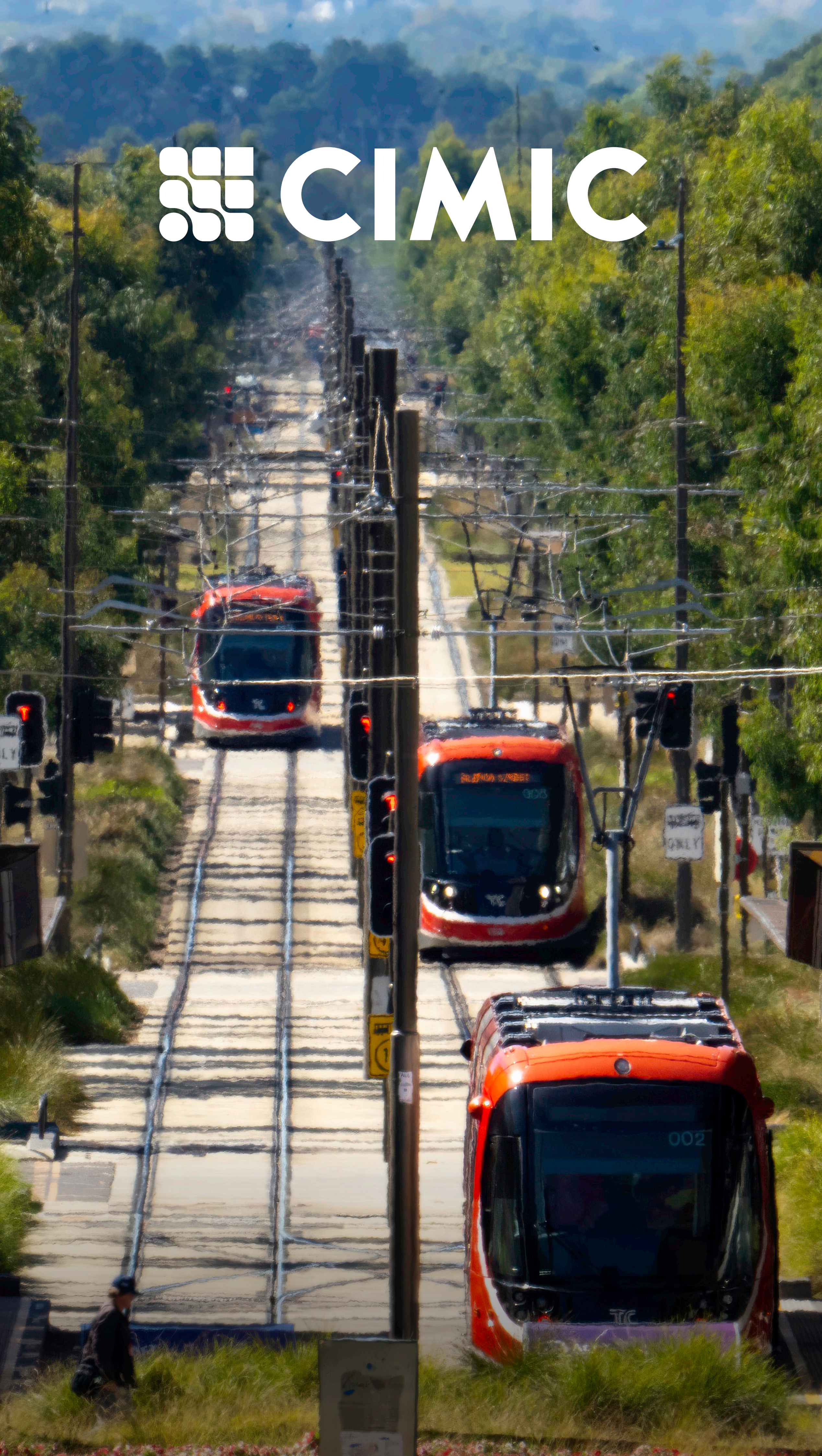
CIMIC



HALF YEAR REPORT 2024

Directors' Report

The Directors of CIMIC Group Limited present their report for the half-year ended 30 June 2024 in respect of the Consolidated Entity constituted by the Company and the entities it controlled during the half year.

The Consolidated Entity's interim financial report for the half-year ended 30 June 2024 and the auditor's review report are presented on page 32.

INFORMATION REGARDING DIRECTORS

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

Juan Santamaria Executive Chairman since November 2020.	**Russell Chenu** Independent Non-executive Director since June 2014.
José-Luis del Valle Pérez Non-executive Director since March 2014.	**Pedro López Jiménez** Non-executive Director since March 2014.
David P Robinson Non-executive Director since December 1990.	**Peter W Sassenfeld** Non-executive Director since November 2011.
Kathryn Spargo Independent Non-executive Director since September 2017.	**Robert L Seidler AM** Non-executive Director since November 2023.
Pedro Vicente Maese Chief Executive Officer, Director since July 2024.	

Signed in accordance with a resolution of the Directors:

Pedro Vicente Maese
Chief Executive Officer

Sydney, 17 July 2024

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2024

	Note	6 months to June 2024 $m	6 months to June 2023 $m
Revenue	2	6,834.3	6,115.7
Expenses	3	(7,290.8)	(5,836.0)
Finance income	4	42.2	37.5
Finance costs	4	(184.1)	(130.6)
Share of profit of associates and joint venture entities		35.5	80.3
Other gains	8	972.2	-
Profit before tax		409.3	266.9
Income tax benefit / (expense)		67.2	(62.7)
Profit for the period		476.5	204.2
Profit for the period attributable to non-controlling interests		(29.5)	(1.7)
Profit for the period attributable to shareholders of the parent entity		447.0	202.5
Dividends per share - Interim	5	-	-

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

Consolidated Statement of Other Comprehensive Income

for the six months ended 30 June 2024

	6 months to June 2024 $m	6 months to June 2023 $m
Profit for the period attributable to shareholders	447.0	202.5
Other comprehensive income attributable to shareholders:		
Items that may be reclassified to profit or loss		
• Foreign exchange translation differences (net of tax)	64.7	52.7
• Effective portion of changes in fair value of cash flow hedges (net of tax)	4.0	(25.4)
Items that will not be reclassified to profit or loss		
• Fair value (loss) / gain on investments designated as fair value through other comprehensive income (net of tax)	(2.7)	37.4
Other comprehensive income for the period (net of tax)	66.0	64.7
Total comprehensive income for the period attributable to shareholders	513.0	267.2
Total comprehensive income for the period attributable to shareholders:		
Total comprehensive income for the period	542.9	268.9
Total comprehensive income for the period attributable to non-controlling interests	(29.9)	(1.7)
Total comprehensive income for the period attributable to shareholders	513.0	267.2

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

Consolidated Statement of Financial Position

as at 30 June 2024

	Note	30 June 2024 $m	31 December 2023 $m
Assets			
Cash and cash equivalents	6	2,849.2	2,498.9
Trade and other receivables	7	3,883.9	3,135.8
Current tax assets		191.6	156.6
Inventories: consumables and development properties		566.1	259.0
Total current assets		7,490.8	6,050.3
Trade and other receivables	7	626.5	339.1
Inventories: development properties		67.1	67.3
Investments accounted for using the equity method	9	628.1	1,893.4
Other investments		148.8	320.1
Deferred tax assets		424.6	297.1
Property, plant and equipment		2,295.9	535.4
Intangibles		4,553.0	971.3
Total non-current assets		8,744.0	4,423.7
Total assets		16,234.8	10,474.0
Liabilities			
Trade and other payables		5,854.4	5,007.4
Current tax liabilities		20.2	24.4
Provisions		474.2	294.1
Financial liability	8	920.0	-
Interest bearing liabilities	12	55.4	-
Lease liabilities		309.3	82.6
Total current liabilities		7,633.5	5,408.5
Trade and other payables		424.4	179.0
Provisions		54.4	19.7
Financial Liability	8	153.0	-
Interest bearing liabilities	12	6,003.5	3,045.0
Lease liabilities		592.7	154.8
Deferred tax liabilities		155.6	-
Total non-current liabilities		7,383.6	3,398.5
Total liabilities		15,017.1	8,807.0
Net assets		1,217.7	1,667.0
Equity			
Share capital		1,458.7	1,458.7
Reserves	8	(1,517.9)	(469.5)
Retained earnings		1,130.2	683.2
Total equity attributable to equity holders of the parent		1,071.0	1,672.4
Non-controlling interests	8	146.7	(5.4)
Total equity		1,217.7	1,667.0

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

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

	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 2023	1,458.7	(448.9)	433.1	1,442.9	(6.5)	1,436.4
Profit for the period	-	-	202.5	202.5	1.7	204.2
Other comprehensive income	-	64.7	-	64.7	-	64.7
Transactions with shareholders in their capacity as shareholders:						
- Dividend	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-
Other equity movements:						
- Transfer of reserve on disposal of investment	-	14.9	(14.9)	-	-	-
Total other equity movements	-	14.9	(14.9)	-	-	-
Total equity at 30 June 2023	1,458.7	(369.3)	620.7	1,710.1	(4.8)	1,705.3

	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 2024	1,458.7	(469.5)	683.2	1,672.4	(5.4)	1,667.0
Profit for the period	-	-	447.0	447.0	29.5	476.5
Thiess Put Option	-	(1,073.0)	-	(1,073.0)	-	(1,073.0)
Other comprehensive income	-	65.6	-	65.6	0.4	66.0
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	-	-	(7.9)	(7.9)
- Acquisitions	-	-	-	-	130.1	130.1
- Derecognition of reserves	-	(41.0)	-	(41.0)	-	(41.0)
Total transactions with shareholders	-	(41.0)	-	(41.0)	122.2	81.2
Total equity at 30 June 2024	1,458.7	(1,517.9)	1,130.2	1,071.0	146.7	1,217.7

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 2024

	Note	6 months to June 2024 $m	6 months to June 2023 $m
Cash flows from operating activities			
Cash receipts in the course of operations (including GST)		7,741.0	6,467.1
Cash payments in the course of operations (including GST)		(7,218.2)	(6,482.3)
Operating Cash Flow		522.8	(15.2)
Interest received		36.9	41.9
Finance costs paid		(140.7)	(112.4)
Income taxes paid		(131.1)	(5.0)
Net cash from / (used) in operating activities	15	287.9	(90.7)
Cash flows from investing activities			
Payments for intangibles		(1.6)	(4.5)
Payments for property, plant and equipment		(200.4)	(144.4)
Proceeds from sale of property, plant and equipment		12.3	12.0
Proceeds from sale of investments		0.4	348.6
Cash acquired from acquisition of investment in controlled entities and businesses		112.2	-
Cash disposed from disposal of investments		-	(1.3)
Payments for investments		(547.6)	(13.0)
Loans to associates and joint ventures		(1.3)	-
Dividends from investments		-	23.2
Net cash (used) / from in investing activities		(626.0)	220.6
Cash flows from financing activities			
Payment of financial liability		-	(24.8)
Proceeds from borrowings		1,606.7	454.8
Repayment of borrowings		(860.2)	(762.6)
Repayment of leases		(64.2)	(45.5)
Net cash from / (used) in financing activities		682.3	(378.1)
Net increase / (decrease) in cash held		344.2	(248.2)
Cash and cash equivalents at the beginning of the period		2,498.9	2,569.0
Effects of exchange rate fluctuations on cash held		6.1	14.4
Cash and cash equivalents at reporting date	6	2,849.2	2,335.2

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

Notes to the Consolidated Financial Statements

for the six months ended 30 June 2024

1. BASIS OF PREPARATION

The consolidated interim financial report is presented in Australian dollars and has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value at the reporting date. The financial statements are prepared on a going concern basis, after taking into consideration all drawn and undrawn facilities.

CIMIC Group Limited is a Company domiciled in Australia. The consolidated interim financial report for the six months ended 30 June 2024 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group") and the Consolidated Entity's interest in associates and joint arrangements. All financial information presented in Australian dollars has been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

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

The consolidated interim financial report does not include all the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 31 December 2023.

The consolidated interim financial report was authorised for issue by the Directors on 17 July 2024.

Summary of 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 2023, except as disclosed below.

a) New and amended accounting standards

In the current year, the Group has applied a number of new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2024, as follows:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- *AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*
- *AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
- AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules*

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

b) Accounting estimates and judgements

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the consolidated interim financial report, judgements made in the application of Australian Accounting Standards Board ('AASBs') that could have a significant effect on the financial report and estimates with a risk of adjustment in the next year are the same as those disclosed in the 31 December 2023 CIMIC Annual Report, except as disclosed below.

Notes continued

for the six months ended 30 June 2024

1. BASIS OF PREPARATION CONTINUED

b) Accounting estimates and judgements continued

Accounting for acquisitions in stages: Acquisition of additional 10% of Thiess Group Holdings Pty Ltd and its controlled entities

On 23 April 2024, CIMIC Group Limited acquired an additional 10% of Thiess comprising a portion of the ordinary shares, Preference A shares and Preference C shares in Thiess Group Holdings Pty Ltd (Thiess) held by funds advised by Elliott Advisors (UK) Ltd (Elliott). The acquisition, for a cash purchase price of $320.0 million, increases CIMIC's ownership of Thiess to 60%.

CIMIC and Elliott continue to have equal Thiess board representation while revisions to the shareholders agreement mean that CIMIC strengthens its governance over the day-to-day operations of the company. Consequently, CIMIC has the ability to direct Thiess' relevant activities and results in Thiess becoming a controlled entity of CIMIC under Australian Accounting Standards, with Elliott's retained interest recognised within non-controlling interests in the statement of financial position.

The terms of the 23 April 2024 transaction mean that the existing Elliott put option ('Put Option'), over the ordinary shares and Class A Preference shares, is now exercisable from April 2025 to 31 December 2026. The existing Elliot Hybrid Put Option ('Hybrid Option') over the Class C Preference Shares are puttable the earlier of six months after exercise of the Put Option or six months after the end of the Put Option period.

Accordingly, amounts of $920.0 million and $153.0 million, without adjustment for the probability of the assets being put to CIMIC, have been recognised in the statement of financial position reflecting the present value of the gross redemption amount of the ordinary and Class A Preference Shares and the face value of the Preference C Shares. CIMIC holds a call option to acquire the Class C preference shares from Elliott, for a period of 42 months, starting at the end of the Put Option period or the date when Elliott ceases to own any Class A preference shares or ordinary shares.

These options were previously recognised as derivative financial instruments in accordance with AASB 9: Financial Instruments at fair value. As a consequence of the 23 April 2024 transaction and the required consolidation of Thiess, the Put Option and Hybrid Option are required to be recognised as an option over non-controlling interest and the present value of the gross redemption value is recognised as a financial liability alongside a reduction in the parent's equity within reserves.

Refer to Note 8: *Acquisitions and Disposals of Controlled Entities* and Note 11: *Financial Instruments*, for further information.

Revenue recognition: Natural resources

Natural resources revenue is a new line of business, arising from the consolidation of Thiess.

The Group performs mining services incorporating mining and mineral processing from various mine sites, rehabilitation, asset management and maintenance, equipment hire and plant sales within Australia, Asia and the Americas. Contracts often include multiple obligations for the services required to enable mine site development, extraction, processing and remediation. These services can include operation and maintenance of processing facilities, topsoil stripping, drill and blast, excavation, processing, rehabilitation and mine closure. In addition, processes may be performed by the Group or by other contractors employed by the customer and as such are accounted for as separate obligations. The transaction price is allocated to each performance obligation based on the stand-alone selling price. The total transaction price may include a variable pricing element which is accounted for in accordance with the Group's policy on variable consideration. Performance obligations are fulfilled over time with revenue recognised in the accounting period in which the mining or mineral processes services are rendered based on the amount of the expected transaction price allocated to each performance obligation as the customer continues to control the asset as it is enhanced. Customers are typically invoiced on a monthly basis for an amount that is calculated on a schedule of rates that is aligned with the stand-alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Notes continued

for the six months ended 30 June 2024

1. BASIS OF PREPARATION CONTINUED

c) Market conditions

The industries in which the Group operates continue to experience inflationary pressures as a whole. The Group is managing this exposure through contractual mechanisms and leveraging its existing supply chain, upfront procurement contracts and financial hedging strategies.

The industries are also experiencing a skills shortage which is driving a demand for labour. This demand, when combined with inflationary pressures, is putting upward pressure on wages. The Group continues to monitor remuneration benchmarks and has in place long standing staff retention strategies.

The Group's key demand drivers include related infrastructure demand from expanding population, commodity prices, transition to renewable energy related infrastructure and technology.

Notwithstanding possible future uncertainties, the outlook across the Group's core markets remain positive with strong levels of work in hand. The Group continues to monitor macro-economic and other risk factors. It considers the possible impacts that these uncertainties may have on liquidity assessments, asset valuation and contract cost forecasts.

Notes continued

for the six months ended 30 June 2024

2. REVENUE

	6 months to June 2024 $m	6 months to June 2023 $m
Engineering and Construction revenue	3,568.8	4,208.4
Integrated Solutions revenue	2,114.9	1,844.6
Natural Resources revenue	1,133.1	-
Corporate and Investments	17.5	62.7
Total revenue[1]	6,834.3	6,115.7

Revenue lines of business have been aligned to the Group's strategic review and now comprise "Engineering and Construction" (previously known as "Construction"), "Integrated Solutions" (previously "Services") and "Natural Resources", resulting from the Group's control of Thiess during the period. The Corporate and Investments line of business comprises the Group's corporate activity, EIC, Pacific Partnerships and the Group's interest in joint ventures and associates.

[1]Included in revenue is a $(800.0) million revenue adjustment, of which $(381.0) million is a revenue constraint applied to variable consideration and $(419.0) million is a reversal of previously recognised revenue.

3. EXPENSES

	6 months to June 2024 $m	6 months to June 2023 $m
Materials	(1,587.9)	(1,259.9)
Subcontractors	(2,383.2)	(2,141.5)
Plant costs	(499.2)	(297.8)
Personnel costs	(2,154.5)	(1,760.5)
Depreciation and impairment of property, plant and equipment	(259.5)	(126.0)
Amortisation of intangibles	(10.6)	(6.4)
Net gain on sale of assets	5.3	3.5
Foreign exchange losses	(15.6)	(4.9)
Lease expense	(81.1)	(66.4)
Design, engineering and technical consulting fees	(20.2)	(32.3)
Other expenses	(284.3)	(143.8)
Total expenses[2]	(7,290.8)	(5,836.0)

[2] Included in other expenses is an $(80.0) million cost provision recognised in the period, of which $(66.0) million has been utilised in the period.

Notes continued

for the six months ended 30 June 2024

4. NET FINANCE INCOME / (COSTS)

	6 months to June 2024 $m	6 months to June 2023 $m
Finance income		
Interest and other	42.2	37.5
Total finance income	42.2	37.5
Finance costs		
Debt interest expense	(142.5)	(84.4)
Finance charge for lease liabilities	(11.2)	(7.0)
Facility fees, bonding and other finance costs	(24.7)	(25.8)
Hedge ineffectiveness on cross currency interest rate swaps	-	(0.3)
Impact of discounting	(5.7)	(13.1)
Total finance costs	(184.1)	(130.6)
Net finance costs	(141.9)	(93.1)

5. DIVIDENDS

	Cents per share	$m
2023 Final and 2024 Interim dividend		
Subsequent to reporting date the Company announced a final dividend in respect of the year ended 31 December 2023. The dividend is payable on 3 October 2024. This dividend has not been provided for in the consolidated statement of financial position.	17.0	52.9
Subsequent to the reporting date the Directors of the Company deferred the decision to declare an interim dividend in respect of the period ended 30 June 2024.		
Dividends recognised in the reporting period to 30 June 2024		
31 December 2023 final dividend	-	-
Dividends recognised in the reporting period to 31 December 2023		
30 June 2023 interim dividend	39.0	121.4
31 December 2022 final dividend	19.0	59.1
Total dividends recognised in reporting period to 31 December 2023	58.0	180.5

Notes continued

for the six months ended 30 June 2024

6. CASH AND CASH EQUIVALENTS

	June 2024 $m	December 2023 $m
Funds on deposit	603.3	649.8
Cash at bank and on hand	2,245.9	1,849.1
Cash and cash equivalents	2,849.2	2,498.9

As at 30 June 2024: $283.1 million (31 December 2023: $570.2 million) of cash at bank is restricted. It includes cash subject to certain operational restrictions of $4.9 million (31 December 2023: $281.9 million) as well as cash in relation to the sale of receivables of $278.2 million (31 December 2023: $288.3 million) on a non-recourse basis.

7. TRADE AND OTHER RECEIVABLES

	June 2024 $m	December 2023 $m
Contract receivables	786.8	380.1
Contract assets	2,084.2	1,970.6
Retentions and capitalised costs to fulfil contracts	213.5	128.4
Total contract debtors	3,084.5	2,479.1
Trade debtors	393.6	210.1
Other amounts receivable	509.2	349.9
Prepayments	175.4	216.2
Derivative financial assets	4.0	28.5
Amounts receivable from related parties	343.7	191.1
Total trade and other receivables	4,510.4	3,474.9
Current	3,883.9	3,135.8
Non-current	626.5	339.1
Total trade and other receivables	4,510.4	3,474.9
Additional information on contract debtors		
Total contract debtors – trade and other receivables	3,084.5	2,479.1
Total contract liabilities – trade and other payables	(1,524.0)	(1,673.0)
Net contract debtors	1,560.5	806.1

Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 30 June 2024 are set out below.

	June 2024 $m	December 2023 $m
Work in hand[1]	39,522	31,723

[1]Includes $1,959 million (31 December 2023: $8,591 million) of CIMIC's share of work in hand from joint ventures and associates which are equity accounted investments.

Notes continued

for the six months ended 30 June 2024

7. TRADE AND OTHER RECEIVABLES CONTINUED

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

Engineering and Construction	1-4 years
Integrated Solutions	4-10 years
Natural Resources	3-6 years

8. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES

Acquisitions

Thiess Group

On 23 April 2024, CIMIC Group Limited acquired an additional 10% of Thiess comprising ordinary shares, Preference A shares and Preference C shares in Thiess Group Holdings Pty Ltd (Thiess) previously held by Elliott. The acquisition, for a cash purchase price of $320.0 million, increases CIMIC's ownership of Thiess to 60%. CIMIC and Elliott continue to have equal Thiess board representation while revisions to the shareholders agreement strengthens CIMIC governance over the day-to-day operations of the company. CIMIC now has the ability to direct Thiess' relevant activities and, as such Thiess is a controlled entity of CIMIC under Australian Accounting Standards. Elliott's retained interest is recognised within non-controlling interests in the statement of financial position.

The acquisition has been accounted for as a step acquisition under the requirements of Accounting Standard AASB 3: *Business Combinations* ("AASB 3") as follows: the purchase consideration was determined as $2,922.8 million comprising the cash consideration paid, CIMIC's pre-existing interest remeasured to fair value and the total value of non-controlling interest. The fair value of the identifiable net liabilities of Thiess acquired by the Group was $131.5 million. The fair value of CIMIC's existing stake at the date that control was obtained, was determined with support from external experts.

	$m
Property, plant and equipment	1,673.0
Intangibles assets	445.1
Cash and cash equivalents	103.4
Trade and other receivables	1,565.8
Other assets	336.6
Payables and other liabilities	(3,449.5)
Provisions	(189.8)
Lease liabilities	(599.2)
Less: Thiess non-controlling interest	(16.9)
Total fair value of net assets / (liabilities) acquired	**(131.5)**
Cash purchase price (10%)	320.0
Fair value of pre-existing interest (50%)	2,489.6
Non-controlling interest (40%)	113.2
Total consideration for goodwill calculation (100%)	**2,922.8**
Goodwill	**3,054.3**

8. ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES CONTINUED

Acquisitions *continued*

The goodwill is attributable to the future profitability and expertise of the Thiess Group. The values of assets and liabilities acquired and related tax accounting, have been allocated on a provisional basis, as allowed under accounting standards. CIMIC expects to conclude the purchase price allocation within 12 months of the acquisition. Provisional estimates of property, plant and equipment make-good provisioning and existing capitalised transaction costs have been made are included in the acquisition balance sheet. Work remains ongoing to finalise these and other adjustments – including intangible assets, contract debtors and the remainder of the balance sheet – pending additional information including independent expert valuations. Goodwill is not deductible for tax purposes.

Non-controlling interest has been measured at the proportionate share of acquired entity's net identifiable net assets / (liabilities) excluding goodwill for the ordinary shares and Preference A Shares, and at fair value for the Preference C Shares as a result of their contractual terms.

A gain of $972.2 million is reported in other gains and arises on the remeasurement of the pre-acquisition carrying value of $1,480.9 million of CIMIC's pre-existing 50% interest in Thiess. The gain arises on the revaluation of CIMIC's previously held equity accounted investment to fair value, net of recycling of joint venture reserves from equity to profit and loss and transaction related costs.

The contribution to the Group from the acquisition date to the end of the period ended 30 June 2024 was $1,133.1 million revenue and $23.3 million profit after tax and minority interest. Had the acquisition occurred on 1 January 2024, the contribution to the Group for the period ended 30 June 2024 would have been $2,955.7 million revenue and $52.8 million of profit after tax and non-controlling interest.

Prudentia Engineering

On 29 February 2024, CIMIC through its wholly owned subsidiary Sedgman Pty Limited, acquired 100% of Prudentia Process Consulting Pty Ltd ("Prudentia"). Prudentia is a project management and engineering company operating in the resources sector based in Brisbane, Queensland. The company delivers sustaining capital through specialising in greenfield and brownfield engineering projects in mining and minerals processing. The purchase consideration was $34.0 million cash, of which $11.0 million was deferred. Subsequent to the acquisition, the $11.0 million deferred amount is not yet due to be paid. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by Prudentia to the Group from either the acquisition date or 1 January 2024 to the end of the period ended 30 June 2024 was immaterial.

MinSol Engineering

On 2 April 2024, CIMIC through its wholly owned subsidiary Sedgman Pty Limited, acquired 100% of MinSol Engineering Pty Limited ("MinSol"). This company is a Western Australian based critical minerals processing company specialising in engineering of hard rock lithium concentration and refining processes. The purchase consideration was $13.0 million cash, of which $3.0 million was deferred. Subsequent to the acquisition, the $3.0 million deferred amount is not yet due to be paid. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by MinSol to the Group from either the acquisition date or 1 January 2024 to the end of the period ended 30 June 2024 was immaterial.

PYBAR

On 31 May 2024, CIMIC through its subsidiary Thiess Group Holdings Pty Ltd acquired 100% of PYBAR Holdings Pty Limited ("PYBAR"). PYBAR is an underground metals mining services company operating in the hard rock mining industry based in Orange, New South Wales with projects in Queensland, New South Wales and Tasmania. The purchase consideration was $54.4 million cash, of which none was deferred. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by PYBAR to the Group from either the acquisition date or 1 January 2024 to the end of the period ended 30 June 2024 was immaterial.

Notes continued

for the six months ended 30 June 2024

9. 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 2024	December 2023
			%	%
Canberra Metro 2A Holding Trust	Investment	Australia	38	-
Canberra Metro 2A Holdings Pty Ltd	Investment	Australia	38	38
Canberra Metro Holdings Pty Ltd[1]	Engineering & Construction	Australia	38	38
Canberra Metro Holdings Trust[1]	Investment	Australia	30	30
Canberra Metro Trust[1]	Investment	Australia	38	-
Cortex Interactive Pty Ltd	Natural Resources	Australia	25	-
Metro Trains Australia Pty Ltd[1]	Integrated Solutions	Australia	20	20
Metro Trains Melbourne Pty Ltd[1]	Integrated Solutions	Australia	20	20
Metro Trains Sydney Pty Ltd[1]	Integrated Solutions	Australia	20	20
On Talent Pty Ltd	Corporate	Australia	-	30
Spark North East Link Holdings Pty Limited[1]	Investment	Australia	20	20
Spark North East Link Pty Limited[1]	Investment	Australia	20	20
Torrens Connect Pty Ltd	Integrated Solutions	Australia	23	23

All associates have a statutory reporting date of 31 December with the following exceptions:
[1]*Entities have a 30 June statutory reporting date.*

Notes continued

for the six months ended 30 June 2024

9. ASSOIATES 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 2024 %	December 2023 %
Adelaide Metro Operations Pty Ltd	Integrated Solutions	Australia	50	50
Auckland One Rail Limited	Integrated Solutions	New Zealand	50	50
Australian Terminal Operations Management Pty Ltd	Integrated Solutions	Australia	50	50
Canberra Metro Operations Pty Ltd	Integrated Solutions	Australia	50	50
CIP Holdings General Partner Limited[1]	Investment	New Zealand	40	40
Cockatoo Mining Pty Ltd	Natural Resources	Australia	50	-
Cornerstone Infrastructure Partners Holding LP[1]	Investment	New Zealand	40	40
Glenrowan Solar Holdings Pty Ltd	Investment	Australia	51	51
GSJV Guyana Inc[1]	Investment	Guyana	50	50
GSJV SCC (formerly GSJV Limited (Barbados))[1]	Investment	Barbados	50	50
IC Integrity Pty Ltd	Integrated Solutions	Australia	49	49
Kings Square No.4 Unit Trust[1]	Investment	Australia	50	50
Kings Square Pty Ltd[1]	Investment	Australia	50	50
Leighton Abigroup Joint Venture[1]	Engineering & Construction	Australia	50	50
Leighton-Infra 13 Joint Venture[2]	Engineering & Construction	India	50	50
Leighton-Ose Joint Venture[2]	Engineering & Construction	India	50	50
Mechatronix Pty Ltd	Natural Resources	Australia	50	-
Momentum Trains Holding Pty Ltd[1]	Investment	Australia	49	49
Momentum Trains Holding Trust[1]	Investment	Australia	49	49
Mpeet Pty Limited	Integrated Solutions	Australia	50	50
Mulba Mia Leighton Broad Joint Venture[1]	Engineering & Construction	Australia	50	50
Pulse Partners Agent Pty Ltd[1]	Investment	Australia	-	49
Pulse Partners Holding Pty Ltd[1]	Investment	Australia	49	49
Pulse Partners Holding Trust[1]	Investment	Australia	49	49
Spark NEL DC Workforce Pty Ltd	Engineering & Construction	Australia	33	33
Thiess Group Holdings Pty Ltd[3]	Investment	Australia	-	50
U-Go Mobility Pty Ltd	Integrated Solutions	Australia	50	50
Wallan Project Pty Ltd[1] (act as trustee of Wallan Project Trust)	Investment	Australia	49	49
Wallan Project Trust[1]	Investment	Australia	49	49
WSO M7 Stage 3 JV	Engineering & Construction	Australia	50	50

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

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

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

[3]*Thiess Group Holdings Pty Ltd is an intermediate holding company of Thiess Pty Ltd. The principal activity of Thiess Pty Ltd is natural resources. In the period, Thiess Group Holdings Pty Ltd ceased to be a joint venture on 23 April 2024 following the Group's acquisition of an additional 10% share interest which resulted in CIMIC gaining a controlling interest in Thiess. Refer to Note 8 - Acquisitions and disposals of controlled entities.*

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for the six months ended 30 June 2024

10. JOINT OPERATIONS

The Group has the following interest in joint operations:

			Ownership interest	
Name of arrangement	Principal activity	Country	June 2024 %	December 2023 %
Acciona Construction Australia Pty Ltd & CPB Contractors Pty Ltd	Engineering & Construction	Australia	50	50
Acciona Infrastructure & CPB Contractors Joint Venture *formerly Leighton Abigroup Consortium (Epping to Thornleigh)*	Engineering & Construction	Australia	50	50
Acciona Construction Australia Pty Ltd & CPB Contractors Pty Limited & Ghella Pty Ltd	Engineering & Construction	Australia	40	40
AECOM Australia Pty Ltd & BG&E Pty Limited & Georgiou Group Pty Ltd & GHD Pty Ltd & CPB Contractors Pty Limited	Engineering & Construction	Australia	-	68
CH2-UGL JV	Engineering & Construction	Australia	-	50
CPB & BMD JV	Engineering & Construction	Australia	50	50
CPB & JHG JV	Engineering & Construction	Australia	50	50
CPB & United Infrastructure JV	Engineering & Construction	Australia	75	75
CPB BAM Ghella UGL Joint Venture	Engineering & Construction	Australia	54	54
CPB Black & Veatch Joint Venture[1]	Engineering & Construction	Australia	50	50
CPB Contractors & Georgiou Group	Engineering & Construction	Australia	50	50
CPB Contractors & Georgiou Group (Elevate Joint Venture)	Engineering & Construction	Australia	80	-
CPB Contractors & Spotless Facilities Services	Engineering & Construction	Australia	50	50
CPB Contractors Pty Limited & DT Infrastructure Pty Ltd	Engineering & Construction	Australia	67	67
CPB Contractors Pty Limited & DT Infrastructure Pty Ltd (NEWest Alliance)	Engineering & Construction	Australia	50	50
CPB Contractors Pty Limited & Ghella Pty Ltd Joint Venture	Engineering & Construction	Australia	75	75
CPB Contractors Pty Limited & Mcconnell Dowell Constructors (AUST) Pty Ltd	Engineering & Construction	Australia	50	-
CPB Dragados Samsung Joint Venture	Engineering & Construction	Australia	40	40
CPB Ghella UGL JV	Engineering & Construction	Australia	78	78
CPB John Holland Dragados Joint Venture	Engineering & Construction	Australia	50	50
CPB Samsung John Holland Joint Venture	Engineering & Construction	Australia	33	33
CPB Seymour Whyte JV	Engineering & Construction	Australia	50	50
CPB Southbase JV	Engineering & Construction	New Zealand	60	60
Downer EDI Works Pty Ltd & CPB Contractors Pty Limited (Parramatta Connect) *formerly CPB Downer EDI JV*	Engineering & Construction	Australia	50	67
Downer EDI Works Pty Ltd & CPB Contractors Pty Limited (Regional Rail Package F***)*** *formerly Leighton Contractors Downer Joint Venture*[1]	Engineering & Construction	Australia	50	50
EV LNG Australia Pty Ltd & Thiess Pty Ltd (EVT JV)	Engineering & Construction	Australia	50	-
First Balfour-Leighton Joint Venture	Engineering & Construction	Philippines	40	40
Gammon - Leighton Joint Venture	Engineering & Construction	Hong Kong	50	50
GE Betz Pty Limited & McConnell Dowell Constructors (Aust) Pty Ltd & United Group Infrastructure Pty Ltd	Engineering & Construction	Australia	50	50
HYLC Joint Venture[1]	Engineering & Construction	Australia	50	50
IEC Boardwalk JV	Engineering & Construction	Hong Kong	34	34
JH & CPB & Ghella JV	Engineering & Construction	Australia	45	45
JH & CPB & Ghella JV (JCG JV)	Engineering & Construction	Australia	40	-
John Holland and UGL Infrastructure	Engineering & Construction	Australia	50	50
John Holland Pty Ltd, UGL Engineering Pty Ltd and GHD Pty Ltd trading as Malabar Alliance	Engineering & Construction	Australia	50	50
Leighton - Able Joint Venture	Engineering & Construction	Hong Kong	51	51

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10. JOINT OPERATIONS CONTINUED

			Ownership interest	
Name of arrangement	Principal activity	Country	June 2024 %	December 2023 %
Leighton - China State - Van Oord Joint Venture	Engineering & Construction	Hong Kong	-	45
Leighton - China State Joint Venture	Engineering & Construction	Hong Kong	51	51
Leighton - China State Joint Venture (Wynn Resort)	Engineering & Construction	Macau	50	50
Leighton – Chubb E&M Joint Venture	Engineering & Construction	Hong Kong	50	50
Leighton – Chun Wo Joint Venture	Engineering & Construction	Hong Kong	84	84
Leighton – Chun Wo Joint Venture	Engineering & Construction	Hong Kong	60	60
Leighton – Chun Wo Joint Venture	Engineering & Construction	Hong Kong	70	70
Leighton-First Balfour Joint Venture	Engineering & Construction	Philippines	65	65
Leighton-First Balfour Joint Venture	Engineering & Construction	Philippines	50	50
Leighton – Gammon Joint Venture	Engineering & Construction	Hong Kong	50	50
Leighton – HEB Joint Venture	Engineering & Construction	New Zealand	80	80
Leighton – Total Joint Operation	Engineering & Construction	Indonesia	67	67
Leighton Contractors Downer Joint Venture[1]	Engineering & Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga)[1]	Engineering & Construction	Australia	-	50
Leighton Fulton Hogan Joint Venture (Sh16 Causeway Upgrade)	Engineering & Construction	New Zealand	50	50
Leighton John Holland Joint Venture	Engineering & Construction	Singapore	50	50
Leighton M&E – Southa Joint Venture	Engineering & Construction	Hong Kong	50	50
Leighton York Joint Venture	Engineering & Construction	Australia	75	75
LLECPB Crossing Removal JV	Engineering & Construction	Australia	50	50
Manidis Roberts Pty Limited & MWH Australia Pty Ltd & PB Australia Pty Limited & United Group Infrastructure Pty Ltd	Integrated Solutions	Australia	60	60
Metropolitan Road Improvement Alliance	Engineering & Construction	Australia	71	71
Mitsubishi Electric Australia Pty Ltd & Hyundai Rotem Company & UGL Rail Services Pty Limited	Integrated Solutions	Australia	17	17
Murray & Roberts Marine Malay–ia - Leighton Contractors Malaysia Joint Venture[1]	Engineering & Construction	Malaysia	50	50
NRT - Design & Delivery JV	Engineering & Construction	Australia	50	50
NRT - Infrastructure Joint Venture	Engineering & Construction	Australia	50	50
NRT Systems JV	Integrated Solutions	Australia	40	40
N.V. Besix S.A. & Thiess Pty Ltd (Best JV)	Engineering & Construction	Australia	50	-
OWP Joint Venture (Optus Wireless JV)	Integrated Solutions	Australia	50	50
Parsons Brinckerhoff Australia Pty Limited & RPS Manidis Roberts Pty Ltd & Seymour Whyte Constructions Pty Ltd & UGL Engineering Pty Limited	Engineering & Construction	Australia	33	33
PTA Radio	Integrated Solutions	Australia	-	44
Rizzani CPB Joint Venture	Engineering & Construction	Australia	50	50
Spark NEL DC JV	Engineering & Construction	Australia	28	28
T4JV	Engineering & Construction	Hong Kong	55	-
Thiess Balfour Beatty Joint Venture	Engineering & Construction	Australia	67	-
Thiess Degremont JV	Engineering & Construction	Australia	65	-
Thiess John Holland Joint Venture (Airport Link)	Engineering & Construction	Australia	50	-
Thiess John Holland Joint Venture (Eastlink)	Engineering & Construction	Australia	50	-
UGL Cape	Integrated Solutions	Australia	50	50
UGL Engineering Pty Ltd and ADCO Constructions Pty Ltd JV (Eastrail)	Engineering & Construction	Australia	48	-

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for the six months ended 30 June 2024

10. JOINT OPERATIONS CONTINUED

			Ownership interest	
Name of arrangement	Principal activity	Country	June 2024 %	December 2023 %
UGL Kentz	Integrated Solutions	Australia	-	50
Veolia Water - Leighton - John Holland Joint Venture	Engineering & Construction	Hong Kong	24	24
WSP Australia Pty Limited & UGL Engineering Pty Limited	Integrated Solutions	Australia	50	50

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

[1]*Arrangements have a 30 June reporting date. These entities have different statutory reporting dates to the Group as they are aligned with the joint operations partners' reporting date and / or the reporting date is prescribed by local statutory requirements.*

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for the six months ended 30 June 2024

11. FINANCIAL INSTRUMENTS

a) Classification of financial assets and financial liabilities

Financial assets	June 2024 $m	December 2023 $m
Financial assets at amortised cost:		
Cash and cash equivalents	2,849.2	2,498.9
Trade and other receivables[1]	2,033.3	1,131.2
Financial assets at fair value through profit or loss	77.0	291.0
Financial assets at fair value through other comprehensive income	48.7	5.9
Derivative financial instruments:		
Used for hedging	1.2	23.1
Held for trading at fair value through profit or loss	2.8	5.4
Balance at reporting date	5,012.2	3,955.5

[1] Excludes prepayments of $175.4 million (31 December 2023: $216.2 million).

Financial liabilities	June 2024 $m	December 2023 $m
Financial liabilities at amortised cost:		
Trade and other payables	6,273.4	5,172.1
Financial liability	1,073.0	-
Interest bearing liabilities	6,058.9	3,045.0
Lease liabilities	902.0	237.4
Derivative financial instruments:		
Used for hedging	5.4	12.7
Held for trading at fair value through profit or loss	-	1.6
Balance at reporting date	14,312.7	8,468.8

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for the six months ended 30 June 2024

11. FINANCIAL INSTRUMENTS CONTINUED

a) Classification of financial assets and financial liabilities continued

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

Income, expenses and gains and losses recognised in the statement of profit or loss:	6 months to June 2024 $m	6 months to June 2023 $m
Interest from assets held at amortised cost	42.2	37.5
Net fair value gain / (loss) on equity investments mandatorily measured at FVPL	(15.6)	15.6
Loss on de-recognition of financial assets measured at amortised cost	(6.1)	(4.9)
Net foreign exchange losses recognised in profit before income tax for the period	(15.6)	(4.9)

b) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy. The fair values of financial assets and liabilities held at fair value have been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

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

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

30 June 2024	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Unlisted	-	-	77.0	77.0
Financial assets at fair value through other comprehensive income				
- Listed	48.7	-	-	48.7
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	0.1	-	0.1
- Cross currency interest rate swap contracts - cash flow hedges	-	1.1	-	1.1
- FX swaps – held for trading	-	2.8	-	2.8
Total assets	48.7	4.0	77.0	129.7
Liabilities				
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	(5.4)	-	(5.4)
- Cross currency interest rate swap contracts - cash flow hedges	-	-	-	-
Total liabilities	-	(5.4)	-	(5.4)

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for the six months ended 30 June 2024

11. FINANCIAL INSTRUMENTS CONTINUED

b) Fair value hierarchy continued

31 December 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Financial assets at fair value through profit or loss				
- Unlisted	-	-	291.0	291.0
Financial assets at fair value through other comprehensive income				
- Listed	5.9	-	-	5.9
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	0.9	-	0.9
- Cross currency interest rate swap contracts - cash flow hedges	-	22.2	-	22.2
- FX swaps – held for trading	-	5.4	-	5.4
Total assets	5.9	28.5	291.0	325.4
Liabilities				
Financial liability at fair value through profit or loss				
- Class C Shares Option	-	-	(1.6)	(1.6)
Derivatives				
- Forward foreign exchange contracts - cash flow hedges	-	(12.7)	-	(12.7)
- Cross currency interest rate swap contracts - cash flow hedges	-	-	-	-
Total liabilities	-	(12.7)	(1.6)	(14.3)

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

	6 months to June 2024 $m	12 months to December 2023 $m
Financial assets at fair value through profit or loss		
Balance at beginning of reporting period	291.0	215.8
Additions	-	2.1
Disposals	(198.9)	-
Transfers	-	43.6
(Losses) / gains recognised through profit or loss[1]	(15.6)	29.4
Foreign exchange recognised in other comprehensive income	0.5	0.1
Balance at reporting date	77.0	291.0

[1]Includes Thiess Class C Preference shares for the period ended 30 June 2024 of $(15.6) million (31 December 2023: $18.0 million). Fair value movements in relation to Class C Preference shares are offset by dividends received of $22.9m (31 December 2023: $4.9 million). In 2022, CIMIC subscribed to Class C Preference shares in Thiess totalling $191.3 million. Prior to the consolidation of Thiess, the Class C Preference shares were considered a long-term interest in Thiess and accounted for as an equity instrument in accordance with AASB 9: *Financial Instruments*, until the transaction on 23 April 2024.

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

11. FINANCIAL INSTRUMENTS CONTINUED

c) Methods and valuation techniques

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

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

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

The fair value of interest bearing liabilities is:

- Euro Medium Term Notes - fair value EUR544.5 million, equivalent to $878.2 million; carrying value EUR625.0 million, equivalent to $1,008.1 million (fair value 31 December 2023: EUR539.4 million, equivalent to $870.0 million; carrying value EUR625.0 million, equivalent to $1,008.1 million).
- 10-Year-Fixed-Rate Guaranteed Notes- fair value US$653.6 million, equivalent to $990.3 million; carrying value US$650.0 million, equivalent to $984.8 million (31 December 2023: fair value US$nil million, equivalent to $nil million; carrying value US$nil million, equivalent to $nil million).

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

Cash flow hedges
The Group's foreign currency forward contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates are included in Level 2 of the fair value hierarchy. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates that reflect the credit risk of various counterparties.

Put Option and Class C Shares Options

Elliott holds an option to sell all or part of its interest in Class A Preference shares or ordinary shares in Thiess to CIMIC. The terms of the 23 April 2024 transaction mean that the Put Option is now exercisable by Elliott from April 2025 to December 2026. The put option over the Class C Preference Shares has a six month notice period to exercise the Put Option. The exercise price will be the lower of a cost price or a price referable to movements in the S&P / ASX 200 Total Return index plus the accrued value of any shortfall in agreed minimum distributions.

As part of the Group's investment in the Thiess Class C Preference shares, the parties entered into an option deed which includes an option for Elliott to put their Class C Preference shares to CIMIC for a period of 42 months, starting six months after the end of the Put Option period, or, six months after the date when Elliott cease to own Class A Preference shares or ordinary shares or notices the exercise of options related to all remaining Class A preference shares or ordinary shares.

CIMIC holds a call option to acquire the Class C Preference shares from Elliott, for a period of 42 months, starting at the end of the Put Option period or the date when Elliott ceases to own any Class A Preference shares or ordinary shares.

These options were previously recognised as derivative financial instruments in accordance with AASB 9: *Financial Instruments* at fair value. As a consequence of the 23 April 2024 transaction and the required consolidation of Thiess, the Put Option and Hybrid Option are required to be recognised as an option over non-controlling interest and the present value of the gross redemption value is recognised as a financial liability alongside a reduction in the parent's equity within reserves.

Accordingly, amounts of $920.0 million (Preference A) and $153.0 million (Preference C) is recognised in the statement of financial position reflecting the present value of the gross redemption value of the put option over the ordinary and Class A Preference shares and the Preference C shares. Refer to Note 8*: Acquisitions and Disposals of Controlled Entities.*

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for the six months ended 30 June 2024

11. FINANCIAL INSTRUMENTS CONTINUED

d) Valuation process

The internal valuation process for unlisted investments, unlisted debt and cash flow hedges is managed by a team in the Group finance department which performs the valuations required for financial reporting purposes. The valuation team has oversight from the CIMIC 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.

e) Valuation inputs

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

Financial asset / liabilities	Significant unobservable inputs	Range of inputs	Relationship of inputs to fair value
Unlisted investments	Growth rates	2.5% - 3.0%	The impact on a change in the unobservable inputs would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.
	Internal rate of return	9%	
	Discount rates	8% - 15%	

f) Capital Risk Management

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

g) Cross Currency Interest Rate Swap

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

The notes bear interest from 28 May 2021 at the rate of 1.5% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 30 June 2024: EUR625.0 million, equivalent to $1,008.1 million (31 December 2023: EUR625.0 million, equivalent to $1,008.1 million). The average Australian dollar to Euro exchange rate is 0.62. There are $5.6 million of capitalised borrowing and other costs recognised against the loan facility (31 December 2023: $6.2 million).

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

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

11. FINANCIAL INSTRUMENTS CONTINUED

g) Cross Currency Interest Rate Swap continued

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

The contractual cash flows of the Euro Medium Term Debt and the associated CCIRS as at 30 June 2024 are as follows:

June 2024	Interest rate %	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
		$m	$m	$m	$m	$m
Non-derivative financial liabilities						
Euro Medium Term Note	1.5%	1,008.1	(1,083.6)	(15.1)	(1,068.5)	-
Derivative financial liabilities						
CCIRS	3.5%					
Net derivative financial liabilities / (assets)		(1.1)				
Inflow			1,083.6	15.1	1,068.5	-
Outflow			(1,163.8)	(34.6)	(1,129.2)	-
Total CCIRS		(1.1)	(80.2)	(19.5)	(60.7)	-

December 2023	Interest rate %	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
		$m	$m	$m	$m	$m
Non-derivative financial liabilities						
Euro Medium Term Note	1.5%	1,008.1	(1,098.7)	(15.1)	(60.4)	(1,023.2)
Derivative financial liabilities						
CCIRS	3.5%					
Net derivative financial liabilities / (assets)		(22.2)				
Inflow			1,098.7	15.1	60.4	1,023.2
Outflow			(1,173.6)	(34.6)	(138.4)	(1,000.6)
Total CCIRS		(22.2)	(74.9)	(19.5)	(78.0)	22.6

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11. FINANCIAL INSTRUMENTS CONTINUED

g) Cross Currency Interest Rate Swap continued

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

Cash Flow Hedge Disclosures for Cross Currency Interest Rates Swaps	6 months to June 2024 $m	12 months to December 2023 $m
Derivative financial liabilities		
Assets	1.1	22.2
Liabilities	-	-
Balance at reporting date	1.1	22.2
As at reporting date		
Cumulative fair value adjustment on hedged item	(1.1)	(22.2)
Effective portion recognised in reserves	(0.9)	(22.0)
Changes during the reporting period		
Change in fair value of the hedging instrument	(21.1)	43.3
Change in fair value of the hedged item	21.1	(43.1)
Cash flow hedge reserve (cumulative)		
Cumulative fair value adjustment on hedged item	(1.1)	(22.2)
(Gain) / loss on hedge ineffectiveness recognised in profit and loss	-	(0.2)
Amount reclassified from cash flow hedge reserve to profit and loss	24.7	24.7
Effective portion recognised in cash flow hedge reserve from change in fair value of hedging instrument after FX movement	23.6	2.3
Tax impact	(7.1)	(0.7)
Cash flow hedge reserve balance	16.5	1.6

12. INTEREST BEARING LIABILITIES

	June 2024 $m	December 2023 $m
Current interest bearing loans	55.4	-
Non-current interest bearing loans	6,003.5	3,045.0
Total interest bearing liabilities	6,058.9	3,045.0

Syndicated loans

CIMIC Finance Limited, a wholly owned subsidiary of the Company, has the following core syndicated bank debt facilities. The maturity of the facilities are as follows:
- $475.0 million maturing on 9 December 2025
- $625.0 million maturing on 4 October 2026
- $475.0 million maturing on 9 December 2027
- $521.6 million maturing on 4 October 2028
- $1,054.5 million maturing on 4 October 2028

Thiess Group Holdings Pty Ltd, a subsidiary of the Company, has the following core syndicated bank debt facilities. The maturity of the facilities are as follows:
- $1,430.1 million maturing on 24 December 2025
- $222.7 million maturing on 24 December 2025 (USD Facility)
- $400.0 million maturing on 25 December 2025

The total carrying amount at 30 June 2024 was $3,592.3 million (carrying amount at 31 December 2023: $1,833.9 million). There are $14.2 million of capitalised borrowing costs recognised against the loan facilities (31 December 2023: $15.8 million). No amounts drawn under the syndicated loans are classified as current.

At 30 June 2024, the Group had undrawn bank facilities of $1,701.6 million (31 December 2023: $1,396.6 million), and undrawn guarantee facilities of $584.8 million (31 December 2023: $477.8 million).

Euro Medium Term Notes

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

The notes bear interest from 28 May 2021 at the rate of 1.50% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 30 June 2024: EUR625.0 million, equivalent to $1,008.1 million (31 December 2023: EUR625.0 million, equivalent to $1,008.1 million). There are $5.6 million of capitalised borrowing costs recognised against the loan facility (31 December 2023: $6.2 million).

Guaranteed Senior Notes

On 25 March 2024, CIMIC Finance (USA) Pty Limited, a wholly owned subsidiary of the Company, issued a total of US$650.0 million of 10-Year Fixed-Rate Guaranteed Notes.

The notes bear interest from 25 March 2024 at the rate of 7.0% per annum and mature on 25 March 2034. Interest on the notes will be paid semi-annually on the 25th day of March and September in each year, commencing on 25th September 2024. Carrying amount at 30 June 2024: US$650.0 million (31 December 2023: US$nil) equivalent to $984.8 million (31 December 2023: $nil). There are $12.0 million of capitalised borrowing costs recognised against the loan facility (31 December 2023: $nil million).

Bilateral loans

At 30 June 2024, bilateral and other loan facilities outstanding were $400.8 million (31 December 2023: $225.0 million).

Notes continued

for the six months ended 30 June 2024

12. INTEREST BEARING LIABILITIES CONTINUED

Bank loans and other

At 30 June 2024, bank loans and other loan facilities outstanding were $104.7 million (31 December 2023: $nil).

Of the Group's total interest bearing liabilities, $2,133.3 million are secured as at 30 June 2024 (31 December 2023: $nil).

13. TRADE FINANCE ARRANGEMENTS

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

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

The factoring of these receivables is therefore done on a non-recourse basis. The level of non-recourse factoring across the Group was $784.4 million as at 30 June 2024 (31 December 2023: $481.9 million).

The Group does not consider there to be a concentration of credit risk from a financial institution.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Bank guarantees, insurance bonds and letters of credit

Indemnities given by third parties on behalf of controlled entities are as follows:

	June 2024 $m	December 2023 $m
Bank guarantees	3,785.3	3,858.4
Insurance, performance and payment bonds	1,950.5	1,769.2
Letters of credit	221.6	333.4

Other contingencies

i. The Company gives, in the ordinary course of business, guarantees and indemnities in respect of the performance by controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminable in amount.

ii. There exists in some entities within the Group the normal design liability in relation to completed design and construction projects.

iii. Certain entities within the Group have the normal contractor's liability in relation to construction contracts. This liability may include litigation by or against the Group and / or joint arrangements in which the Group has an interest. It is not possible to estimate the financial effect of these claims should they be successful.

iv. Controlled entities have entered into joint arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint arrangement.

v. Under the terms of the CIMIC Group Class Order, the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.

Notes continued

for the six months ended 30 June 2024

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS CONTINUED

Other contingencies continued

vi. On 13 February 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The matter, has been, and in some cases continues to be, subject to the investigations below:

- In March 2014, the Australian Securities and Investment Commission ("ASIC") commenced a formal investigation into potential breaches of the Corporations Act relating to a number of matters being investigated by the AFP. In March 2017, ASIC advised CIMIC that its investigation has concluded and it will take no further action.
- On 22 May 2018, the UK Serious Fraud Office ("SFO") announced it has charged individuals, none of whom are CIMIC employees, and on 26 June 2018 announced it has charged a company, which is not a member of the CIMIC Group. On 19 July 2019 the SFO announced that one individual had pleaded guilty to charges. Following trials in 2020 and 2021 the individuals were convicted on some charges. However, some of those convictions have been overturned on appeal. None of the juries' guilty findings relate to charges involving the CIMIC Group company contracts.
- On 1 March 2019, CIMIC entered into an investigation agreement with the Department of Justice ("DOJ"). On 30 October 2019 the US DOJ announced that in March 2019 three individuals not employed by CIMIC pleaded guilty to a charge of conspiracy to violate the Foreign Corrupt Practices Act. The DOJ has announced that another individual (not employed by the Company) has entered into a non-prosecution agreement with the DOJ.
- On 18 November 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters and on 23 February 2021 the AFP announced it had brought an additional charge in relation to foreign bribery. On 11 January 2021 the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee and that its investigations continue. CIMIC does not know when the charges will be heard or the outcome of any investigation.

No CIMIC Group company has been charged.

CIMIC continues to cooperate with all official investigations.

vii. On 25 August 2020 the Company announced to the ASX that a group of shareholders initiated proceedings on 24 August 2020 relating to the period 7 February 2018 – 22 January 2020 with regards to disclosures about the Company's non-controlling 45% investment in the Middle East as well as the reporting of the Company's cash flows in the context of factoring arrangements. The Company denies there is a proper basis for the claim and will defend the proceedings.

viii. CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner Hansen Yuncken, in a 50/50 JV, were awarded the design and construction of the new Royal Adelaide Hospital for the South Australian State Government. The project experienced difficulties and delays arising from the complex interdependencies between the State's works and the JV's works and a dispute between the parties arose. The arbitration to settle the dispute between the parties commenced. The evidence phase of the hearing is now complete and the parties are preparing closing submissions, to be heard in July and early August 2024, with a decision made thereafter.

Notes continued

for the six months ended 30 June 2024

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit for the period to net cash from operating activities.

	6 months to June 2024 $m	6 months to June 2023 $m
Profit before tax	409.3	266.9
Adjustments for:		
Depreciation and amortisation	270.1	132.4
Other adjustments to net profit	1.3	(68.7)
Changes in working capital (net current assets)	(196.7)	(398.3)
Interest payable	(184.1)	(130.6)
Dividends receivable	54.0	70.1
Interest receivable	65.1	42.5
Income tax payable	(131.1)	(5.0)
Net cash from / (used in) operating activities	287.9	(90.7)

Interest on finance leases of $11.2 million (June 2023: $7.0 million) is disclosed within repayment of leases in the consolidated statement of cash flows.

16. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date:

- The Company announced a final dividend in respect of the year ended 31 December 2023. The dividend is payable on 3 October 2024. This dividend has not been provided for in the consolidated statement of financial position. Refer to Note 5: *Dividends*
- The reporting date the Directors of the Company deferred the decision to declare an interim dividend in respect of the period ended 30 June 2024
- On 17 July 2024, Pedro Vicente Maese was appointed a Director of CIMIC Group Limited
- The Directors approved the financial report on 17 July 2024.

Directors' Declaration

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

1) the consolidated interim financial report and notes set out on pages 2 to 30:

    a) gives a true and fair view of the financial position of the Consolidated Entity as at 30 June 2024 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) complies with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and

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

Signed in accordance with a resolution of Directors:

Pedro Vicente Maese
Chief Executive Officer

David Robinson
Director

Sydney, 17 July 2024

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

Conclusion
We have reviewed the half-year financial report of CIMIC Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration as set out on pages 2 to 31.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 30 June 2024, and its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 Interim Financial Reporting ("AASB 134") as described in Note 1.

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

Directors' Responsibilities for the Half-year Financial Report
The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with AASB 134 as described in Note 1 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether, anything has come to our attention that makes us believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Group as at 30 June 2024 and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 as described in Note 1.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 17 July 2024