

Appendix 4B

Half yearly report

Introduced 30/6/2002.

Name of entity

Lend Lease Corporation Limited

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
32 000 226 228	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Half-year ended 31 December 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A millions

Revenues from ordinary activities (<i>item 1.1</i>)	down	15.0%	to	5,311.9
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	down	392.2%	to	(369.4)
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of	Nil		
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	down	392.2%	to	(369.4)
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend (<i>Preliminary final report only - item 15.4</i>)				
Interim dividend (<i>Half yearly report only - item 15.6</i>)	10¢		10¢	
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)	9¢		9¢	
*Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)		5 March 2003		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

		Current period – \$A millions	Previous corresponding period - \$A millions
1.1	Revenues from ordinary activities (see items 1.23 - 1.25)	5,311.9	6,245.7
1.2	Expenses from ordinary activities (see items 1.26 & 1.27)	(5,586.0)	(6,007.0)
1.3	Borrowing costs	(37.5)	(43.0)
1.4	Share of net profits (losses) of associates and joint venture entities (see item 16.7)	22.7	22.9
1.5	Profit (loss) from ordinary activities before tax	(228.9)	218.6
1.6	Income tax on ordinary activities (see note 4) – See Attachment D	(82.8)	(80.3)
1.7	Profit (loss) from ordinary activities after tax	(371.7)	138.3
1.8	Profit (loss) from extraordinary items after tax (see item 2.5)		
1.9	Net profit (loss)	(371.7)	138.3
1.10	Net profit (loss) attributable to outside +equity interests	2.3	(11.9)
1.11	Net profit (loss) for the period attributable to members	(369.4)	126.4
Non-owner transaction changes in equity			
1.12	Increase (decrease) in revaluation reserves		
1.13	Net exchange differences recognised in equity	34.4	0.7
1.14	Other revenue, expense and initial adjustments recognised directly in equity		
	- Revised AASB 1028 “Employee Benefits”	(1.1)	
	- AASB 1044 “Provisions, Contingent Liabilities & Contingent Assets”	39.1	
1.15	Initial adjustments from UIG transitional provisions		
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	72.4	0.7
1.17	Total changes in equity not resulting from transactions with owners as owners	(297.0)	127.1
Earnings per security (EPS)			
		Current period	Previous corresponding Period
1.18	Basic EPS	(84.9)	29.4
1.19	Diluted EPS	(84.9)	29.4

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period – \$A millions	Previous corresponding period - \$A millions
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	(371.7)	138.3
1.21 Less (plus) outside ⁺ equity interests	2.3	(11.9)
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(369.4)	126.4

Revenue and expenses from ordinary activities

(see note 15)

	Current period – \$A millions	Previous corresponding period - \$A millions
1.23 Revenue from sales or services	5,169.0	6,019.4
1.24 Interest revenue	22.9	19.6
1.25 Other relevant revenue	120.0	206.7
1.26 Details of relevant expenses	See Attachment A	See Attachment A
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	26.3	26.8
Capitalised outlays		
1.28 Interest costs capitalised in asset values	1.3	2.6
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	8.0	12.8

Consolidated retained profits

	Current period - \$A millions	Previous corresponding period - \$A millions
1.30 Retained profits (accumulated losses) at the beginning of the financial period	2,899.1	2,749.9
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	(369.4)	126.4
1.32 Net transfers from (to) reserves (<i>details if material</i>)		
1.33 Net effect of changes in accounting policies	38.0	
1.34 Dividends and other equity distributions paid or payable	(39.1)	(38.8)
1.34 Dividends foregone pursuant to share election plan a	0.8	
1.35 Retained profits (accumulated losses) at end of financial period	2,529.4	2,837.5

⁺ See chapter 19 for defined terms.

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A millions (a)	Related tax \$A millions (b)	Related outside +equity interests \$A millions (c)	Amount (after tax) attributable to members \$A millions (d)
2.1	Amortisation of goodwill	35.4			35.4
2.2	Amortisation of other intangibles	14.3	7.0		7.3
2.3	Total amortisation of intangibles	49.7	7.0		42.7
2.4	Extraordinary items (details)				
2.5	Total extraordinary items	Nil			Nil

Comparison of half year profits

(Preliminary final report only)

		Current year – \$A millions	Previous year – \$A millions
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.22 in the half yearly report)	Not Applicable	Not Applicable
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	Not Applicable	Not Applicable

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period \$A millions	As shown in last annual report \$A millions	As in last half yearly report \$A millions
Current assets				
4.1	Cash	988.0	904.1	733.4
4.2	Receivables	1,844.7	2,177.4	2,083.2
4.3	Investments	270.3	350.7	328.7
4.4	Inventories	401.8	392.3	492.4
4.5	Tax assets			
4.6	Other (provide details if material)	160.4	190.3	47.6
4.7	Total current assets	3,665.2	4,014.8	3,685.3
Non-current assets				
4.8	Receivables	120.6	75.6	86.6
4.9	Investments (equity accounted)	129.3	166.1	136.2
4.10	Other investments	1,076.4	922.0	1,040.2
4.11	Inventories	886.2	791.4	874.8
4.12	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)			
4.13	Development properties (+mining entities)			
4.14	Other property, plant and equipment (net)	124.7	128.7	153.5
4.15	Intangibles (net)	853.4	1,043.9	1,160.9
	Management Agreement	662.2	881.1	971.5
	Other Intangibles	62.5	58.9	46.9
4.16	Tax assets	403.9	388.1	565.9
4.17	Other (provide details if material)	87.1	116.3	103.1
4.18	Total non-current assets	4,406.3	4,572.1	5,139.6
4.19	Total assets	8,071.5	8,586.9	8,824.9
Current liabilities				
4.20	Payables	2,600.1	2,799.5	2,637.6
4.21	Interest bearing liabilities	22.8	31.2	32.6
4.22	Tax liabilities	64.7	10.8	93.9
4.23	Provisions exc. tax liabilities	236.7	318.3	397.7
4.24	Other (provide details if material)	100.9	85.1	113.5
4.25	Total current liabilities	3,025.2	3,244.9	3,275.3
Non-current liabilities				
4.26	Payables	20.7	6.8	
4.27	Interest bearing liabilities	1,211.8	1,206.3	1,277.4
4.28	Tax liabilities	207.5	193.1	280.7
4.29	Provisions exc. tax liabilities	116.8	107.7	105.5
4.30	Other (provide details if material)	66.1	76.0	124.2
4.31	Total non-current liabilities	1,622.9	1,589.9	1,787.8
4.32	Total liabilities	4,648.1	4,834.8	5,063.1
4.33	Net assets	3,423.4	3,752.1	3,761.8

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

		At end of current period \$A millions	As shown in last annual report \$A millions	As in last half yearly report \$A millions
Equity				
4.34	Capital/contributed equity	805.8	797.7	779.5
4.35	Reserves	85.9	51.5	113.1
4.36	Retained profits (accumulated losses)	2,529.4	2,899.1	2,837.5
4.37	Equity attributable to members of the parent entity	3,421.1	3,748.3	3,730.1
4.38	Outside +equity interests in controlled entities	2.3	3.8	31.7
4.39	Total equity	3,423.4	3,752.1	3,761.8
4.40	Preference capital included as part of 4.37	Nil	Nil	Nil

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

		Current period \$A millions	Previous corresponding period - \$A millions
5.1	Opening balance		
5.2	Expenditure incurred during current period		
5.3	Expenditure written off during current period		
5.4	Acquisitions, disposals, revaluation increments, etc.		
5.5	Expenditure transferred to Development Properties		
5.6	Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A	N/A

Development properties

(To be completed only by entities with mining interests if amounts are material)

		Current period \$A millions	Previous corresponding period - \$A millions
6.1	Opening balance		
6.2	Expenditure incurred during current period		
6.3	Expenditure transferred from exploration and evaluation		
6.4	Expenditure written off during current period		
6.5	Acquisitions, disposals, revaluation increments, etc.		
6.6	Expenditure transferred to mine properties		
6.7	Closing balance as shown in the consolidated balance sheet (item 4.13)	N/A	N/A

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

		Current period \$A millions	Previous corresponding period - \$A millions
Cash flows related to operating activities			
7.1	Receipts from customers	5,741.8	6,280.4
7.2	Payments to suppliers and employees	(5,544.4)	(5,907.7)
7.3	Dividends received from associates	5.5	11.7
7.4	Other dividends received	41.0	17.6
7.5	Interest and other items of similar nature received	22.9	23.1
7.6	Interest and other costs of finance paid	(36.1)	(51.0)
7.7	Income taxes paid	(39.7)	(89.9)
7.8	Other (provide details if material)		
7.9	Net operating cash flows	191.0	284.2
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(13.4)	(20.4)
7.11	Proceeds from sale of property, plant and equipment	0.2	0.2
7.12	Payment for purchases of equity investments	(642.5)	(300.3)
7.13	Proceeds from sale of equity investments	647.5	81.7
7.14	Loans to other entities	(60.7)	(4.7)
7.15	Loans repaid by other entities	14.9	24.1
7.16	Other (provide details if material)		
	Proceeds from sale of controlled entities		5.7
	Payment for acquisition of controlled entities	(38.2)	(173.9)
	Purchase of management agreement		(8.4)
7.17	Net investing cash flows	(92.2)	(396.0)
Cash flows related to financing activities			
7.18	Proceeds from issues of ⁺ securities (shares, options, etc.)	8.1	13.7
7.19	Proceeds from borrowings	633.0	306.4
7.20	Repayment of borrowings	(633.0)	(543.5)
7.21	Dividends paid	(38.3)	(34.5)
7.22	Other (provide details if material)		(11.3)
7.23	Net financing cash flows	(30.2)	(269.2)
7.24	Net increase (decrease) in cash held	68.6	(381.0)
7.25	Cash at beginning of period (see <i>Reconciliation of cash</i>)	904.1	1118.6
7.26	Exchange rate adjustments to item 7.25.	7.4	3.8
7.26a	Cash balances in controlled entities acquired	7.9	1.3
7.26b	Cash balances in controlled entities sold		(9.3)
7.27	Cash at end of period (see <i>Reconciliation of cash</i>)	988.0	733.4

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

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Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A millions	Previous corresponding period - \$A millions
8.1 Cash on hand and at bank	340.6	201.5
8.2 Deposits at call	647.4	531.9
8.3 Bank overdraft		
8.4 Other (provide details)		
8.5 Total cash at end of period (item 7.27)	988.0	733.4

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	(4.3%)	3.5%
9.2 Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	(10.8%)	3.4%

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

	Current Period	Previous Corresponding Period
a) Basic EPS	(84.9)	29.4
b) Diluted EPS	(84.9)	29.4
c) Weighted Average of ordinary shares outstanding during the period used in the calculation of the Basic EPS	434.9m	430.1m

NTA backing

(see note 7)

- 11.1 Net tangible asset backing per ⁺ordinary security

	Current period	Previous corresponding period
	4.24	3.67

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: *Interim Financial Reporting*, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: *Discontinuing Operations* (see note 17).)

- 12.1 Discontinuing Operations

Not Applicable

Control gained over entities having material effect

- 13.1 Name of entity (or group of entities)

Not Applicable

- 13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

\$

- 13.3 Date from which such profit has been calculated

- 13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

\$

Loss of control of entities having material effect

- 14.1 Name of entity (or group of entities)

Not Applicable

- 14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

\$

- 14.3 Date to which the profit (loss) in item 14.2 has been calculated

- 14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

\$

- 14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	19 March 2003
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	5 March 2003
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	N/A

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	<i>(Preliminary final report only)</i>			
15.4	Final dividend: Current year	¢	¢	¢
15.5	Previous year	¢	¢	¢
	<i>(Half yearly and preliminary final reports)</i>			
15.6	Interim dividend: Current year	10¢	10¢	N/A¢
15.7	Previous year	9¢	9¢	N/A¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	¢	¢
15.9 Preference +securities	¢	¢

Half yearly report - interim dividend (distribution) on all securities

	Current period \$A millions	Previous corresponding period - \$A millions
15.10 +Ordinary securities <i>(each class separately)</i>	43.5	38.8
15.11 Preference +securities <i>(each class separately)</i>		
15.12 Other equity instruments <i>(each class separately)</i>		
15.13 Total	43.5	38.8

+ See chapter 19 for defined terms.

The +dividend or distribution plans shown below are in operation.

Lend Lease Share Accumulation Plan which is comprised of Share Election Plan, Dividend Reinvestment Plan, and Share Purchase Plan.

The last date(s) for receipt of election notices for the +dividend or distribution plans

5 March 2003

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Nil

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A millions	Previous corresponding period - \$A millions
16.1 Profit (loss) from ordinary activities before tax	26.3	24.4
16.2 Income tax on ordinary activities	(1.5)	(1.5)
16.3 Profit (loss) from ordinary activities after tax	24.8	22.9
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)	24.8	22.9
16.6 Adjustments	(2.1)	
16.7 Share of net profit (loss) of associates and joint venture entities	22.7	22.9

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A millions	Previous corresponding period - \$A millions
17.1 Equity accounted associates and joint venture entities				
See Attachment B				
17.2 Total				
17.3 Other material interests				
Westpac Banking Corp (Sale of final tranche in July 2001)	0.0%	2.2%		28.2
17.4 Total	0.0%	2.2%	Nil	28.2

Westpac Banking Corporation

In December 1998, Lend Lease affected share lending and hedging arrangements (the Arrangements) with Merrill Lynch relating to 40 million shares in Westpac Banking Corporation. The Arrangements effectively locked in the price of \$10.05 per share enabling Lend Lease to realise the value of the investment, while retaining flexibility regarding timing of the ultimate disposal.

At 31 December 2001, all 40 million shares had been unwound from the Arrangements.

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities (description)				
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 ⁺Ordinary securities	435,333,579	435,333,579		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	805,376	805,376		
18.5 ⁺Convertible debt securities (description and conversion factor)				
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 Options (description and conversion factor)			Exercise price	Expiry date (if any)
18.8 Issued during current period				
18.9 Exercised during current period				
18.10 Expired during current period				
18.11 Debentures (description)				
18.12 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.13 Unsecured notes (description)				
18.14 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: *Segment Reporting* and for half year reports, AASB 1029: *Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's *accounts should be reported separately and attached to this report.)

See Attachment C

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: *Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

- 19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last *annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.*
- 19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer Management's Discussion and Analysis of Financial Condition and Results of Operations for the half year ended 31 December 2002

- 19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

As announced on 23 January 2003, Lend Lease has reassessed the carrying value of its REI US businesses as a result of reduced medium term earnings expectations and will raise a total charge in the order of US\$300 million (A\$526.3 million) after tax.

US\$275.0 million (A\$482.5 million) of the above charge has been brought to account in the financial statements for the half year ending 31 December 2002. This change represents the write-down of goodwill US\$113.5 million (A\$199.1 million), management agreements US\$127.5 million (A\$223.7 million), IT systems US\$14.0 million (A\$24.6 million) and write-back of future income tax benefits relating to operating losses of US\$20.0 million (A\$35.1 million). The remaining US\$25.0 million (A\$43.8 million) represents the anticipated restructure costs and other provisions to be recognised in future periods.

Since 31 December, payments totalling A\$95.3 million was made to the Australian Taxation Office relating to the amended assessment of income issued in relation to the June 1996 forward sale and associated Westpac Share Warrants Issue Agreement with County Natwest Securities Australia Limited in relation to 100 million Westpac shares (refer Note 27 Contingent Liabilities). The financial effect of this transaction was not brought to account in the financial statements for the half year ended 31 December 2002.

- 19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

The dividend franking account balance at 31 December 2002 of A\$1.8 million (31 December 2001 A\$0.9 million based on 30% tax rate) is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the accounts and after deducting franking credits to be used in the payment of the proposed interim dividend and tax losses utilised in the current year.

+ See chapter 19 for defined terms.

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with AASB 1029: *Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with AASB 1001: *Accounting Policies-Disclosure*).

Employee Benefits

Lend Lease has applied the revised AASB 1028 "Employee Benefits" for the first time from 1 July 2002.

The liability for wages and salaries, annual leave, sick leave and long service leave is now calculated using the remuneration rates Lend Lease expects to pay as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the Lend Lease Consolidated Financial Report as at 1 July 2002 as a result of this change are A\$1.5 million increase in provision for employee benefits, A\$1.1 million decrease in opening retained profits and A\$0.4 million increase in future income tax benefit. As a result of this change in accounting policy, employee benefits expense increased by A\$0.3 million and income tax expense decreased by A\$0.1 million for the reporting period to 31 December 2002.

Had the revised accounting policy always been applied in the previous financial period, the financial impact of the change in policy as at 1 July 2001 would have been a A\$1.3 million increase in provision for employee benefits, A\$0.9 million decrease in opening retained profits and A\$0.4 million increase in future income tax benefit. Employee benefits would have increased by A\$0.3 million and income tax expense decreased by A\$0.1 million in the reporting period to 31 December 2001.

Provisions, Contingent Liabilities and Contingent Assets

Lend Lease has applied the new AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2002.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial period to which they related, even though the dividends were announced after the end of that financial period.

The adjustments to the Consolidated Financial Report as at 1 July 2002 as a result of this change is a A\$39.1 million increase in opening retained profits and a A\$39.1 million decrease in provision for dividends. There was no impact on profit or loss for the reporting period to 31 December 2002.

Had the revised accounting policy always been applied in the previous financial period, the financial impact of the change in policy as at 1 July 2001 would have been a A\$38.8 million increase in opening retained profits and A\$38.8 million decrease in provision for dividends. There would have been no impact on profit or loss for the reporting period to 31 December 2001.

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Not Applicable

+ See chapter 19 for defined terms.

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

The contingent liability related to warranties provided to National Australia Bank in connection with the sale of Lend Lease's Financial Services businesses to NAB on 30 June 2000 disclosed in June 2002 is no longer applicable.

The Australian Tax Office (ATO) has issued an amended assessment for an Australian subsidiary in relation to the year ended 30 June 1996 forward sale and associated Westpac share Warrants issue agreement with Country NatWest Securities Australia Limited in relation to 100 millions Westpac shares. The amended assessment calls for payment of additional company tax of A\$40.7 million plus penalties of A\$20.3 million and interest of A\$34.3 million. The directors are of the opinion that no provision is required at this time and will pursue all necessary avenues of objection and appeal.

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

Not Applicable

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

Not Applicable

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Not Applicable for Half Year

Date

Not Applicable for Half Year

Time

Not Applicable for Half Year

Approximate date the +annual report will be available

Not Applicable for Half Year

+ See chapter 19 for defined terms.

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

- 2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on +accounts to which one of the following applies.

(*Tick one*)

The +accounts have been audited. ✓

The +accounts have been subject to review.

The +accounts are in the process of being audited or subject to review.

The +accounts have *not* yet been audited or reviewed.

- 5 The entity has a formally constituted audit committee.

Sign here:
(Company Secretary)

Date: 20 February 2003

Print name: Susan June Sharpe

+ See chapter 19 for defined terms.

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Condensed consolidated statement of financial performance**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.
5. **Condensed consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Condensed consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. *Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the *ordinary securities (ie, all liabilities, preference shares, outside *equity interests etc). *Mining entities are *not* required to state a net tangible asset backing per *ordinary security.

+ See chapter 19 for defined terms.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A'000 headings must be amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A'000 headings must be amended.
10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their +accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term "relevance" is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

+ See chapter 19 for defined terms.

16 Dollars If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

17. Discontinuing operations

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ⁺accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. Format

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

⁺ See chapter 19 for defined terms.

**STOCK EXCHANGE ANNOUNCEMENT- ATTACHMENT A
HALF YEAR ENDED 31 DECEMBER 2002**

REVENUE AND EXPENSES

	Consolidated	
	December 2002 6 months A\$m	December 2001 6 months A\$m
Revenue from Ordinary Activities		
Revenue from the sale of development properties	82.2	670.2
Revenue from the provision of services	5,086.8	5,349.2
Other revenues from ordinary operating activities	142.9	226.3
Total revenue from ordinary activities	5,311.9	6,245.7
Expenses from Ordinary Activities		
Integrated property development activities	(356.7)	(638.7)
Project and construction management activities	(4,392.2)	(4,855.6)
Real estate equity and debt management activities		
Recurring expenses	(352.0)	(413.6)
Write-down REI US businesses	(447.4)	
Investment activities		(22.6)
Administration expenses	(37.7)	(76.5)
Borrowing costs	(37.5)	(43.0)
Total expenses from ordinary activities	(5,623.5)	(6,050.0)

**STOCK EXCHANGE ANNOUNCEMENT- ATTACHMENT B
HALF YEAR ENDED 31 DECEMBER 2002**

ASSOCIATES AND JOINT VENTURES

	Balance Date	Interest		Share of Associates' Profit/(Loss) After Tax ⁽¹⁾		Book Value	
		December 2002 %	June 2002 %	December 2002 A\$m	December 2001 A\$m	December 2002 A\$m	June 2002 A\$m
Associates							
Project and Construction Management							
Bonafacio Construction Management ⁽³⁾	30 Jun		40.0%		0.1		0.2
Catalyst Healthcare (Calderdale) plc	31 Mar	19.9%	19.9%		0.3		
Catalyst Healthcare (Worcester) plc	31 Mar	50.0%	50.0%	(0.6)	(0.3)	(0.9)	(0.3)
Exchequer Partnership	31 Mar	42.5%	42.5%			0.6	0.5
Other Associates ⁽⁵⁾					(0.1)		
				(0.6)	-	(0.3)	0.4
Integrated Property Development							
Tuas View Development Pte Ltd ⁽²⁾	31 Mar	35.0%	35.0%				
Tres Aguas (Paseo Commercial Carlos III), Madrid	31 Dec	50.0%	49.3%	1.1	(0.1)	18.6	18.6
Retirement by Design Pty Ltd	30 Jun	50.0%	50.0%	1.0	1.4	22.3	21.3
Forest Gardens Residential Land Development	30 Jun	50.0%	50.0%	(0.1)		8.0	6.6
Golden Grove Development	30 Jun	50.0%	50.0%	0.8	0.4		
Forest Lake Village Pty Ltd	30 Jun	50.0%	50.0%				
Wattle Grove Development	30 Jun	50.0%	50.0%	(2.3)	1.3	2.0	4.1
Delcorp Property Trust	30 Jun	50.0%	50.0%		1.6	1.7	1.7
Jacobs Lend Lease (Asia)	30 Jun	50.0%	50.0%	0.7	1.1	1.1	2.1
				1.2	5.7	53.7	54.4
Real Estate Investments – Equity							
DPT Operator	30 Jun	50.0%	50.0%	0.6	0.7	4.9	4.2
Generali Lend Lease	30 Jun	49.5%	49.5%	0.5	(0.2)	2.0	1.3
Kiwi Property Group	31 Mar	50.0%	50.0%	0.2	0.9	0.9	0.9
Lend Lease Porto Retail (Arrábida Shopping Centre) ⁽⁴⁾	31 Dec				3.8		
Lend Lease Rosen Real Estate Securities, LLC ⁽⁶⁾	31 Dec		50.0%	0.5	2.8		7.1
Other ⁽⁵⁾						0.3	0.5
				1.8	8.0	8.1	14.0
Real Estate Investments – Debt							
LLM Inversiones I S.A. de C.V.	30 Jun	32.3%	32.3%	0.6	1.3	10.0	15.1
LLM Inversiones II S.A. de C.V.	30 Jun	50.0%				6.3	
Lend Lease Hyperion Capital Advisors, LLC	31 Dec	50.0%	50.0%	1.8	1.8	0.8	0.7
Lend Lease Mexico	30 Jun	50.0%	50.0%	6.8	0.9	0.8	7.1
Other ⁽⁵⁾						0.6	0.6
				9.2	4.0	18.5	23.5
Capital Services							
Chelverton Properties Limited ⁽³⁾	31 Mar		50.0%				14.1
THI plc ⁽²⁾	31 Dec	14.3%	14.3%				
Other ⁽⁵⁾							2.9
				-	-	-	17.0
<i>Less: Provision for diminution</i>						(0.5)	(17.5)
Total				11.6	17.7	79.5	91.8

(1) Reflects the contribution to profit after tax from ordinary activities of equity accounted profits and losses only. Does not include any provision raised against the investment in the associates or other income such as guarantee fees etc.

(2) Equity accounted to nil.

(3) Sold during the financial period.

(4) Sold during the year to June 2002.

(5) Other Associates relate to associates whose size and impact on the results for the year are not significant, separately or in aggregate and therefore no further disclosures have been made.

(6) Lend Lease's interest was increased to 77.5% during the period. Given that this investment is now a subsidiary it has been consolidated at December 2002.

Associates continued**Results of Associates**

Share of associates' ordinary profit before income tax

Share of associates' income tax expense attributable to ordinary profit

Share of associates' net profit – as disclosed by associates

Adjustment arising from equity accounting:

Amortisation of goodwill and management agreements

Borrowing costs capitalised

Amortisation of fair value adjustments

Other

Share of associates' net profit – equity accounted**Share of Post Acquisition Retained Profits and Reserves Attributable to Associates****Retained Profits**

Share of associates' retained profits at the beginning of financial period

Share of net profit of associates

Effect of exchange rate movements

Dividends from associates

Disposal of associates

Share of associates' retained profits at end of financial period**Movements in Carrying Amounts of Investments**

Carrying amount of investments in associates at the beginning of financial period

Acquisition through entity acquired during the financial period

Investment in associates acquired during the financial period

Share of associates' net profit

Dividends received from associates

Other non profit distributions from associates

Disposal of associates

Other adjustments ⁽¹⁾**Carrying amount of investments in associates at end of financial period****Commitments**

Share of associates' capital expenditure and lease commitments contracted but not provided for and payable:

Due within 1 year

Due between 1 and 5 years

Contingent Liabilities

Share of associates' contingent liabilities

Summary of Financial Position of Associates

Current assets

Non current assets

Total assets

Current liabilities

Non current liabilities

Total liabilities

Net assets – as reported by associates

Adjustments arising from equity accounting:

Goodwill (net of amortisation)

Net assets – equity adjusted

	December 2002 A\$m	June 2002 A\$m
	15.0	30.8
	(1.3)	(1.7)
Share of associates' net profit – as disclosed by associates	13.7	29.1
Adjustment arising from equity accounting:		
Amortisation of goodwill and management agreements		(0.4)
Borrowing costs capitalised		1.5
Amortisation of fair value adjustments	(2.1)	
Other		(0.4)
Share of associates' net profit – equity accounted	11.6	29.8
Share of Post Acquisition Retained Profits and Reserves Attributable to Associates		
Retained Profits		
Share of associates' retained profits at the beginning of financial period	0.3	0.3
Share of net profit of associates	11.6	29.8
Effect of exchange rate movements	(0.4)	(1.5)
Dividends from associates	(22.9)	(26.5)
Disposal of associates	(6.7)	(1.8)
Share of associates' retained profits at end of financial period	(18.1)	0.3
Movements in Carrying Amounts of Investments		
Carrying amount of investments in associates at the beginning of financial period	91.8	76.1
Acquisition through entity acquired during the financial period		41.3
Investment in associates acquired during the financial period	8.2	8.4
Share of associates' net profit	11.6	29.8
Dividends received from associates	(22.9)	(26.5)
Other non profit distributions from associates	(0.4)	(12.1)
Disposal of associates	(0.2)	(23.0)
Other adjustments ⁽¹⁾	(8.6)	(2.2)
Carrying amount of investments in associates at end of financial period	79.5	91.8
Commitments		
Share of associates' capital expenditure and lease commitments contracted but not provided for and payable:		
Due within 1 year	98.1	54.4
Due between 1 and 5 years	40.8	54.6
	138.9	109.0
Contingent Liabilities		
Share of associates' contingent liabilities	-	-
Summary of Financial Position of Associates		
Current assets	282.6	283.6
Non current assets	437.5	388.7
Total assets	720.1	672.3
Current liabilities	125.8	153.1
Non current liabilities	514.8	433.0
Total liabilities	640.6	586.1
Net assets – as reported by associates	79.5	86.2
Adjustments arising from equity accounting:		
Goodwill (net of amortisation)		5.6
Net assets – equity adjusted	79.5	91.8

(1) Includes exchange rate movement.

	Balance Date	Interest		Share of Profit/(Loss) After Tax		Book Value	
		December 2002 %	June 2002 %	December 2002 A\$m	December 2001 A\$m	December 2002 A\$m	June 2002 A\$m
Joint Ventures							
Joint Venture Entities							
Project and Construction Management							
Bovis Projects (Kuwait)	31 Dec	60%	60%	0.7	0.2	0.7	0.3
Jacobs Lend Lease, Ireland	30 Sep	50%	50%	0.9	0.7	(0.7)	2.0
				1.6	0.9	-	2.3
Integrated Property Development							
Fox Studios Retail and Entertainment Precinct	30 June	50%	50%	0.1	(1.3)	3.8	4.7
Mawson Lakes Economic Development Project	31 Dec	50%	50%	1.5	0.7	7.2	6.6
North Lakes Development Joint Venture	30 June		50%		0.2		24.5
Pyrmont Trust	30 June	50%	50%	2.7	2.6	13.3	13.3
Mirvac Lend Lease Village Consortium							
(Newington Precincts 1 & 3)	30 June	50%	50%	4.0	0.7	12.0	8.0
Caroline Springs Joint Venture	30 June	50%	50%	1.2	1.4	13.5	12.9
Other Joint Ventures ⁽¹⁾							2.0
				9.5	4.3	49.8	72.0
Total				11.1	5.2	49.8	74.3

(1) Other Joint Ventures include MVM Finance 2, Aena and Cotas. Their size and impact on the results for the year in Joint Ventures as listed are not significant, separately or in aggregate and therefore no further disclosures have been made.

	December 2002 A\$m	June 2002 A\$m
Statement of Financial Position		
Lend Lease's share of the assets and liabilities of joint venture entities consists of:		
Current assets	114.0	140.7
Non current assets	75.0	138.3
Total assets	189.0	279.0
Current liabilities	50.4	54.9
Non current liabilities	97.1	162.8
Total liabilities	147.5	217.7
Other adjustments	8.3	13.0
Share of net assets – equity adjusted	49.8	74.3
Lend Lease's Share of the Results of Joint Venture Entities		
Revenue	202.0	125.3
Expenses	(190.7)	(120.7)
Profit before tax	11.3	4.6
Income tax expense	(0.2)	(0.4)
Net profit after tax	11.1	4.2
Share of Post-Acquisition Retained Profits Attributable to Joint Venture Entities		
Share of joint venture entities' retained losses at beginning of financial period	(45.5)	(15.3)
Acquisition through entity acquired during financial period		1.7
Transfer from joint venture operations to entities		1.5
Share of joint venture entities' net profit	11.1	4.2
Drawings from partnerships	(12.1)	(37.6)
Share of joint venture entities' retained losses at end of financial period	(46.5)	(45.5)

Joint Ventures continued**Movements in Carrying Amount of Joint Venture Entities**

	December 2002 A\$m	June 2002 A\$m
Carrying amount at the beginning of financial period	74.3	37.2
Increase through entity acquired during financial period		8.9
Transfer from joint venture operations to entities		14.9
Contributions to the joint venture entities	2.0	28.3
Share of joint venture entities' profit	11.1	4.2
Drawings from the joint venture entities	(12.1)	(37.6)
Other non-profit distributions from joint ventures	(1.5)	(4.2)
Other adjustments to carrying value	0.3	22.6
Disposal of investments	(24.3)	
Carrying amount at end of financial period	49.8	74.3

**STOCK EXCHANGE ANNOUNCEMENT- ATTACHMENT C
HALF YEAR ENDED 31 DECEMBER 2002**

SEGMENT REPORTING

Segment Reporting

The segment results are discussed and analysed in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) included within this report.

Business Segment Summary

	Segment Revenue ^{(1) (2)}		Other Unallocated Revenue ⁽¹⁾		Group Operating Revenue		Segment Result ^{(1) (2) (3)}		Share of Net Profit/(Loss) of Equity Accounted Investments		Other Unallocated Revenues & Expenses ^{(1) (3)}		Group Operating (Loss)/Profit Before Tax		Group Operating (Loss)/Profit After Tax from Ordinary Activities ⁽⁴⁾		Group Operating (Loss)/Profit After Tax	
	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Project and Construction Management ⁽⁵⁾	4,465.6	4,912.2		22.7	4,465.6	4,934.9	95.3	76.6	1.7	2.2	(1.4)	2.6	95.6	81.4	59.7	52.9	59.7	48.8
Integrated Property Development ⁽⁵⁾	285.4	687.5	42.5		327.9	687.5	(36.2)	32.0	10.0	8.7	18.3	16.8	(7.9)	57.5	(3.5)	41.8	(0.6)	34.5
Total Real Estate Solutions	4,751.0	5,599.7	42.5	22.7	4,793.5	5,622.4	59.1	108.6	11.7	10.9	16.9	19.4	87.7	138.9	56.2	94.7	59.1	83.3
REI – Equity	281.3	293.8	0.6	29.1	281.9	322.9	(243.3)	81.5	1.8	8.0	0.6		(240.9)	89.5	(296.3)	65.2	(296.6)	64.7
REI – Debt	187.6	199.6			187.6	199.6	(102.5)	27.4	9.2	4.0			(93.3)	31.4	(99.8)	22.0	(100.1)	22.0
Total Real Estate Investments	468.9	493.4	0.6	29.1	469.5	522.5	(345.8)	108.9	11.0	12.0	0.6	-	(334.2)	120.9	(396.1)	87.2	(396.7)	86.7
Total Core Real Estate	5,219.9	6,093.1	43.1	51.8	5,263.0	6,144.9	(286.7)	217.5	22.7	22.9	17.5	19.4	(246.5)	259.8	(339.9)	181.9	(337.6)	170.0
Non Core Businesses/ One-Off Items																		
Capital Services		3.2	14.9		14.9	3.2	9.0	1.2			(0.6)		8.4	1.2	4.8	0.9	4.8	0.9
IT+T and eBusiness Investments	5.3	6.3		4.1	5.3	10.4	5.3	6.3				4.1	5.3	10.4	3.8	8.5	3.8	8.5
Equity Investments		61.9				61.9		39.3						39.3		28.2		28.2
Total Non Core Businesses	5.3	71.4	14.9	4.1	20.2	75.5	14.3	46.8	-	-	(0.6)	4.1	13.7	50.9	8.6	37.6	8.6	37.6
Total Segment	5,225.2	6,164.5					(272.4)	264.3	22.7	22.9								
Unallocated Corporate			28.7	25.3	28.7	25.3					(56.1)	(92.1)	(56.1)	(92.1)	(40.4)	(81.2)	(40.4)	(81.2)
Total Group			86.7	81.2	5,311.9	6,245.7					(39.2)	(68.6)	(288.9)	218.6	(371.7)	138.3	(369.4)	126.4

- (1) AASB 1005 "Segment Reporting" does not permit certain items of revenue and expenses to be attributed to particular segments for the purposes of determining segment revenues and segment results. These include corporate expenses, interest and dividend revenue, proceeds on the sale of investments (unless the segment's operations are primarily of a financial nature) and income tax expenses.
- (2) Segment revenues, expenses and results include inter-segment transfers between business segment of A\$1.1 million. Inter-segment transfers are priced on an arm's length basis.
- (3) Segment results include amortisation, of which A\$44.2 million has been reclassified to Unallocated Corporate for MD&A purposes.
- (4) Represents the Group net (loss)/profit before Outside Equity Interest.
- (5) Private Finance Initiatives (PFIs), Actus Lend Lease and Integrated Development Consulting which were previously disclosed in the prior period as part of Project and Construction Management are now included in Integrated Property Development. This is in line with RES' revised management structure, as previously advised in the June 2002 MD&A. Had the revised management structure been applied in the previous financial period, the effects of the change would be a reduction to Project and Construction Management segment revenue of A\$136.5 million, group operating revenue of A\$113.8 million, and an increase in segment profit of A\$1.9 million and group operating profit after tax of A\$0.5 million, offset by the increase to Integrated Property Development revenue and results respectively.

Segment Reporting continued

Business Segment Summary continued

	Non Cash Expenses other than Depreciation & Amortisation ⁽³⁾				Segment Assets ⁽¹⁾		Equity Accounted Investments		Unallocated Corporate Assets ⁽¹⁾		Total Group Assets		Acquisition of Non Current Assets ⁽⁴⁾		Segment Liabilities ⁽¹⁾		Unallocated Corporate Liabilities ⁽¹⁾		Total Group Liabilities		
	Depreciation & Amortisation ⁽²⁾				As at Dec	As at June	As at Dec	As at June	As at Dec	As at June	As at Dec	As at June	As at Dec	As at June	As at Dec	As at June	As at Dec	As at June	As at Dec	As at June	
	6 mths Dec 2002	6 mths Dec 2001	6 mths Dec 2002	6 mths Dec 2001	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Project & Construction Management ⁽⁵⁾	29.4	31.5	8.4	31.4	2,887.1	3,404.7	0.7	4.8	55.5	52.8	2,943.3	3,462.3	6.6	26.1	2,305.8	2,678.6	30.2	19.2	2,336.0	2,697.8	
Integrated Property Development ⁽⁵⁾	3.6	3.1	12.7	1.7	618.5	481.3	102.4	124.3	30.3	30.1	751.2	635.7	0.9	78.3	620.6	203.6	40.8	16.7	661.4	220.3	
Total Real Estate Solutions	33.0	34.6	21.1	33.1	3,505.6	3,886.0	103.1	129.1	85.8	82.9	3,694.5	4,098.0	7.5	104.4	2,926.4	2,882.2	71.0	35.9	2,997.4	2,918.1	
REI – Equity	19.7	22.3	334.6	28.7	2,662.6	2,851.6	7.7	13.5	208.6	212.0	2,878.9	3,077.1	35.3	29.0	329.7	566.4	1,043.9	1,035.1	1,373.6	1,601.5	
REI – Debt	6.9	11.1	114.0	5.9	762.5	754.1	18.5	23.5	5.7	4.1	786.7	781.7	0.8	27.2	110.2	127.7	2.1	1.8	112.3	129.5	
Total Real Estate Investments	26.6	33.4	448.6	34.6	3,425.1	3,605.7	26.2	37.0	214.3	216.1	3,665.6	3,858.8	36.1	56.2	439.9	694.1	1,046.0	1,036.9	1,485.9	1,731.0	
Total Core Real Estate	59.6	68.0	469.7	67.7	6,930.7	7,491.7	129.3	166.1	300.1	299.0	7,360.1	7,956.8	43.6	160.6	3,366.3	3,576.3	1,117.0	1,072.8	4,483.3	4,649.1	
Non Core Businesses/ One-Off Items																					
Capital Services			(6.6)	1.9	29.2	0.3		14.1	8.0	22.4	37.2	36.8	0.2		5.1	45.3	5.8	2.2	10.9	47.5	
IT+T and eBusiness Investments					58.9	58.9				14.6	58.9	73.5							0.2	0.2	
Equity Investments																			10.5	10.5	
Total Non Core Businesses	-	-	(6.6)	1.9	88.1	59.2	-	14.1	8.0	37.0	96.1	110.3	0.2	-	5.1	45.3	5.8	12.9	10.9	58.2	
Total Segment	59.6	68.0	463.1	69.6	7,018.8	7,550.9	129.3	180.2													
Unallocated Corporate									615.3	519.7	615.3	519.8					153.9	127.5	153.9	127.5	
Total Group									923.4	855.7	8,071.5	8,586.9					1,276.7	1,213.2	4,648.1	4,834.8	

- (1) AASB 1005 "Segment Reporting" does not permit certain assets and liabilities to be attributed to particular segments for the purposes of determining segment assets and segment liabilities. These include income tax assets and liabilities, borrowings and liabilities related to assets that are the subject of finance lease liabilities.
- (2) Represents segment amortisation and depreciation.
- (3) Non cash expense represents those non cash items included in the reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities (refer Note 29).
- (4) The acquisition of segment assets that are expected to be used during more than one year. These assets represent capital expenditure and include assets acquired under finance leases but exclude investments.
- (5) Private Finance Initiatives (PFIs), Actus Lend Lease and Integrated Development Consulting which were previously disclosed in the prior period as part of Project & Construction Management are now included in Integrated Property Development. This is in line with RES' revised management structure as previously advised in the June 2002 MD&A. Had the revised management structure been applied in the previous financial period, the effects of the change would be a reduction to Project and Construction Management assets of A\$71.0 million, and liabilities of A\$44.0 million offset by the increase to Integrated Property Development assets and liabilities respectively.

Segment Reporting continued**Geographical Segment Summary**

	Segment Revenue		Group Operating Revenue		Group (Loss)/Profit Before Tax		Group Operating (Loss)/Profit After Tax		Segment Assets		Acquisition of Non Current Assets	
	6 mths December 2002	6 mths December 2001	6 mths December 2002	6 mths December 2001	6 mths December 2002	6 mths December 2001	6 mths December 2002	6 mths December 2001	As at December 2002	As at June 2002	As at December 2002	As at June 2002
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Australia and Pacific	657.2	921.1	704.5	927.4	80.0	132.8	63.9	93.5	776.6	844.0	1.4	99.6
North America	3,072.8	3,315.2	3,090.7	3,315.2	(369.0)	98.4	(421.4)	65.3	3,725.3	4,403.6	40.5	53.0
Asia	201.7	193.3	204.4	193.3	5.9	8.1	1.4	3.5	385.5	454.7	0.3	1.1
Europe	1,293.5	1,734.9	1,289.6	1,784.5	53.2	71.4	37.4	45.3	2,131.4	1,848.6	1.6	6.9
Total Segment	5,225.2	6,164.5							7,018.8	7,550.9	43.8	160.6
Unallocated Corporate			22.7	25.3	(59.0)	(92.1)	(50.7)	(81.2)				
Total Group			5,311.9	6,245.7	(288.9)	218.6	(369.4)	126.4				

Business Segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Real Estate Solutions

The Group's Real Estate Solutions business encompasses two major business activities as follows:

Project and Construction Management

Real estate project management, construction management and engineering.

Integrated Property Development

All aspects of property development from concept through design, planning, construction, financing and leasing to eventual sale. In addition this business segment is responsible for the creation and management of Private Finance Initiatives (PFI's) including Build Operate Transfer (BOT) projects.

Real Estate Investments**Real Estate Investments – Equity**

Management of real estate investment funds on behalf of clients, co-investment in funds, portfolio management, the leasing, management and redevelopment of shopping centres and acting as financial advisor and arranger of project finance and related services.

Real Estate Investments – Debt

Management of real estate associated debt comprising: co-investment real estate assets, origination and servicing of commercial mortgages and mezzanine loans, resolution of sub-performing and non-performing commercial mortgages.

Capital Services

The principal activities of Capital Services are as investor in infrastructure assets and asset fund managers, and investor in UK real estate development companies. This business is focussed on maximising the value of its existing investments and is not pursuing any new investments.

Segment Reporting continued

Business Segments continued

IT+T and eBusiness Investments

Investments in information technology and telecommunication (IT+T) services companies and various eBusiness ventures.

Equity Investments

Strategy has been from time to time to make and hold investments in companies where a strategic business rationale existed, and where a mutually beneficial business relationship with these companies could be developed. The decision to invest or divest equity investments is determined after consideration of both strategic and valuation factors.

Unallocated Business Segments

Corporate

Group Treasury, amortisation and corporate administration services. All financing costs that are not directly related to real estate development projects or investments are reported in unallocated corporate.

Geographical Segments

The Group's businesses operate on a global basis; segment revenue is based on the geographical location of customers; and segment assets are based on the geographical location of the assets. The Group's business segments operate geographically as follows:

Australia and Pacific

Real estate project management; construction management and engineering; property development; real estate equity investment management, investor in infrastructure assets and asset fund managers; investments in technology and telecommunications services companies and holder of investments in strategic companies.

North America

Real estate project management; construction management and engineering; property development; real estate equity and debt investment management; and investments in technology and telecommunications services companies.

Asia

Real estate project management; construction and engineering; property development; real estate equity and debt investment management.

Europe

Real estate project management; construction management and engineering; property development; real estate equity investment management; investor in infrastructure assets and asset fund managers.

**STOCK EXCHANGE ANNOUNCEMENT- ATTACHMENT D
HALF YEAR ENDED 31 DECEMBER 2002**

TAXATION

	Consolidated	
	December 2002 A\$m	December 2001 A\$m
Taxation		
Income Tax Expense		
(Loss)/profit before tax from ordinary activities	(288.9)	218.6
Prima facie income tax (benefit)/expense at 30% of (loss)/profit from ordinary activities	(86.6)	65.6
Tax effect of permanent differences:		
Rebateable dividends	(2.3)	(2.5)
Non assessable income	(0.7)	(1.0)
Amortisation expense	2.5	1.5
Equity accounted profits	(1.8)	(3.9)
Non allowable expenses	6.8	6.1
Non deductible provisions	1.8	3.6
Non assessable capital gains	(0.5)	(0.8)
Write-off of future income tax benefits previously recognised in prior years	1.1	
Variation in overseas tax rates	(1.8)	1.3
Other	0.5	2.9
	5.6	7.2
Income tax (benefit)/expense for current financial period before individually significant permanent differences	(81.0)	72.8
Individually significant permanent differences:		
Write-off of future income tax benefits not able to be recognised relating to write-down of REI US businesses	185.7	
Variation in overseas tax rates in relation to REI US write-down	(51.5)	
Write-off of future income tax benefits previously recognised in prior years in relation to write-down of REI US businesses	35.1	
	88.3	72.8
Income tax (over)/under provided in previous financial periods	(5.5)	7.5
Total income tax expense	82.8	80.3