Consolidated Financial Statements

Table of Contents

Consolidated Financial Statements

Income Statements
Year ended 30 June 2009

	Note	Consolidated June 2009 A$m	Consolidated June 2008[1] A$m	Company June 2009 A$m	Company June 2008 A$m
Revenue					
Revenue from the sale of development properties	2a	366.8	805.3		
Revenue from the provision of services	2b	14,159.0	13,569.5		
Finance revenue	2c	102.1	96.9	2.4	4.3
Other revenue	2d	157.1	206.2	134.8	729.8
Total revenue		**14,785.0**	**14,677.9**	**137.2**	**734.1**
Other Income	3	**57.6**	**70.9**	**4.7**	**6.0**
Expenses					
Retail activities		(221.3)	(130.9)		
Communities activities					
Cost of properties sold		(581.4)	(747.3)		
Other expenses		(552.3)	(235.7)		
Public Private Partnerships (PPP) activities					
Cost of inventories sold		(1,357.3)	(813.1)		
Other expenses		(80.2)	(95.3)		
Investment Management activities		(69.4)	(53.3)		
Project Management and Construction activities					
Cost of inventories sold		(11,805.2)	(11,883.9)		
Other expenses		(462.9)	(369.3)		
Corporate and administrative activities		(185.0)	(101.3)	(170.4)	(86.2)
Finance costs	4	(100.2)	(86.0)		
Total expenses		**(15,415.2)**	**(14,516.1)**	**(170.4)**	**(86.2)**
Share of (loss)/profit of associates accounted for using the equity method	11	(64.3)	23.6		
Share of (loss)/profit of joint venture entities accounted for using the equity method	11	(96.2)	54.0		
(Loss)/profit before tax		**(733.1)**	**310.3**	**(28.5)**	**653.9**
Income tax benefit/(expense)	6a	67.2	(62.5)	(7.5)	15.5
(Loss)/profit after tax		**(665.9)**	**247.8**	**(36.0)**	**669.4**
(Loss)/profit after tax attributable to:					
Members of Lend Lease Corporation Limited	26	(653.6)	254.2	(36.0)	669.4
Minority interests		(12.3)	(6.4)		
(Loss)/profit after tax		**(665.9)**	**247.8**	**(36.0)**	**669.4**
Basic/Diluted Earnings Per Share					
Shares excluding treasury shares (cents)	7b	**(164.7)**	**68.6**		
Shares on issue (cents)	7b	(154.1)	63.4		

1 June 2008 profit after tax has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer to Note 1.29. 'Service Concession Arrangements').

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Balance Sheets
As at 30 June 2009

	Note	Consolidated June 2009 A$m	Consolidated June 2008[1] A$m	Company June 2009 A$m	Company June 2008 A$m
Current Assets					
Cash and cash equivalents	8	1,120.8	842.8		18.5
Loans and receivables	9	2,265.0	2,340.9	3,560.8	3,154.6
Inventories	10	564.9	773.1		
Other financial assets	13	87.2	84.7	1.4	18.5
Other assets	17	67.8	43.2	1.0	
Total current assets		**4,105.7**	**4,084.7**	**3,563.2**	**3,191.6**
Non Current Assets					
Loans and receivables	9	495.1	454.8	66.4	63.6
Inventories	10	1,201.2	1,332.3		
Investments accounted for using the equity method	11	1,059.4	1,058.6		
Investment properties	12	147.7	190.4		
Other financial assets	13	384.4	391.4	1,365.0	1,384.7
Deferred tax assets	6c	209.2	121.5	15.6	21.5
Property, plant and equipment	14	130.1	145.2	0.2	0.2
Intangible assets	15	526.0	730.1		
Defined benefit plan asset	16	30.0	28.7	30.0	28.7
Other assets	17	30.6	11.8		
Total non current assets		**4,213.7**	**4,464.8**	**1,477.2**	**1,498.7**
Total assets		**8,319.4**	**8,549.5**	**5,040.4**	**4,690.3**
Current Liabilities					
Trade and other payables	18	3,797.2	3,677.4	1,883.0	1,537.2
Provisions	20	227.2	183.8	39.1	43.3
Current tax liabilities	6b	27.7	53.7	34.2	74.6
Other financial liabilities	21	29.8	0.1	9.2	9.3
Other non financial liabilities	22	0.2	0.3		
Total current liabilities		**4,082.1**	**3,915.3**	**1,965.5**	**1,664.4**
Non Current Liabilities					
Trade and other payables	18	220.8	170.1		
Borrowings and financing arrangements	19	1,125.0	929.3		
Provisions	20	50.0	45.3	0.6	0.7
Deferred tax liabilities	6c	156.3	188.4		
Other financial liabilities	21	191.6	200.8	42.5	51.1
Other non financial liabilities	22	0.6	0.8		
Defined benefit plan liability	23	45.7	118.1		
Total non current liabilities		**1,790.0**	**1,652.8**	**43.1**	**51.8**
Total liabilities		**5,872.1**	**5,568.1**	**2,008.6**	**1,716.2**
Net assets		**2,447.3**	**2,981.4**	**3,031.8**	**2,974.1**
Equity					
Issued capital	24	1,195.9	854.7	1,195.9	854.7
Treasury shares	24	(63.2)	(62.6)	(88.2)	(87.6)
Reserves	25	34.3	7.2	195.5	192.5
Retained earnings	26	1,238.5	2,126.1	1,728.6	2,014.5
Total equity attributable to equity holders of the parent		**2,405.5**	**2,925.4**	**3,031.8**	**2,974.1**
Minority interests		41.8	56.0		
Total equity		**2,447.3**	**2,981.4**	**3,031.8**	**2,974.1**

1 June 2008 balance sheet has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer to Note 1.29. 'Service Concession Arrangements').

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statements of Changes in Equity
Year ended 30 June 2009

	Note	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Issued Capital and Treasury Shares					
Issued Capital					
Opening balance at beginning of financial year		854.7	854.4	854.7	854.4
Share issue via institutional placement (net of transaction costs)		296.2		296.2	
Share issue – other		0.2	0.3	0.2	0.3
Dividend Reinvestment Plan (DRP)		44.8		44.8	
Closing balance at end of financial year	24	**1,195.9**	**854.7**	**1,195.9**	**854.7**
Treasury Shares					
Opening balance at beginning of financial year		(62.6)	(67.4)	(87.6)	(92.5)
Treasury shares acquired		(14.8)	(1.6)	(14.8)	(1.5)
Treasury shares vested		14.2	6.4	14.2	6.4
Closing balance at end of financial year	24	**(63.2)**	**(62.6)**	**(88.2)**	**(87.6)**
Total issued capital and treasury shares		**1,132.7**	**792.1**	**1,107.7**	**767.1**
Reserves					
Fair Value Revaluation Reserve					
Opening balance at beginning of financial year		81.1	130.2	(0.1)	1.3
Revaluation (loss)/gain taken to equity (net of tax)		(36.7)	3.2	1.0	(1.4)
Transfer of fair value revaluation reserve to income statement on asset disposal (net of tax)			(58.5)		
Effect of foreign exchange rate/other movements		0.1	6.2		
Closing balance at end of financial year		**44.5**	**81.1**	**0.9**	**(0.1)**
Hedging Reserve					
Opening balance at beginning of financial year		(6.8)	(9.9)		
Adjustment on adoption of AASB Interpretation 12 (net of tax)			15.3		
Movements attributable to effective cash flow hedges taken to equity on investments accounted for using the equity method (net of tax)[1]		(54.9)	(13.8)		
Movements attributable to effective cash flow hedges taken to equity other (net of tax)		0.7	1.2		
Effect of foreign exchange rate/other movements[1]		2.9	0.4		
Closing balance at end of financial year		**(58.1)**	**(6.8)**	–	–
Foreign Currency Translation Reserve					
Opening balance at beginning of financial year		(152.0)	(50.7)		
Adjustment on adoption of AASB Interpretation 12 (net of tax)			(0.1)		
Movements attributable to translation of foreign operations[1]		126.1	(102.0)		
Transfer of foreign currency translation reserve to income statement on return of capital		0.2	0.8		
Closing balance at end of financial year		**(25.7)**	**(152.0)**	–	–
Equity Compensation Reserve					
Opening balance at beginning of financial year		33.6	12.3	33.6	12.3
Movements attributable to unallocated treasury shares		2.0	21.3	2.0	21.3
Closing balance at end of financial year		**35.6**	**33.6**	**35.6**	**33.6**
Other Compensation Reserve					
Opening balance at beginning of financial year		54.4	55.3	54.4	55.3
Movements attributable to sale of unallocated treasury shares			(0.9)		(0.9)
Closing balance at end of financial year		**54.4**	**54.4**	**54.4**	**54.4**

1 June 2008 financial year movements have been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer to Note 1.29. 'Service Concession Arrangements').

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statements of Changes in Equity continued

Year ended 30 June 2009

	Note	Consolidated June 2009 A$m	Consolidated June 2008[1] A$m	Company June 2009 A$m	Company June 2008 A$m
Capital Reserve					
Closing balance at beginning and end of financial year		**104.6**	**104.6**	**104.6**	**104.6**
Minority Interest Acquisition Reserve					
Opening balance at beginning of financial year		(107.7)	(124.7)		
Effect of foreign exchange rate movements/other movements		(13.3)	17.0		
Closing balance at end of financial year		**(121.0)**	**(107.7)**	**–**	**–**
Total reserves		**34.3**	**7.2**	**195.5**	**192.5**
Retained Earnings					
Opening balance at beginning of financial year		2,126.1	2,257.4	2,014.5	1,684.8
Adjustment on adoption of AASB Interpretation 12 (net of tax)			(68.2)		
(Loss)/profit attributable to members of Lend Lease Corporation Limited		(653.6)	254.2	(36.0)	669.4
Dividends paid		(205.1)	(341.0)	(205.1)	(341.0)
Dividends on treasury shares		16.8	25.5		
Dividends forgone pursuant to DRP		(44.8)		(44.8)	
(Loss)/gain on utilisation of treasury shares recognised directly in retained earnings		(0.9)	1.8		1.3
Other			(3.6)		
Closing balance at end of financial year	26	**1,238.5**	**2,126.1**	**1,728.6**	**2,014.5**
Minority Interests					
Opening balance at beginning of financial year		56.0	81.5		
Share of movement in loss for financial year		(12.3)	(6.4)		
Movements attributable to capital contributions/acquisitions			3.1		
Movements attributable to disposal			(12.4)		
Effect of foreign exchange rate/other movements		(1.9)	(9.8)		
Closing balance at end of financial year[2]		**41.8**	**56.0**	**–**	**–**
Total equity		**2,447.3**	**2,981.4**	**3,031.8**	**2,974.1**
Total Recognised Income and Expense for Financial Year					
Non profit/(loss) items recognised directly in equity		35.2	(111.4)	1.0	(1.4)
(Loss)/profit after tax for financial year		(665.9)	247.8	(36.0)	669.4
		(630.7)	**136.4**	**(35.0)**	**668.0**
Total income and expense for financial year attributable to:					
Members of Lend Lease Corporation Limited		(618.3)	150.3	(35.0)	668.0
Minority interests		(12.4)	(13.9)		
		(630.7)	**136.4**	**(35.0)**	**668.0**

1 June 2008 profit after tax has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer to Note 1.29. 'Service Concession Arrangements').

2 Mainly relates to Chelmsford Meadows 25% (June 2008: 25%) and Lend Lease Twin Waters 49% (June 2008: 49%).

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statements of Cash Flows

Year ended 30 June 2009

	Note	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Cash Flows from Operating Activities					
Cash receipts in the course of operations		14,457.1	13,590.1	66.2	54.6
Cash payments in the course of operations		(14,077.0)	(13,455.8)	(75.2)	(55.5)
Property development receipts		505.8	804.7		
Property development expenditure		(494.1)	(891.4)		
Interest received		66.8	150.9	5.5	4.4
Interest paid		(96.4)	(78.2)		
Dividends/distributions received		107.4	118.0	73.5	674.7
Income tax (paid)/received in respect of operations		(87.4)	30.4	(10.5)	27.2
Net cash provided by operating activities	33a	**382.2**	**268.7**	**59.5**	**705.4**
Cash Flows from Investing Activities					
Sale/redemption of investments		112.9	1,075.5	19.0	
Acquisition of investments		(381.1)	(509.7)	(0.9)	(18.2)
Acquisition of investment properties		(0.7)	(1.2)		
Acquisition of business	33b		(17.0)		
Disposal of other assets		1.6			
Loans to related parties		(110.7)	(88.2)		
Acquisition of minority interest		(1.0)	(17.7)		
Acquisition of consolidated entity (net of cash acquired)	28b	(0.2)		(0.2)	
Payment from settlement of derivatives		(44.8)			
Disposal of consolidated entities (net of cash disposed)	28c	10.1	(6.6)		173.9
Disposal of property, plant and equipment		2.0	0.1		
Acquisition of property, plant and equipment		(35.3)	(58.0)		(0.1)
Acquisition of intangible assets		(26.7)	(12.7)		
Net cash (used in)/provided by investing activities		**(473.9)**	**364.5**	**17.9**	**155.6**
Cash Flows from Financing Activities					
Proceeds from share issue		302.5		302.5	
Payment of share issue transaction costs		(6.3)		(6.3)	
Net proceeds from borrowings		248.1			
Dividends paid		(188.3)	(315.5)	(205.1)	(341.0)
Increase in financing of consolidated entities				(187.0)	(503.5)
Increase in capital of minority interest			3.1		
Net cash provided by/(used in) financing activities		**356.0**	**(312.4)**	**(95.9)**	**(844.5)**
Other Cash Flow Items					
Effect of foreign exchange rate movements on cash and cash equivalents		13.7	(28.1)		
Net increase/(decrease) in cash and cash equivalents		**278.0**	**292.7**	**(18.5)**	**16.5**
Cash and cash equivalents at beginning of financial year		**842.8**	**550.1**	**18.5**	**2.0**
Cash and cash equivalents at end of financial year	8	**1,120.8**	**842.8**	**–**	**18.5**

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Lend Lease Corporation Limited ('the Company') is domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity' or the 'Group') and the consolidated entity's interest in associates and jointly controlled entities.

The financial report was authorised for issue by the Directors on 20 August 2009.

1.1 Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

1.2 Basis of Preparation

The financial report is presented in Australian dollars and is prepared under the historical cost basis except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, investments available for sale, investment property and liabilities for cash settled share based compensation plans. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged. Refer to the specific accounting policies in Notes 1. and 31e. for a summary of the basis of valuation of assets and liabilities measured at fair value.

The preparation of a financial report that complies with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Information about critical accounting judgements in applying the Group's accounting policies is set out in Note 1.30.

The accounting policies set out below have been applied consistently to all financial years presented in the consolidated financial statements and by all entities in the consolidated entity.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of Consolidation

The Group consolidation comprises all entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group invests in special purpose entities (SPE) for trading and investment purposes. The SPE are consolidated if the substance of the relationship with the Group is such that the Group controls the SPE. The Group will also consolidate the SPE if the Group is expected to obtain the majority of the benefits and/or is exposed to the majority of the residual risks of the SPE or its net assets.

Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. The Company sponsors a number of employee benefit vehicles, including employee share plans. Under AASBs, these vehicles, while not legally controlled, are required to be consolidated for accounting purposes.

1.3 New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2009 but are available for early adoption. The Group has not applied the following standards in preparing this financial report. The Group's assessment of these new standards and interpretations is set out below:

- Revised AASB 3 *'Business Combinations'* and AASB 2008-3 *'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'*.

  AASB 3 and AASB 2008-3 are applicable to annual reporting periods beginning on or after 1 July 2009. These standards change the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. The standard will be applied prospectively from 1 July 2009 and therefore there will be no impact on prior periods.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.3 New Accounting Standards continued

- AASB 8 *'Operating Segments'* and AASB 2007-3 *'Amendments to Australian Accounting Standards arising from AASB 8'.*

  AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. These standards replace the presentation requirements of segment reporting in AASB 114 'Segment Reporting'. The standards may result in different segments, segment results and different types of information being reported in the segment note of the financial report. Any changes to disclosure are not expected to affect the financial results of the Group.

- Revised AASB 101 *'Presentation of Financial Statements'* (September 2007), AASB 2007-8 *'Amendments to Australian Accounting Standards arising from AASB 101'* and AASB 2007-10 *'Further Amendments to Australian Accounting Standards arising from AASB 101'.*

  AASB 101, AASB 2007-8 and AASB 2007-10 are applicable to annual reporting periods beginning on or after 1 January 2009. These standards introduce the statement of comprehensive income and make changes to the statement of changes in equity. These standards are only concerned with disclosure in the financial report and application will not affect the financial results of the Group.

- Revised AASB 123 *'Borrowing Costs'* and AASB 2007-6 *'Amendments to the Australian Accounting Standards arising from AASB 123'*.

  AASB 123 and AASB 2007-6 are applicable to annual reporting periods beginning on or after 1 January 2009. These standards remove the option to expense borrowing costs and require borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. The standards will be applied prospectively and therefore there will be no impact on prior periods.

- Amended AASB 127 *'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'*.

  AASB 127 and AASB 2008-3 are applicable to annual reporting periods beginning on or after 1 July 2009. These standards change the accounting for investments in subsidiaries, in particular the impact of changing ownership interests in subsidiaries. The standards will be applied prospectively and therefore there will be no impact on prior periods.

- AASB 2008-1 *'Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations'.*

  AASB 2008-1 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard changes the measurement of share-based payments that contain non-vesting conditions. The potential effect of AASB 2008-1 on the Group's financial statements is yet to be determined.

- AASB 2008-2 *'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'.*

  AASB 2008-2 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard impacts entities with limited lives and entities that have units where the unit holder can put their units back to the entity for cash. Financial instruments may be classified as equity rather than financial liabilities where they are puttable by the holder back to the entity as equity. The potential effect of AASB 2008-2 on the Group's financial statements is yet to be determined.

- AASB 2008-5 *'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'* and AASB 2008-6 *'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'.*

  AASB 2008-5 and AASB 2008-6 are applicable to annual reporting periods beginning on or after 1 January 2009 and 1 July 2009 respectively. The standards amend several AASBs terms of accounting recognition, measurement and presentation. The potential effect of AASB 2008-5 and AASB 2008-6 on the Group's financial statements is yet to be determined.

- AASB 2008-7 *'Amendments to Australian Accounting Standard – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.*

  AASB 2008-7 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard changes the recognition and measurement of dividend receipts as revenue, even if paid out of pre-acquisition, profits and addresses the accounting for a newly formed parent entity in the separate financial statements. The potential effect of AASB 2008-7 on the Group's financial results is yet to be determined.

- AASB 2008-8 *'Amendments to Australian Accounting Standard – Eligible Hedged Items'*.

  AASB 2008-8 is applicable to annual reporting periods beginning on or after 1 July 2009. The standard clarifies the effect of using options as hedging instruments and the circumstances in which inflation risk can be hedged. The potential effect of AASB 2008-8 on the Group's financial results is yet to be determined.

- AASB 2009-2 *'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'.*

  AASB 2009-2 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard may result in additional disclosures about financial instruments. The possible changes to disclosure are not expected to affect the financial results of the Group.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.3 New Accounting Standards continued

- AASB 2009-4 *'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'* and AASB 2009-5 *'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'*.

  AASB 2009-4 is applicable to annual reporting periods beginning on or after 1 July 2009 and AASB 2009-5 is applicable to annual reporting periods beginning on or after 1 January 2010. The standards amend several AASBs terms of accounting recognition, measurement and disclosure. The potential effect of AASB 2009-4 and AASB 2009-5 on the Group's financial statements is yet to be determined.

- AASB Interpretation 15 *'Agreements for the Construction of Real Estate'*.

  AASB Interpretation 15 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard provides guidance on accounting for agreements for the construction of real estate by the seller under AASB 111 Construction Contracts or AASB 118 Revenue and on the timing of revenue recognition. The Group does not expect the standard to have any material effect on the financial results.

- AASB Interpretation 16 *'Hedges of a Net Investment in a Foreign Operation'*.

  AASB Interpretation 16 is applicable to annual reporting periods beginning on or after 1 October 2008. The standard clarifies that net investment hedging can only be applied when the net assets of the foreign operation are recognised in the entity's consolidated financial statements. The Group does not expect the standard to have any material effect on the financial results of the Group.

- AASB Interpretation 17 *'Distributions of Non Cash Assets to Owners'* and AASB 2008-13 *'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non Cash Assets to Owners'*.

  AASB Interpretation 17 and AASB 2008-13 are applicable to annual reporting periods beginning on or after 1 July 2009. The standards provide guidance in respect of measuring dividends paid by distributing non cash assets to the entity's shareholders. The potential effect of AASB Interpretation 17 and 2008-13 on the financial statements is yet to be determined.

- AASB Interpretation 18 *'Transfers of Assets from Customers'*.

  AASB Interpretation 18 is applicable to annual reporting periods beginning on or after 1 July 2009. The standard provides guidance on the accounting for contributions from customers in the form of transfers of property, plant and equipment. The Group does not expect the standard to have any material effect on the financial results.

- *'Amendments to IFRS 2 Share Based Payments - Vesting Conditions and Cancellations'*.

  Amendments to IFRS 2 is applicable to annual reporting periods beginning on or after 1 January 2009. The amendments clarify that vesting conditions are service conditions and performance conditions only and specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group does not expect the amendments to have any material effect on the financial results.

1.4 Revenue, Other Income and Profits

Revenue and Profits from the Sale of Development Properties

Revenue and profits from the sale of development properties are recognised in the income statement when:

- The significant risks and rewards have been transferred to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the development properties sold;
- The revenue can be measured reliably and it is probable that the Group will receive the consideration due; and
- The Group can measure reliably the costs incurred or to be incurred.

Revenue from the Provision of Services

Revenue from the provision of services is recognised in the income statement in proportion to the stage of completion of the transactions at the balance sheet date:

- For property construction: the value of work performed using the percentage complete method, which is measured by reference to actual costs to date as a percentage of total forecast costs for each contract;
- For property and funds management: property development and management fee entitlements for services rendered; and
- For management of retirement villages: deferred management fees are recognised on an accruals basis based on a present value (or discounted) assessment of revenue earned from the management agreements on retirement villages at expected sales values of properties when the fees will be received.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.4 Revenue, Other Income and Profits continued

Dividends

Dividend income is recognised when the right to receive payment is established, usually on declaration of the dividend.

Rental Income

Rental income is recognised in the income statement on a straight line basis over the term of the lease unless another systematic basis is more appropriate. Lease incentives granted are recognised as an integral part of the total rental income.

Net Gains or Losses on Sale of Investments

Net gains or losses on sale of investments are recognised when an unconditional contract is in place.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.5 Income Taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is measured using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but are intended to be settled on a net basis or be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company is the head entity in the Australian Tax Consolidated Group comprising all the Australian wholly owned subsidiaries. The Company entered the Australian Tax Consolidation Regime effective 1 July 2002.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the Australian wholly owned subsidiaries of the Australian Tax Consolidated Group (after elimination of intragroup transactions).

The Australian Tax Consolidated Group has entered into a tax funding arrangement that requires wholly owned Australian subsidiaries to make contributions to the Company for tax liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation. The contributions are broadly calculated as if each entity paid tax on a stand alone basis.

The assets and liabilities arising under the Australian tax funding arrangement are recognised as intercompany assets and liabilities (at call) with a consequential adjustment to income tax expense/revenue.

1.6 Impairment

The carrying amounts of the Group's assets, investment properties (see Note 1.8.), inventories (see Note 1.14.) and deferred tax assets (see Note 1.5.) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with an indefinite useful life, the recoverable amount is estimated annually. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless an asset has been previously revalued through reserves.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.6 Impairment continued

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis.

Calculation of Recoverable Amount

The recoverable amount of the Group's investments in held to maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial (see Note 1.12.).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which each asset belongs.

Reversals of Impairment

An impairment loss in respect of a held to maturity security or receivable is reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in estimates used to determine the recoverable amount.

An impairment loss is reversed (other than goodwill) only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Investments

The Group classifies its investments in debt and equity securities in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired.

Financial Assets at Fair Value through Profit or Loss

This category has two subcategories: financial assets held for trading, and financial assets designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management either to eliminate a measurement or recognition inconsistency, or where a group of financial assets is managed, and its performance is evaluated, on a fair value basis (at inception). Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

Held to Maturity Investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intent and ability to hold to maturity.

Available for Sale Financial Assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any other category. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and Measurement Criteria

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are de-recognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the financial year in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.7 Investments continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis. Refer to Note 31e. for a summary of the basis of valuation of investments measured at fair value.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.8 Investment Properties

Investment properties are stated at fair value based on periodic, but at least triennial, valuations by qualified external independent valuers. It is the policy of the Group to review the carrying value of each property every six months. Fair value is based on current prices in an active market for similar properties in the same location and condition. If this information is not available, the Group uses alternative calculation methods such as discounted cash flow projections, recent prices on less active markets or capitalised income projections. Capitalised income projections are based on a perpetuity of net operating income using a capitalisation rate derived from market evidence.

The valuations for the Senior Living properties are supported by actuarial assessments performed by Lend Lease based on its detailed knowledge and recent experience in the location and category of the property being valued. Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment properties is accounted for as described in Note 1.4.

When an item of owner occupied property, plant and equipment (see Note 1.15.) becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised immediately in the income statement.

When an item of self constructed property, plant and equipment becomes an investment property following a change in its use, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

Expenses capitalised to properties may include the cost of acquisition, additions, refurbishments, redevelopments, borrowing costs and fees incurred.

1.9 Associates

Associates (including partnerships) are entities in which the Group, as a result of its voting rights, has significant influence, but not control, over financial and operating policies. Investments in associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Investments in associates are carried at the lower of the equity accounted carrying amount and the recoverable amount. When the Group's share of losses exceeds the carrying amount of the associate (including assets that form part of the net investment in the associate), the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Dividends from associates represent a return on the Group's investment and as such are applied as a reduction to the carrying value of the investment.

Unrealised gains arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Venture Capital Exemption

Investments held by Lend Lease Ventures' investment portfolio are carried at fair value even though the Group may have significant influence over those entities. This accounting is permitted by AASB 128 *'Investments in Associates'* which requires investments held by venture capital organisations to be excluded from its scope when those investments are designated as at 'fair value through profit or loss' from inception. The investments made by Lend Lease Ventures is considered to be venture capital in nature due to management of the investments on a portfolio basis, and is unrelated to the Group's key business activities. The application of this exemption is assessed on each investment made by Lend Lease Ventures.

Refer to Note 1.7. for analysis of recognition and measurement criteria of investments classified and measured at 'fair value through profit or loss'.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.10 Joint Venture Entities

A joint venture entity is an entity which has a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Investments in joint venture entities are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted carrying amount and recoverable amount.

When the Group's share of losses exceeds the carrying amount of the joint venture (including assets that form part of the net investment in the joint venture), the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the joint venture.

The Group's share of joint venture entities' profit or loss after tax is recognised in the income statement from the date joint control commences until the date joint control ceases. Other movements in joint venture entities' reserves are recognised directly in consolidated reserves.

Unrealised gains arising from transactions with joint venture entities are eliminated against the investment in the joint venture to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments held by Lend Lease Ventures' investment portfolio are carried at fair value even though the Group may have joint control over those entities. This accounting is permitted by AASB 131 *'Interests in Joint Ventures'* which requires investments held by venture capital organisations to be excluded from its scope when those investments are designated as at 'fair value through profit or loss' from inception.

1.11 Joint Venture Operations

A joint venture operation is a joint venture that is not in the form of an entity. The Group's interest in an unincorporated joint venture is brought to account by including its interest in the following amounts in the appropriate categories in the balance sheet and income statement:

- Each of the individual assets employed in the joint venture;
- Liabilities incurred by the consolidated entity in relation to the joint venture and the liabilities for which it is jointly and/or severally liable;
- Expenses incurred in relation to the joint venture; and
- Revenue earned in relation to the joint venture.

1.12 Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and fair value, which is estimated as the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.13 Pre Contract and Project Bidding Costs

The Group expenses all pre contract and project bidding costs, unless there is a high degree of certainty that a contract will be entered into (at least preferred bidder status) and that the costs will be fully recoverable from contract revenues. Costs previously expensed are not subsequently reinstated when a contract award is achieved.

1.14 Inventories

Property Held for Sale

Property acquired for development and sale in the ordinary course of business is carried at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of property held for sale is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, including borrowing costs incurred. Property expected to be sold within 12 months of the end of the financial year is classified as current inventory.

The recoverable amount of each holding is assessed at each balance date and a provision for diminution in value is raised by the Directors where cost (including costs to complete) exceeds net realisable value. In determining the recoverable amount, the Directors have regard to independent valuations obtained in accordance with Note 1.8., the market conditions affecting each property and the underlying strategy for selling the property.

Construction and Development Work in Progress

The gross amount of construction and development work in progress consists of costs attributable to work performed together with emerging profit and after providing for any foreseeable losses.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.15 Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see Note 1.6.). The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Where an item of property, plant and equipment comprises components having different useful lives, they are accounted for as separate items of property, plant and equipment. The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

Leased Assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see Note 1.6.).

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Amortisation is provided on leasehold improvements over the remaining term of the lease. Most plant is depreciated over a period not exceeding ten years, furniture and fittings over 15 years, motor vehicles over eight years and computer equipment over three years. Land is not depreciated.

1.16 IT Software Systems

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs directly associated with producing identifiable and unique software products consolidated by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three to five years).

1.17 Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets as goodwill. Goodwill on acquisitions of associates is included in the carrying value of investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is not amortised. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purposes of impairment testing, goodwill is allocated to cash generating units (or groups of cash generating units) that are expected to benefit from the synergies of the combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.17 Intangible Assets continued

Management Agreements and Other Intangible Assets

Management agreements and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see Note 1.6.). Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of the intangible assets. Management rights of an unlisted property fund are amortised over the useful life of ten years. The recoverable amount of other management agreements and other intangible assets is assessed using independent valuations or alternative calculation methods such as discounted cash flow projections. The rights are for an unlimited period and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

1.18 Employee Benefits

Superannuation/Pension Obligations

Group companies operate various superannuation and pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines the amount of pension benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The asset and liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

All actuarial gains and losses as at 1 July 2004, the date of transition to Australian International Financial Reporting Standards, were recognised. In respect of actuarial gains and losses that have arisen subsequent to 1 July 2004 in calculating the consolidated entity's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised in the income statement, it is recognised in the balance sheet against the defined benefit plan asset or liability.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortised on a straight line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered superannuation/pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Current Employee Entitlements

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at each balance date, including related on-costs. Non accumulating non monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

Non Current Employee Entitlements

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date. Consideration is given to expected future increases in wage and salary rates, including related on-costs and expected settlement dates based on turnover history.

Share Based Compensation

The Group operates cash settled and equity settled share based compensation plans that are referable to Lend Lease's share price. The fair value of the employee services received in exchange for the grant is recognised as an expense and a corresponding liability (if cash settled) or a corresponding increase in equity (if equity settled). The total amount to be expensed over the vesting period is determined by reference to the fair value of the services granted. At each balance sheet date, the entity revises its estimates of the entitlement due. It recognises the impact of revision of original estimates, if any, in the income statement, and a corresponding adjustment to a liability (in the case of cash settled) or equity (in the case of equity settled) over the remaining vesting period. Changes in entitlement for equity settled plans are not recognised if they fail to vest due to market conditions not being met.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.18. Employee Benefits continued

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

Profit Sharing and Bonus Plans

The Group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

1.19 Trade and Other Payables

Trade Creditors

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 60 days. Trade and other payables are stated at amortised cost or cost when the impact of discounting would be immaterial.

Insurance Claims

A liability for outstanding claims is recognised in respect of Lend Lease's wholly owned special purpose captive insurance subsidiary. The liability covers claims incurred but not yet paid, claims incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured at the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The discount rates used are risk free rates.

Financial Guarantee Contracts

Financial guarantee contracts, including the Company guarantees of Group entities' borrowings, are recognised when issued as a financial liability. The liability is measured initially at fair value and subsequently at the higher of the best estimate to settle the obligation (see Note 1.23.) and the initial fair value less accumulated amortisation. Fair value is determined using a probability weighted discounted cash flow approach.

1.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on preference shares are recognised in the income statement as interest expense.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non convertible bond. The amount is recognised as a liability on an amortised cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option. This is recognised in equity, net of income tax.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

1.21 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges in foreign operations.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available for sale financial assets, are included in the fair value revaluation reserve in equity.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.21 Foreign Currency Translation continued

Group Companies

The results and balance sheet of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency (A$) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the Foreign Currency Translation Reserve. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their value at the current quoted forward price at the balance sheet date.

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

1.22 Derivative Financial Instruments and Hedging Activities

Hedging Derivatives

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net Investment Hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains or losses accumulated in equity are included in the income statement on disposal of the foreign operation.

Held for Trading Derivatives

Certain derivative instruments do not qualify for hedge accounting or hedge accounting treatment is not sought. These instruments are classed as held for trading and changes in their fair value are recognised immediately in the income statement.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.23 Provisions

A provision is recognised on the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

1.24 Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and foreign exchange differences net of hedged amounts on borrowings.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. When funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing.

1.25 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing profit/(loss) after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted EPS is determined by adjusting the profit/(loss) after tax attributable to members of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1.26 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts (if applicable) are shown as a current liability on the balance sheet and are shown as a reduction to the cash balance in the statement of cash flows.

1.27 Share Capital

Ordinary shares are classified as equity. Preference share capital is classified as equity if it is non redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

Dividends on redeemable preference shares are recognised as a liability on an accrual basis. Other dividends are recognised as a liability in the financial year in which they are declared.

1.28 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.29 Service Concession Arrangements (SCA) (Private Financing Initiatives and Public Private Partnerships)

The Group equity accounts its investment in project companies with SCAs. In the project company holding the SCA AASB Interpretation 12 *'Service Concession Arrangements'* has been adopted retrospectively for the first time this year. The consideration receivable in respect of construction and services in the operational phase of the SCA is accounted for as a 'loan or receivable' and measured at amortised cost. Revenue arising from services provided will be recognised based on the fair value of each service provided. Borrowing costs are now required to be expensed rather than capitalised. Lifecycle costs will now be expensed as incurred rather than provided for as underlying services are provided.

The method by which the Group equity accounts its investment in each project company holding the SCA has not changed.

The retrospective adoption of AASB Interpretation 12 impacted the following:

- Retained earnings: As at 1 July 2007 A$68.2 million decrease; 12 months ended 30 June 2008 A$11.2 million decrease;
- Hedging reserve: As at 1 July 2007 A$15.3 million increase; 30 June 2008 A$8.7 million decrease;

  Movements attributable to effective cash flow hedges taken to equity (net of tax) and the effect of foreign exchange rates for 12 months ended 30 June 2008 have been adjusted to A$(12.6) million and A$0.4 million respectively;
- Foreign currency translation reserve: As at 1 July 2007 A$0.1 million decrease; 30 June 2008 A$10.3 million increase;

  Movements attributable to the translation and hedging of foreign operations for 12 months ended 30 June 2008 have been adjusted to A$(102.0) million;
- Investments accounted for using the equity method: As at 1 July 2007 A$6.7 million decrease; 30 June 2008 A$18.1 million increase;
- Non current loans and receivables: As at 1 July 2007 A$26.4 million decrease; 30 June 2008 A$30.4 million decrease;
- Current trade and other payables: As at 1 July 2007 A$nil impact; 30 June 2008 A$10.3 million increase;
- Non current trade and other payables: As at 1 July 2007 A$19.9 million increase; 30 June 2008 A$13.0 million decrease; and
- Investment commitments: As at 1 July 2007 A$19.9 million decrease; 30 June 2008 A$nil impact.

Recent industry interpretations relating to initial recognition of deferred tax liabilities on SCAs has resulted in the restatement of the impacts of AASB Interpretation 12 disclosed in the 31 December 2008 Half Year Consolidated Financial Report.

The impact on the Group's basic and diluted earnings per share for shares on issue was an increase 0.9 cents for the year ended 30 June 2009 (June 2008: decrease 2.8 cents) and earnings per share for shares excluding treasury shares was an increase 0.9 cents for the year ended 30 June 2009 (30 June 2008: decrease 3.0 cents).

1.30 Accounting Estimates and Judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key Sources of Estimation Uncertainty

Note 15a. 'Goodwill' contains information about the assumptions and their risk factors relating to goodwill impairment.

Impairment of Goodwill and Management Agreements

The Group assesses whether goodwill is impaired at least annually in accordance with Note 1.6. These calculations involve an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The recoverable amount of management agreements is assessed annually in accordance with Note 1.17.

Valuation of Assets and Recoverable Amounts

The Group assesses the fair value of certain assets by using estimation techniques where there is no available market price. The Group assesses the recoverability of the carrying value of certain assets using estimations of their recoverable amount, including the deferred management rights receivable. For investment properties and inventories refer to Notes 1.8. and 1.14. Refer to Note 31e. for a summary of the basis of valuation of financial assets measured at fair value.

Defined Benefit Superannuation Fund Obligations

Various actuarial assumptions are utilised in determining the Group's defined benefit superannuation/pension fund obligations. These assumptions are discussed in Notes 16g. and 23g. 'Principal Actuarial Assumptions'.

Share Based Compensation

The Group assesses the fair value of its cash settled and equity settled share based compensation plans. The fair value assigned represents an estimate of the value of the award to employees, which requires judgements on Lend Lease's share price and whether vesting conditions will be satisfied. Refer to Note 1.18. for the accounting policy for share based compensation.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.30 Accounting Estimates and Judgements continued

Critical Accounting Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, the Group makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the consolidated financial statements. These include:

- When substantially all the significant risks and rewards of ownership of development properties are transferred to the purchaser;
- The percentage completion on construction work performed; and
- Whether the substance of the relationship between the Group and a special purpose entity indicates that the special purpose entity should be consolidated by the Group.

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
2. Revenue				
a. Revenue from the Sale of Development Properties	**366.8**	**805.3**	**–**	**–**
b. Revenue from the Provision of Services				
Retail	56.8	55.5		
Communities	147.7	86.4		
Public Private Partnerships	1,481.6	943.0		
Investment Management	53.4	58.8		
Project Management and Construction	12,419.5	12,425.8		
Total revenue from the provision of services	**14,159.0**	**13,569.5**	**–**	**–**
c. Finance Revenue				
Interest Income				
Related party				
Consolidated entities				0.8
Associates and joint venture entities	34.8	21.4		
Other corporations	55.0	65.7	2.4	3.5
	89.8	**87.1**	**2.4**	**4.3**
Interest discounting	12.3	9.8		
Total finance revenue[1]	**102.1**	**96.9**	**2.4**	**4.3**
d. Other Revenue				
Dividend Income				
Related party				
Consolidated entities			71.8	674.6
Associates and joint venture entities		1.1		
Other corporations	1.4	48.8	1.0	0.1
	1.4	**49.9**	**72.8**	**674.7**
Other				
Rental income	71.3	76.0		
Hotel revenue	43.8	52.0		
Distributions received	14.3	15.1		
Related party				
Consolidated entities – corporate management fees			47.6	41.6
Consolidated entities – guarantee fees			14.4	13.4
Other	26.3	13.2		0.1
	155.7	**156.3**	**62.0**	**55.1**
Total other revenue	**157.1**	**206.2**	**134.8**	**729.8**
Total revenue	**14,785.0**	**14,677.9**	**137.2**	**734.1**

1 A$3.3 million relates to financial assets classified as fair value through profit or loss (June 2008: A$0.9 million).

Notes to the Consolidated Financial Statements continued

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
3. Other Income				
Net gain on disposal/redemption of available for sale financial assets		67.0		
Net gain on disposal of other assets and liabilities	57.2	0.2		
Fair value gain on held to maturity negotiable instruments	0.4			
Fair value gain on derivative contracts held for trading (excluding foreign exchange derivatives)		3.7		
Related party				
Consolidated entities – amortisation of financial guarantee contract liabilities			3.6	6.0
Other			1.1	
Total other income	**57.6**	**70.9**	**4.7**	**6.0**
4. Finance Costs				
Finance costs				
Non interest finance costs	**4.2**	**3.6**	–	–
Interest finance costs				
Related party				
Associates and joint venture entities	0.7	1.4		
Other corporations	94.9	76.7		
Less: Capitalised interest finance costs		(1.3)		
	95.6	**76.8**	–	–
Interest discounting	**0.4**	**5.6**	–	–
Total finance costs[1]	**100.2**	**86.0**	–	–
5. Other Operating (Income) and Expenses				
Loss/(profit) before income tax has been determined after:				
Depreciation and amortisation				
Depreciation of property, plant and equipment	25.0	24.0	0.1	0.1
Less: Capitalised depreciation	(1.4)	(2.1)		
Amortisation of management agreements	4.0	2.9		
Amortisation of other intangibles	5.0	2.2		
Total depreciation and amortisation	**32.6**	**27.0**	**0.1**	**0.1**
Net loss on sale of property, plant and equipment	–	**0.3**	–	–

1 No interest costs were incurred on financial assets or liabilities classified as fair value through profit or loss.

Notes to the Consolidated Financial Statements continued

	Note	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
5. Other Operating (Income) and Expenses continued					
Operating lease expense					
Operating lease rental expense		66.9	52.6		
Operating lease equipment expense		4.9	5.9		
Total operating lease expense		**71.8**	**58.5**	**–**	**–**
Employee benefit expenses		**1,617.1**	**1,432.7**	**36.9**	**24.5**
Superannuation accumulation plan expense		**20.6**	**19.3**	**1.2**	**1.2**
Net defined benefit plan (income)/expense impacting all business segments is as follows:					
Current service cost		28.0	38.9	6.3	5.8
Interest on obligation		49.9	45.8	6.7	6.0
Expected return on plan assets		(48.2)	(53.4)	(8.2)	(9.0)
Past service cost		0.2	0.4	0.2	0.4
Curtailment gain		(55.3)			
Actuarial gain recognised			(2.4)		(2.4)
Total net defined benefit plan (income)/expense	16d, 23d	**(25.4)**	**29.3**	**5.0**	**0.8**
Net foreign exchange loss/(gain)		**16.9**	**(3.0)**	**0.3**	**1.8**
Fair value loss on remeasurement of investment properties	12	**62.2**	**38.2**	**–**	**–**
Net fair value loss on equity derivative swaps		**48.4**	**–**	**–**	**–**
Bad debt expense		**1.8**	**0.4**	**–**	**–**
Expenses include impairments/provisions raised/(written back) relating to:					
Loans and receivables					
Related party – consolidated entities				70.0	
Related party – associates and joint venture entities[1]		42.8			
Other		27.6	11.4		
Property inventories		230.9	126.7		
Investments accounted for using the equity method[2]		67.2	3.0		
Impairment of investment in Group entities at cost				25.8	
Property, plant and equipment		20.3	0.4		
Other financial assets		16.5	2.8		
Other intangibles		0.6			
Investment properties		0.3			
Goodwill		252.9			
Employee benefits		42.8	35.1	1.2	2.0
Maintenance and warranty		(6.3)	(19.0)		
Restructure (including employee terminations)		91.0	(3.3)		
Other provisions		21.2	14.6	2.7	13.2

1 June 2009 relates to the Communities segment.
2 Impairment of A$67.2 million includes A$(1.2) million impairment reversal.

	Consolidated June 2009 A$000s	Consolidated June 2008 A$000s	Company June 2009 A$000s	Company June 2008 A$000s
Auditors' Remuneration				
Amounts received or due and receivable by the auditors of Lend Lease Corporation for:				
Audit and Review of Financial Reports	**7,398**	**6,816**	**1,188**	**1,573**
Other Services				
International assignees tax services	119	26		
Tax services	4	58		
Other audit services	259	137		
Other services	11	15		
	393	**236**	**–**	**–**

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
6. Taxation				
a. Income Tax (Benefit)/Expense				
Recognised in the Income Statement				
Current Tax (Benefit)/Expense				
Current year	81.7	91.9	(0.3)	(9.7)
Adjustments for prior years	0.2	(18.5)	2.1	(1.2)
Benefits of tax losses recognised	(21.3)	(7.8)		(6.6)
	60.6	**65.6**	**1.8**	**(17.5)**
Deferred Tax (Benefit)/Expense				
Origination and reversal of temporary differences	(127.8)	(4.5)	5.7	2.0
Reduction in tax rate		1.4		
Total income tax (benefit)/expense	**(67.2)**	**62.5**	**7.5**	**(15.5)**
Reconciliation of Income Tax (Benefit)/Expense				
(Loss)/profit before tax	(733.1)	310.3	(28.5)	653.9
Income tax using the domestic corporation tax rate (30.0%)	**(219.9)**	**93.1**	**(8.6)**	**196.2**
Non assessable dividends	(0.5)	(14.9)	(21.8)	(202.4)
Non assessable income	(3.6)	(8.4)		
(Loss)/profits accounted for using the equity method	(7.3)	4.4		
Non allowable expenses	98.8	12.2	4.0	2.0
Net recovery of tax losses	(18.2)	(17.5)	4.1	(6.5)
Write off/(recovery) of tax temporary differences	103.4	12.1	27.0	(7.1)
Temporary differences recognised/recovered	(19.0)	(8.9)		
Variation in tax rates	(2.9)	8.7		
Income tax expense relating to wholly owned Australian subsidiaries			79.4	111.2
Recovery of income tax expense from wholly owned Australian subsidiaries			(79.4)	(111.2)
Other	1.8	0.2	0.7	3.5
Under/(over) provided in prior years	0.2	(18.5)	2.1	(1.2)
	(67.2)	**62.5**	**7.5**	**(15.5)**
Deferred Tax Recognised Directly in Equity				
Relating to:				
Fair value revaluation reserve	(7.9)	(15.4)	0.1	(0.2)
Hedging reserve	(3.2)	1.7		
Foreign currency translation reserve on equity accounted investment	3.4			
	(7.7)	**(13.7)**	**0.1**	**(0.2)**
b. Current Tax Liabilities	**27.7**	**53.7**	**34.2**	**74.6**

Current tax liabilities represent the amount of income taxes payable in respect of current and prior financial years where the amount of income taxes payable exceeds payments to date.

Notes to the Consolidated Financial Statements continued

6. Taxation continued

c. Deferred Tax Assets and Liabilities

	Consolidated				Company			
	June 2009		June 2008		June 2009		June 2008	
	Assets A$m	Liabilities A$m	Assets A$m	Liabilities A$m	Assets A$m	Liabilities A$m	Assets A$m	Liabilities A$m
Recognised Deferred Tax Assets and Liabilities								
Deferred tax assets and liabilities are attributable to the following:								
Loans and receivables	21.4	(11.4)	11.4	(30.4)				
Inventories	45.9	(199.5)	25.3	(176.0)				
Other financial assets	12.1	(38.1)	0.6	(38.0)		(0.4)		(0.3)
Other assets		(0.7)						
Investments accounted for using the equity method	19.7	(165.5)	4.4	(171.1)				
Investment properties				(2.0)				
Property, plant and equipment	22.8	(0.4)	12.8	(0.3)				
Intangible assets	0.1							
Defined benefit plan asset		(9.0)		(8.6)		(9.0)		(8.6)
Trade and other payables	96.9	(0.1)	72.4	(0.6)	12.4		14.2	
Provisions	69.1		66.2		13.1		13.1	
Other financial and non financial liabilities	11.7		4.1	(0.1)				
Defined benefit plan liability	12.8		33.1					
Unused revenue tax losses recognised	169.8		112.0					
Items with a tax base but no carrying value	38.0	(42.7)	35.4	(17.5)	1.2	(1.7)	4.5	(1.4)
Total deferred tax assets/(liabilities)	**520.3**	**(467.4)**	**377.7**	**(444.6)**	**26.7**	**(11.1)**	**31.8**	**(10.3)**
Deferred tax set off	**(311.1)**	**311.1**	**(256.2)**	**256.2**	**(11.1)**	**11.1**	**(10.3)**	**10.3**
Net deferred tax assets/(liabilities)	**209.2**	**(156.3)**	**121.5**	**(188.4)**	**15.6**	**–**	**21.5**	**–**

Notes to the Consolidated Financial Statements continued

6. Taxation continued

c. Deferred Tax Assets and Liabilities continued

Consolidated	1 July 2008 A$m	Recognised in Income A$m	Recognised in Equity A$m	FX/Other A$m	30 June 2009 A$m	1 July 2007 A$m	Recognised in Income A$m	Recognised in Equity A$m	FX/Other A$m	30 June 2008 A$m
Recognised Deferred Tax Assets and Liabilities continued										
Movement in temporary differences during the financial year:										
Loans and receivables	(19.0)	27.9	0.3	0.8	10.0	(10.8)	(7.3)	(0.4)	(0.5)	(19.0)
Inventories	(150.7)	15.2		(18.1)	(153.6)	(122.5)	(42.1)		13.9	(150.7)
Other financial assets	(37.4)	4.7	7.9	(1.2)	(26.0)	(47.5)	(6.2)	15.4	0.9	(37.4)
Other assets		(0.7)			(0.7)	(20.6)	20.6			
Investments accounted for using the equity method	(166.7)	48.4	(0.5)	(27.0)	(145.8)	(185.0)	(4.9)	(1.3)	24.5	(166.7)
Investment properties	(2.0)	2.0				(2.9)	0.8		0.1	(2.0)
Property, plant and equipment	12.5	9.4		0.5	22.4	16.8	(2.2)		(2.1)	12.5
Intangible assets		0.1			0.1					
Defined benefit plan asset	(8.6)	(0.4)			(9.0)	(6.9)	(1.7)			(8.6)
Trade and other payables	71.8	12.9		12.1	96.8	74.8	1.7		(4.7)	71.8
Provisions	66.2	6.2		(3.3)	69.1	63.1	7.3		(4.2)	66.2
Other financial and non financial liabilities	4.0	7.1		0.6	11.7	4.8	(0.5)		(0.3)	4.0
Defined benefit plan liability	33.1	(21.2)		0.9	12.8	43.9	(5.3)		(5.5)	33.1
Unused revenue tax losses recognised[1]	112.0	44.1		13.7	169.8	72.1	51.9		(12.0)	112.0
Items with a tax base but no carrying value	17.9	(27.9)		5.3	(4.7)	32.1	(9.0)		(5.2)	17.9
Total deferred tax assets/(liabilities)	**(66.9)**	**127.8**	**7.7**	**(15.7)**	**52.9**	**(88.6)**	**3.1**	**13.7**	**4.9**	**(66.9)**
Company										
Movement in temporary differences during the financial year:										
Loans and receivables						(0.2)	0.2			
Other financial assets	(0.3)		(0.1)		(0.4)	(0.5)		0.2		(0.3)
Defined benefit plan asset	(8.6)	(0.4)			(9.0)	(6.9)	(1.7)			(8.6)
Trade and other payables	14.2	(1.8)			12.4	18.2	(4.0)			14.2
Provisions	13.1				13.1	13.8	(0.7)			13.1
Items with a tax base but no carrying value	3.1	(3.5)		(0.1)	(0.5)	(1.1)	4.2			3.1
Total deferred tax assets/(liabilities)	**21.5**	**(5.7)**	**(0.1)**	**(0.1)**	**15.6**	**23.3**	**(2.0)**	**0.2**	**–**	**21.5**

1 Primarily relates to the recognition of unused revenue tax losses in the USA.

Notes to the Consolidated Financial Statements continued

6. Taxation continued

c. Deferred Tax Assets and Liabilities continued

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Unrecognised Deferred Tax Assets				
Deferred tax assets have not been recognised in respect of the following items:				
Capital losses	70.4	92.1	6.0	9.1
Revenue losses	108.0	97.6		
Deductible temporary differences	165.3	57.6		
Total unrecognised deferred tax assets	**343.7**	**247.3**	**6.0**	**9.1**

Temporary differences associated with investments in subsidiaries within the Company have not been recognised. The unrecognised deferred tax asset of A$343.7 million includes A$42.0 million that will expire by 2027.

	Cents Per Share	Franked Amount Per Share %	Company June 2009 A$m	Company June 2008 A$m
7. Dividends and Earnings Per Share				
a. Dividends[1]				
Interim Dividend				
December 2008 – paid 1 April 2009	25	60	113.5	
December 2007 – paid 26 March 2008	43	40		172.5
Final Dividend				
June 2009 – declared subsequent to reporting date (payable 25 September 2009)[2]	16	100	73.2	
June 2008 – paid 26 September 2008	34	45		136.4
			186.7	**308.9**

1 Includes dividends paid on treasury shares. Refer to Note 26. 'Retained Earnings' for further details regarding the impact of treasury shares on dividend payments and retained earnings.

2 No provision for this dividend has been recognised in the balance sheet at 30 June 2009 as it was declared after the end of the financial period.

Dividend Franking

The final dividend of 16 cents per share declared since 30 June 2009 will be 100% franked. The interim dividend paid on 1 April 2009 (25 cents per share) was 60% franked.

The dividend franking account balance at 30 June 2009 is A$98.7 million based on a 30% tax rate (30 June 2008: A$86.4 million). This is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the financial statements and tax losses utilised in the current financial year. It excludes the A$31.4 million (June 2008: A$26.3 million) franking debit impact of the proposed dividend of A$73.2 million (June 2008: A$136.4 million).

Notes to the Consolidated Financial Statements continued

7. Dividends and Earnings Per Share continued

b. Basic/Diluted Earnings Per Share (EPS)

		Consolidated			
		June 2009		June 2008	
		Shares Excluding Treasury Shares	Shares on Issue	Shares Excluding Treasury Shares	Shares on Issue
(Loss)/profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A$m	**(653.6)**	**(653.6)**	**254.2**	**254.2**
Weighted average number of ordinary shares	m	**396.9**	**424.1**	**370.8**	**401.1**
Basic/diluted EPS	cents	**(164.7)**	**(154.1)**	**68.6**	**63.4**

8. Cash and Cash Equivalents

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Cash	289.3	281.9		18.5
Short term investments	831.5	560.9		
Total cash and cash equivalents	**1,120.8**	**842.8**	**–**	**18.5**

Short term investments earn variable rates of interest which averaged 3.4% per annum during the year ended 30 June 2009 (30 June 2008: 6.1%).

Negotiable instruments with a maturity greater than three months but less than 12 months (June 2009: A$70.8 million; June 2008: A$28.5 million) are classified as 'Fair Value Through Profit or Loss' and 'Held to Maturity' (refer to Note 13. 'Other Financial Assets'). These negotiable instruments have an average maturity of seven months.

9. Loans and Receivables

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Current – Measured at Amortised Cost				
Trade debtors	1,464.9	1,555.8		
Less: Impairment	(39.2)	(19.3)		
	1,425.7	**1,536.5**	**–**	**–**
Related party				
Consolidated entities[1]			3,630.0	3,152.3
Associates and joint venture entities	106.8	77.8		
Less: Impairment	(15.5)		(70.0)[1]	
Managed property funds	22.3	29.4		
Retentions	410.5	442.3		
Other receivables	317.8	257.2	0.8	2.3
Less: Impairment	(2.6)	(2.3)		
	2,265.0	**2,340.9**	**3,560.8**	**3,154.6**
Non Current – Measured at Amortised Cost				
Loans to employees	0.8	0.7		
Related party				
Consolidated entities			66.4	63.5
Associates and joint venture entities[2]	526.0	326.9		
Less: Impairment	(165.5)	(72.8)		
Retentions	68.1	96.5		
Other receivables	66.2	103.7		0.1
Less: Impairment	(0.5)	(0.2)		
	495.1	**454.8**	**66.4**	**63.6**
Total loans and receivables	**2,760.1**	**2,795.7**	**3,627.2**	**3,218.2**

1 Includes working capital balances with controlled entities and reflects the funding of general working capital items. All working capital balances are non interest bearing and repayable on demand. The carrying values of the Company's investments in consolidated entities and intercompany receivables have been reviewed for indicators of impairment and impairment recognised where appropriate.

2 Includes redeemable convertible notes issued by Lend Lease Primelife Limited, including embedded derivatives measured at fair value. Refer to Note 36. 'Non Key Management Personnel Related Party Information' for further details.

Notes to the Consolidated Financial Statements continued

9. Loans and Receivables continued

During the financial year ended 30 June 2009, the Group earned fee income of A$0.6 million (30 June 2008: A$3.0 million) relating to loans and receivables.

The ageing of trade debtors as at the reporting date is: current A$1,170.6 million (30 June 2008: A$1,251.6 million); past due A$294.3 million (30 June 2008: A$304.2 million) of which A$255.1 million has not been impaired (June 2008: A$284.9 million). 'Past due' is defined under accounting standards to mean any amount outstanding for one or more days after the contractual due date. Of the total trade debtors, 9.5% (30 June 2008: 6.2%) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2009 (30 June 2008: A$nil).

At 30 June 2009 current other receivables includes A$57.5 million of cash that was pledged as collateral against bank letter of credit facilities for equity commitments (June 2008: A$nil).

	Consolidated		Company	
	June 2009 A$m	June 2008[1] A$m	June 2009 A$m	June 2008 A$m
Impairment				
Carrying amount at beginning of financial year	94.6	56.8		
Bad and doubtful debts impairment loss net of provisions raised	70.4	11.4	70.0	
Other movements (including foreign exchange movements)[2]	58.3	26.4		
Carrying amount at end of financial year	**223.3**	**94.6**	**70.0**	**–**
Total impairment as a percentage of total loans and receivables	**7.5%**	**3.3%**	**1.9%**	**–**

1 June 2008 has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer to Note 1.29. 'Service Concession Arrangements').

2 Other movements primarily relates to the application of joint venture losses against loan stock interests held by Lend Lease in relation to these joint ventures.

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis.

The increase in the impairment provision during the financial year is a result of deteriorating economic and market conditions which the Group considers will affect the credit worthiness of certain entities. The impairment provision relates to specific loans and receivables that have been identified as being impaired, including related party loans where the Group's interest in a development was via an investment accounted for using the equity method.

During the financial year ended 30 June 2009, there were no financial assets renegotiated (30 June 2008: A$76.5 million).

Notes to the Consolidated Financial Statements continued

	Note	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
10. Inventories					
Current					
Development properties at the lower of cost and net realisable value	10a	327.4	437.2		
Construction work in progress	10b	237.5	335.9		
Total current		**564.9**	**773.1**	–	–
Non Current					
Development properties at the lower of cost and net realisable value	10a	1,201.2	1,332.3		
Total inventories		**1,766.1**	**2,105.4**	–	–
a. Development Properties (Completed and Work in Progress)					
Total development properties held for sale comprises:					
Bluewater, Kent		506.2	520.7		
Urban Communities, Australia		491.4	448.8		
Urban Communities (Crosby), UK		244.9	386.7		
Victoria Harbour, Melbourne		107.4	96.2		
Hyatt Coolum, Sunshine Coast		74.0	57.3		
Senior Living Projects, Australia		50.6	51.1		
Stratford, UK			95.8		
Other		54.1	112.9		
Total development properties		**1,528.6**	**1,769.5**	–	–
b. Construction Work in Progress					
Construction work in progress comprises:					
Contract costs incurred to date		60,859.7	49,311.9		
Profit recognised to date		2,543.5	1,977.1		
		63,403.2	**51,289.0**	–	–
Less: Progress billings received and receivable on completed contracts		(64,522.6)	(52,110.4)		
Net construction work in progress		**(1,119.4)**	**(821.4)**	–	–
Amounts due from customers – inventories[1]		237.5	335.9		
Amounts due to customers – trade payables[2]	18	(1,356.9)	(1,157.3)		
		(1,119.4)	**(821.4)**	–	–
Advances on construction projects in progress included in trade and other payables		**810.6**	**920.2**	–	–
Retentions on construction projects included in progress billings		**633.9**	**627.7**	–	–

1 Costs in Excess (CIE): Represents construction contracts where costs incurred to date on a project (together with foreseeable losses if applicable) exceed total progress billings issued to clients.

2 Billings in Excess (BIE): Represents construction contracts where the total progress billings issued to clients (together with foreseeable losses if applicable) on a project exceed the costs incurred to date plus recognised profit on the contract.

11. Investments Accounted for Using the Equity Method[1]

	Interest		Consolidated Share of (Loss)/Profit After Tax				Consolidated Net Book Value			
			June 2009		June 2008		June 2009		June 2008	
	June 2009 %	June 2008 %	Associates A$m	Joint Ventures A$m	Associates A$m	Joint Ventures A$m	Associates A$m	Joint Ventures A$m	Associates A$m	Joint Ventures A$m
Retail										
King of Prussia	50.0	50.0		(49.2)		20.5		427.0		421.7
Performance Retail Limited Partnership	33.3	33.3	(24.5)		(6.3)		48.2		80.1	
CDR JV Ltd (313@Somerset, Singapore)	25.0	25.0					56.2		43.6	
Preston Tithebarn Unit Trust	50.0	50.0				1.3		38.9		33.1
Warrington Retail Limited Partnership	50.0	50.0		(70.1)		(22.6)		26.5		90.8
Other			0.1		0.1		7.2		6.6	
			(24.4)	**(119.3)**	**(6.2)**	**(0.8)**	**111.6**	**492.4**	**130.3**	**545.6**
Communities										
Lend Lease Primelife Limited (LLP)[2]	43.2		4.3				196.8			
Caroline Springs Joint Venture	50.0	50.0		12.5		15.1		23.7		23.9
Mawson Lakes Economic Development Project	50.0	50.0		6.0		10.7		7.5		14.0
Pyrmont Trust (Jacksons Landing)	50.0	50.0		3.4		(0.4)		14.5		18.9
Casey 2 Joint Venture (Spingbank Rise)	50.0							15.2		
Greenwich Peninsula N0204 BKA Unit Trust	50.0	50.0		(27.6)[3]						
Greenwich Peninsula N0204 BKB Unit Trust	50.0	50.0		(31.5)[3]						
Other			(1.4)	6.4	(2.7)	9.9		24.2	1.4	35.5
			2.9	**(30.8)**	**(2.7)**	**35.3**	**196.8**	**85.1**	**1.4**	**92.3**

1 There have been reclassifications between associates and joint ventures in the period. Comparative information has also been reclassified.

2 The security price of LLP as at 30 June 2009, as quoted on the Australian Securities Exchange, was 9.2 cents. This equates to a market value of A$38.4 million for Lend Lease's 43.2% interest in LLP. The carrying value of Lend Lease's interest of A$196.8 million is considered recoverable on a value in use basis after considering the following:
- i The valuation of LLP's net assets (as reflected in their financial report as at 30 June 2009) of 54.7 cents per security.
- ii Reviewing the appropriateness of the methodology to determine the valuations adopted by LLP and the level of support through independent valuations.
- iii In addition, Lend Lease carried out a separate valuation of LLP using the following principles:
  - Retirement villages: pre tax discount rate of 13.0% to 13.25%, growth rate of 3.75% to 4.0% per annum, average length of stay of six to 10 years.
  - Aged care: the valuation of aged care was supported by recent transactions of the average price per bed licence.

3 Joint venture losses recognised during the year have been primarily applied as an impairment against loan stock interests held in these joint ventures. Refer Note 9. 'Loans and Receivables'.

11. Investments Accounted for Using the Equity Method continued

	Interest		Consolidated Share of (Loss)/Profit After Tax				Consolidated Net Book Value			
			June 2009		June 2008[1]		June 2009		June 2008[1]	
	June 2009 %	June 2008 %	Associates A$m	Joint Ventures A$m	Associates A$m	Joint Ventures A$m	Associates A$m	Joint Ventures A$m	Associates A$m	Joint Ventures A$m
Public Private Partnerships[2]										
Catalyst Healthcare (Romford) Holdings Ltd	50.0	50.0		2.1		2.3		7.8		5.9
Catalyst Healthcare (Manchester) Holdings Ltd	50.0	50.0		4.1		3.5		12.6		8.4
Other			1.5	8.7	1.2	1.2	0.6		0.7	14.3
			1.5	**14.9**	**1.2**	**7.0**	**0.6**	**20.4**	**0.7**	**28.6**
Investment Management										
Lend Lease Overgate Partnership	30.7	30.7	(45.8)		(1.2)		62.7		114.0	
Asia Pacific Investment Company No. 2 Limited	21.1	21.1	(4.9)		27.0		108.8		107.1	
Lend Lease Communities Fund 1	20.8	20.8	(0.5)		0.3		17.9		18.0	
Other			(0.4)		(0.1)		4.7		6.1	
			(51.6)	**–**	**26.0**	**–**	**194.1**	**–**	**245.2**	**–**
Project Management and Construction										
Majadahonda Hospital	25.0	25.0		3.2		4.2		17.5		14.8
Phoenix Constructors	15.0	15.0		6.0		1.7		10.9		4.2
Other			7.3	29.8	5.3	6.6	0.5	13.1	2.9	14.8
			7.3	**39.0**	**5.3**	**12.5**	**0.5**	**41.5**	**2.9**	**33.8**
Total			**(64.3)**	**(96.2)**	**23.6**	**54.0**	**503.6**	**639.4**	**380.5**	**700.3**
Less: Impairment							**(18.1)**	**(65.5)**	**(5.4)**	**(16.8)**
			(64.3)	**(96.2)**	**23.6**	**54.0**	**485.5**	**573.9**	**375.1**	**683.5**

1 June 2008 has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer Note 1.29. 'Service Concession Arrangements').

2 Lend Lease provides service concession arrangements, originating through PPPs in the areas of healthcare, education, waste and government facilities. These arrangements provide facilities management and maintenance services for a fixed payment per annum (subject to inflationary increases per year) with terms generally 25 to 30 years. They also incorporate contractual obligations to make available the individual assets for their prescribed use and, when necessary, overhaul or replace major items of plant and equipment related to the assets, with payment obtained through periodic drawdowns from the relevant government authorities.

Notes to the Consolidated Financial Statements continued

11. Investments Accounted for Using the Equity Method continued

	Consolidated					
	June 2009			June 2008[1]		
	Associates A$m	Joint Ventures A$m	Total A$m	Associates A$m	Joint Ventures A$m	Total A$m
Lend Lease's Share of Results						
Revenue	162.9	1,328.9	1,491.8	96.9	1,131.1	1,228.0
Fair value revaluations[2]	(90.5)	(68.8)	(159.3)	6.4	(31.1)	(24.7)
Expenses	(172.3)	(1,284.8)	(1,457.1)	(79.8)	(1,019.4)	(1,099.2)
(Loss)/profit before tax	**(99.9)**	**(24.7)**	**(124.6)**	**23.5**	**80.6**	**104.1**
Income tax (expense)/benefit[3]	0.5	(7.3)	(6.8)	0.1	(28.8)	(28.7)
(Loss)/profit after tax	**(99.4)**	**(32.0)**	**(131.4)**	**23.6**	**51.8**	**75.4**
Adjustment due to differences in accounting policies[4]		(83.7)	(83.7)		(6.9)	(6.9)
Unrecognised share of losses		14.4	14.4		8.9	8.9
Fair value adjustments	35.6	(0.9)	34.7		(0.9)	(0.9)
Other	(0.5)	6.0	5.5		1.1	1.1
Share of (loss)/profit	**(64.3)**	**(96.2)**	**(160.5)**	**23.6**	**54.0**	**77.6**
Movements in Carrying Amounts						
Carrying amount at beginning of financial year	375.1	683.5	1,058.6	427.5	699.0	1,126.5
Adjustment on adoption of AASB Interpretation 12					(6.7)	(6.7)
Investment acquired during financial year	202.8		202.8		34.0	34.0
Investment disposed of during financial year	(2.2)		(2.2)		(3.5)	(3.5)
Contributions	9.2	26.4	35.6	5.0	14.6	19.6
Capital redemptions	(2.0)	(31.7)	(33.7)	(1.6)	(26.4)	(28.0)
Share of (loss)/profit	(64.3)	(96.2)	(160.5)	23.6	54.0	77.6
Distributions received	(23.2)	(68.5)	(91.7)	(26.2)	(40.7)	(66.9)
Net impairment provision raised	(12.2)	(55.0)	(67.2)		(3.0)	(3.0)
Other adjustments (including effect of foreign exchange rate movements)[5]	2.3	115.4	117.7	(53.2)	(37.8)	(91.0)
Carrying amount at end of financial year	**485.5**	**573.9**	**1,059.4**	**375.1**	**683.5**	**1,058.6**

1 June 2008 has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer Note 1.29. 'Service Concession Arrangements').

2 Reflects investment property fair value revaluations. Associates: Lend Lease Overgate Partnership of A$50.7 million loss (June 2008: A$6.8 million loss); Performance Retail Limited Partnership of A$28.2 million loss (June 2008: A$9.5 million loss); Asia Pacific Investment Company 2 of A$11.6 million loss (June 2008: A$22.7 million gain). Joint Ventures: Warrington Retail Limited Partnership A$68.8 million loss (June 2008: A$31.1 million loss).

3 Lend Lease's share of tax relating to the majority of investments accounted for using the equity method is reflected in the Lend Lease Group's current tax expense (refer to Note 6a. 'Income Tax Expense').

4 Primarily relates to adjustments to King of Prussia to align the investment property accounting policies with Australian Accounting Standards.

5 Primarily relates to foreign exchange movements of A$98.0 million (June 2008: A$105.5 million).

Notes to the Consolidated Financial Statements continued

11. Investments Accounted for Using the Equity Method continued

	Consolidated					
	June 2009			June 2008[1]		
	Associates A$m	Joint Ventures A$m	Total A$m	Associates A$m	Joint Ventures A$m	Total A$m
Lend Lease's Share of Balance Sheet						
Current assets	292.9	820.2	1,113.1	109.1	895.0	1,004.1
Non current assets	1,650.6	2,431.5	4,082.1	588.6	2,897.1	3,485.7
Total assets	**1,943.5**	**3,251.7**	**5,195.2**	**697.7**	**3,792.1**	**4,489.8**
Current borrowings	320.4	207.7	528.1	8.6	22.6	31.2
Current other liabilities	814.6[2]	420.4	1,235.0	25.8	434.0	459.8
Non current borrowings	214.6	2,273.6	2,488.2	280.6	2,253.0	2,533.6
Non current other liabilities	56.4	365.0	421.4	3.6	891.5	895.1
Total liabilities	**1,406.0**	**3,266.7**	**4,672.7**	**318.6**	**3,601.1**	**3,919.7**
Net assets[3]	**537.5**	**(15.0)**	**522.5**	**379.1**	**191.0**	**570.1**
Other adjustments						
Adjustment due to differences in accounting policies[4]		416.4	416.4		414.6	414.6
Fair value adjustments on acquisition		1.6	1.6		2.5	2.5
Goodwill	4.4		4.4	4.5		4.5
Impairment	(18.1)	(65.5)	(83.6)	(5.4)	(16.8)	(22.2)
Unrecognised share of losses	1.2	105.0	106.2		28.6	28.6
Other	(39.5)	131.4	91.9	(3.1)	63.6	60.5
Net assets – adjusted using the equity method	**485.5**	**573.9**	**1,059.4**	**375.1**	**683.5**	**1,058.6**
Commitments						
Share of capital expenditure and lease commitments contracted but not provided for and payable as follows:						
Due within one year	6.3	1.4	7.7	6.7	0.6	7.3
Due between one and five years	26.1	6.7	32.8	8.3	4.2	12.5
Due later than five years	65.1		65.1			

1 June 2008 has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer Note 1.29. 'Service Concession Arrangements').

2 Primarily relates to LLP liabilities due to retirement village residents which are classified as current under LLP's contractual arrangements. History shows that they are not expected to be paid within one year.

3 The carrying values of the Group's investments accounted for using the equity method have been assessed and where appropriate impairment taken against the respective carrying values, including assets that form part of the net investment, such as loan stock.

4 Primarily relates to adjustments to King of Prussia to align the investment property accounting policies with Australian Accounting Standards.

Notes to the Consolidated Financial Statements continued

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
12. Investment Properties				
Senior Living Properties	–	6.8	–	–
Retail Properties				
Chelmsford Meadows Shopping Centre	109.6	169.2		
Clarence Dock, Leeds	27.3			
Pakenham Place Shopping Centre	10.8	14.4		
	147.7	**183.6**	–	–
Total investment properties	**147.7**	**190.4**	–	–
Reconciliations				
Reconciliations of the carrying amount for investment properties are set out below:				
Carrying amount at beginning of financial year	190.4	256.6		
Additions	0.7	1.5		
Disposals	(6.8)			
Transfer from inventories	28.1			
Fair value adjustments	(62.2)	(38.2)		
Impairment	(0.3)			
Effect of foreign exchange rate movement	(2.2)	(29.5)		
Carrying amount at end of financial year	**147.7**	**190.4**	–	–

The June 2009 retail property valuations are based on independent assessments. Refer to Note 1.8. 'Investment Properties' for the basis of valuation of investment properties.

When determining fair value, capitalisation rates used across the various retail and office assets were between 7.3% and 9.3% for UK properties (June 2008: 5.5% and 7.7%) and 8.0% on the Australian property (June 2008: 6.8%). These rates have been derived from market evidence.

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Amounts Recognised in Income Statement for Investment Properties				
Rental income	12.8	13.5		
Direct operating expenses from properties	(4.8)	(2.8)		
	8.0	**10.7**	–	–
Leases as Lessor				
The future minimum lease payments receivable from investment property tenants under non cancellable operating leases are as follows:				
Less than one year	10.6	10.1		
Between one and five years	39.3	33.8		
Later than five years	39.1	39.8		
	89.0	**83.7**	–	–

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
13. Other Financial Assets				
Current				
a. Measured at Fair Value				
Available for Sale				
Lend Lease Global Properties, SICAF	2.8	15.5		
Lend Lease Primelife Limited (formerly Babcock & Brown Communities Group)		17.3		17.3
Other	12.3	14.7	1.4	1.2
	15.1	**47.5**	**1.4**	**18.5**
Fair Value Through Profit or Loss – Designated at Initial Recognition				
Negotiable instruments	**70.8**	**23.1**	**–**	**–**
Derivatives				
Derivative contracts held for trading	**1.3**	**8.7**	**–**	**–**
b. Measured at Amortised Cost				
Held to Maturity				
Negotiable instruments	**–**	**5.4**	**–**	**–**
Total current	**87.2**	**84.7**	**1.4**	**18.5**
Non Current				
a. Measured at Fair Value				
Available for Sale				
Australian Prime Property Fund	199.0	207.5		
Lend Lease Core Plus Fund	45.2	38.2		
Lend Lease Retail Partnership	43.5	62.7		
Other	84.3	71.6		
	372.0	**380.0**	**–**	**–**
Fair Value Through Profit or Loss – Designated at Initial Recognition				
Unlisted equity investments	12.4	7.0		
Negotiable instruments		4.4		
	12.4	**11.4**	**–**	**–**
b. Investments Held at Cost				
Shares in consolidated entities			2,047.5	2,041.4
Less: Impairment[1]			(682.5)	(656.7)
	–	**–**	**1,365.0**	**1,384.7**
Total non current	**384.4**	**391.4**	**1,365.0**	**1,384.7**
Total other financial assets	**471.6**	**476.1**	**1,366.4**	**1,403.2**

1 The carrying values of the Company's investments in consolidated entities and intercompany receivables have been reviewed for indicators of impairment and impairment recognised where appropriate.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
14. Property, Plant and Equipment				
Land	27.4	27.2		
Accumulated impairment	(7.2)			
	20.2	**27.2**	**–**	**–**
Buildings and leasehold improvements at cost	100.4	83.9		
Accumulated depreciation	(34.3)	(25.6)		
	66.1	**58.3**	**–**	**–**
Plant and equipment at cost	149.0	137.1	0.4	0.4
Accumulated depreciation and impairment	(105.2)	(79.3)	(0.2)	(0.2)
	43.8	**57.8**	**0.2**	**0.2**
Assets under construction	3.5	1.9		
Accumulated impairment	(3.5)			
	–	**1.9**	**–**	**–**
Total property, plant and equipment	**130.1**	**145.2**	**0.2**	**0.2**
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Land				
Carrying amount at beginning of financial year[1]	27.2	9.8		
Additions	0.3	18.2		
Impairment	(7.2)			
Effect of foreign exchange rate movements/other	(0.1)	(0.8)		
Carrying amount at end of financial year	**20.2**	**27.2**	**–**	**–**
Buildings and Leasehold Improvements				
Carrying amount at beginning of financial year[2]	58.3	55.5		
Additions	11.1	10.2		
Disposals	(0.4)	(0.1)		
Disposals of consolidated entities	(1.6)			
Depreciation	(6.3)	(5.6)		
Effect of foreign exchange rate movements/other	5.0	(1.7)		
Carrying amount at end of financial year	**66.1**	**58.3**	**–**	**–**
Plant and Equipment				
Carrying amount at beginning of financial year[3]	57.8	51.5	0.2	0.2
Additions	22.9	28.6	0.1	0.1
Disposals	(1.0)	(1.2)		
Disposals of consolidated entities	(2.2)			
Depreciation	(18.7)	(18.4)	(0.1)	(0.1)
Impairment	(9.6)	(0.4)		
Effect of foreign exchange rate movements/other	(5.4)	(2.3)		
Carrying amount at end of financial year	**43.8**	**57.8**	**0.2**	**0.2**
Assets in the Course of Construction				
Carrying amount at beginning of financial year	1.9			
Additions	1.7	1.2		
Impairment	(3.5)			
Effect of foreign exchange rate movements/other	(0.1)	0.7		
Carrying amount at end of financial year	**–**	**1.9**	**–**	**–**
Total carrying amount	**130.1**	**145.2**	**0.2**	**0.2**

1 The carrying amount at 1 July 2007 of A$9.8 million represents costs only.
2 The carrying amount at 1 July 2007 of A$55.5 million represents A$81.5 million of costs and A$26.0 million of accumulated depreciation.
3 The carrying amount at 1 July 2007 of A$51.5 million represents A$135.2 million of costs and A$83.7 million of accumulated depreciation.

Notes to the Consolidated Financial Statements continued

	Note	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
15. Intangible Assets					
Goodwill	15a	477.1	683.4		
Management agreements	15b	28.9	31.4		
Other intangibles	15c	20.0	15.3		
Total intangible assets		**526.0**	**730.1**	–	–
a. Goodwill					
Bovis Lend Lease Group		477.1	449.4		
Crosby Lend Lease Group		172.4	153.5		
Delfin Lend Lease Group		64.7	64.7		
Lend Lease Development Group		15.8	15.8		
		730.0	**683.4**	–	–
Accumulated impairment	5	**(252.9)**	–	–	–
Total goodwill		**477.1**	**683.4**	–	–
Reconciliations					
Reconciliations of the carrying amounts for each category of goodwill are set out below:					
Bovis Lend Lease Group					
Carrying amount at beginning of financial year		449.4	506.7		
Effect of foreign exchange rate movements		27.7	(57.3)		
Carrying amount at end of financial year		**477.1**	**449.4**	–	–
Crosby Lend Lease Group					
Carrying amount at beginning of financial year		153.5	177.5		
Impairment		(172.4)			
Effect of foreign exchange rate movements		18.9	(24.0)		
Carrying amount at end of financial year		–	**153.5**	–	–
Delfin Lend Lease Group					
Carrying amount at beginning of financial year		64.7	64.7		
Impairment		(64.7)			
Carrying amount at end of financial year		–	**64.7**	–	–
Lend Lease Development Group					
Carrying amount at beginning of financial year		15.8	15.8		
Impairment		(15.8)			
Carrying amount at end of financial year		–	**15.8**	–	–
Total goodwill		**477.1**	**683.4**	–	–

Impairment

During the period, the Group assessed the recoverable amount of goodwill and determined that the carrying amount of goodwill allocated to the Group's Europe and Asia Pacific Communities Cash Generating Units (CGUs), which comprise operations of the Communities segment (refer to Note 29. 'Segment Reporting'), were fully impaired (A$252.9 million). The impairment loss is included in 'other expenses' in Communities activities in the income statement.

The main contributing factor to the impairment of the CGUs was the significant deterioration of the residential property market in the UK and Australia which has impacted projects in the Lend Lease Development and Delfin Lend Lease businesses and caused further deterioration within the Crosby Lend Lease business.

No impairment arose as a result of the review of goodwill for the Project Management and Construction CGUs which relate to the Bovis Lend Lease Group for the year ended 30 June 2009. Based on information available and market conditions at 30 June 2009, a reasonably foreseeable change in the assumptions made in this assessment would not result in impairment of Bovis Lend Lease Group's goodwill.

Notes to the Consolidated Financial Statements continued

15. Intangible Assets continued

a. Goodwill continued

Goodwill Allocation

Goodwill is allocated to the Group's CGUs identified according to region and business segment. A summary of the goodwill allocation to CGUs is set out below.

	Asia Pacific A$m	Americas A$m	Europe A$m	Total A$m
June 2009				
Project Management and Construction	**27.4**	**173.7**	**276.0**	**477.1**
June 2008				
Project Management and Construction	27.4	148.1	273.9	449.4
Communities	80.5		153.5	234.0
	107.9	**148.1**	**427.4**	**683.4**

Impairment Tests and Key Assumptions Used

The recoverable amount of a CGU is determined based on Value In Use (VIU) calculations. For the Project Management and Construction CGUs, the assumptions used for determining the recoverable amount of each CGU are based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends. The following describes the key assumptions on which management has based its cash flow projections when determining VIU relating to the Project Management and Construction CGUs:

Cash Flows

The VIU calculations use post tax cash flow projections based on actual operating results and financial budgets and forecasts covering a five year period. The financial budgets and forecasts are approved by management. These budgets and forecasts are based on management estimates to determine income, expenses, capital expenditure and cash flows for each CGU.

Growth Rate

The terminal value growth rate used to extrapolate the cash flows beyond the five year period is 3.0% (2008: 3.0%). The growth rate reflects the forecast long term average growth rate for each CGU and the countries in which they operate.

Discount Rate

The discount rate applied to the cash flow projections is between 11.0% and 13.0% (2008: between 10.0% and 12.0%). The Group's weighted average cost of capital is used as a start point for determining the discount rate, with appropriate adjustments for the risk profile relating to the relevant CGUs and the countries in which they operate. The discount rates used are post tax.

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
b. Management Agreements				
Management agreements	46.9	45.4		
Accumulated amortisation	(18.0)	(14.0)		
Total management agreements	**28.9**	**31.4**	–	–
Reconciliation				
Reconciliation of the carrying amounts of management agreements are set out below:				
Carrying amount at beginning of financial year[1]	31.4	18.3		
Additions	17.5	12.7		
Disposals	(16.0)			
Amortisation	(4.0)	(2.9)		
Other		3.3		
Carrying amount at end of financial year	**28.9**	**31.4**	–	–

1 The carrying amount at 1 July 2007 of A$18.3 million represents A$29.4 million of costs and A$11.1 million of accumulated amortisation.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
15. Intangible Assets continued				
c. Other Intangibles				
Other intangibles	30.4	19.8		
Accumulated amortisation and impairment	(10.4)	(4.5)		
Total other intangibles	**20.0**	**15.3**	**–**	**–**
Reconciliation				
Reconciliation of the carrying amounts of other intangibles are set out below:				
Carrying amount at beginning of financial year[1]	15.3	5.1		
Additions	9.8	12.7		
Amortisation	(5.0)	(2.2)		
Impairment	(0.6)			
Effect of foreign exchange rate movements	0.5	(0.3)		
Carrying amount at end of financial year	**20.0**	**15.3**	**–**	**–**
16. Defined Benefit Plan Asset[2]				
a. Balance Sheet Amounts				
The amounts recognised in the balance sheet are determined as follows:				
Fair value of plan assets	128.5	156.3	128.5	156.3
Present value of defined benefit obligations	(133.4)	(126.4)	(133.4)	(126.4)
Unrecognised actuarial loss/(gain)	34.9	(1.4)	34.9	(1.4)
Unrecognised past service cost		0.2		0.2
Recognised asset for defined benefit obligations	**30.0**	**28.7**	**30.0**	**28.7**
b. Reconciliation of the Fair Value of Plan Assets				
Fair value of plan assets at beginning of financial year	156.3	167.3	156.3	167.3
Expected return on plan assets	8.2	9.0	8.2	9.0
Actuarial (losses)/gains	(32.9)	(19.2)	(32.9)	(19.2)
Contributions by Group companies	6.2	6.4	6.2	6.4
Contributions by plan participants	3.2	3.4	3.2	3.4
Taxes and premiums paid	(1.5)	(1.5)	(1.5)	(1.5)
Transfers in	0.1	0.9	0.1	0.9
Contributions to accumulation fund	(1.0)	(0.9)	(1.0)	(0.9)
Benefits paid	(10.1)	(9.1)	(10.1)	(9.1)
Fair value of plan assets at end of financial year	**128.5**	**156.3**	**128.5**	**156.3**
c. Reconciliation of the Present Value of Funded Obligations				
Present value of funded obligations at beginning of financial year	126.4	116.1	126.4	116.1
Current service cost	6.3	5.8	6.3	5.8
Interest cost on benefit obligation	6.7	6.0	6.7	6.0
Contributions by plan participants	3.2	3.4	3.2	3.4
Actuarial losses	3.3	5.7	3.3	5.7
Taxes and premiums paid	(1.5)	(1.5)	(1.5)	(1.5)
Transfers in	0.1	0.9	0.1	0.9
Contributions to accumulation fund	(1.0)	(0.9)	(1.0)	(0.9)
Benefits paid	(10.1)	(9.1)	(10.1)	(9.1)
Present value of funded obligations at end of financial year	**133.4**	**126.4**	**133.4**	**126.4**

1 The carrying amount at 1 July 2007 of A$5.1 million represents A$8.0 million of costs and A$2.9 million of accumulated amortisation.
2 Relates to the Lend Lease Superannuation Fund (Australia).

Notes to the Consolidated Financial Statements continued

16. Defined Benefit Plan Asset continued

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
d. Expense Recognised in the Income Statement				
Current service cost	6.3	5.8	6.3	5.8
Interest on obligation	6.7	6.0	6.7	6.0
Expected return on plan assets	(8.2)	(9.0)	(8.2)	(9.0)
Actuarial gain recognised		(2.4)		(2.4)
Past service cost	0.2	0.4	0.2	0.4
Net defined benefit plan expense	**5.0**	**0.8**	**5.0**	**0.8**
e. Actual Return on Plan Assets	**(24.7)**	**(10.2)**	**(24.7)**	**(10.2)**

	Consolidated June 2009 %	Consolidated June 2008 %	Company June 2009 %	Company June 2008 %
f. Categories of Plan Assets				
Cash	8.0	5.0	8.0	5.0
Equity instruments[1]	48.0	51.0	48.0	51.0
Fixed interest securities	40.0	40.0	40.0	40.0
Property	4.0	4.0	4.0	4.0
	100.0	**100.0**	**100.0**	**100.0**
g. Principal Actuarial Assumptions				
Discount rate (net)	4.7	5.9	4.7	5.9
Expected rate of return on assets[2]	5.9	5.8	5.9	5.8
Expected salary increase rate	4.0	4.0	4.0	4.0

h. Employer Contributions

For the year ending 30 June 2010, total employer contributions to the plan are expected to be A$6.8 million.

Lend Lease Corporation paid A$1.0 million in insurance premiums on behalf of the Lend Lease Superannuation Fund (Australia) for the year ending 30 June 2010.

	Consolidated June 2009 A$m	June 2008 A$m	June 2007 A$m	June 2006 A$m	June 2005 A$m
i. Historical Summary					
Plan assets	128.5	156.3	167.3	147.4	139.8
Defined benefit plan obligation	(133.4)	(126.4)	(116.1)	(110.8)	(111.3)
(Deficit)/Surplus	**(4.9)**	**29.9**	**51.2**	**36.6**	**28.5**
Experience (losses)/gains arising on plan assets	(32.9)	(19.2)	17.2	9.4	11.3
Experience gains/(losses) arising on plan liabilities	3.0	(8.3)	(6.8)	(4.4)	0.1

1 The fair value of plan assets includes Lend Lease shares to the value of A$0.1 million (June 2008: A$0.2 million).

2 The expected return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class. In addition, correlations of the investment returns between asset classes are allowed. The returns used for each asset class are net of investment tax and investment fees. An allowance for administration expenses has been deducted from the expected return.

Notes to the Consolidated Financial Statements continued

	Note	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
17. Other Assets					
Current					
Prepayments		35.1	27.3	1.0	
Deferred bid costs on projects at preferred bidder status		30.0	13.1		
Other		2.7	2.8		
		67.8	**43.2**	**1.0**	**–**
Non Current					
Prepayments		30.5	11.0		
Other		0.1	0.8		
		30.6	**11.8**	**–**	**–**
Total other assets		**98.4**	**55.0**	**1.0**	**–**
18. Trade and Other Payables					
Current – Measured at Cost or Amortised Cost					
Trade creditors		2,270.2	2,266.5	41.3	43.5
Construction revenue – amounts due to customers[1]	10b	1,356.9	1,157.3		
Deposits received in advance		9.0	7.2		
Unearned income		49.0	38.0		
Unearned premium reserve[2]		17.4			
Insurance claim reserve[2]		5.3	8.4		
Related party					
Consolidated entities[3]				1,830.7	1,485.6
Associates and joint venture entities		26.7	29.2		
Deferred land payments		24.8	93.2		
Other		37.9	77.6	11.0	8.1
		3,797.2	**3,677.4**	**1,883.0**	**1,537.2**
Non Current – Measured at Amortised Cost					
Insurance claim reserve[2]		37.0	13.4		
Unearned income		0.6	1.0		
Related party					
Associates and joint venture entities		19.6	26.1		
Deferred land payments		35.1	11.2		
Other		128.5	118.4		
		220.8	**170.1**	**–**	**–**
Total trade and other payables		**4,018.0**	**3,847.5**	**1,883.0**	**1,537.2**

1 Represents construction contracts where the total progress billings issued to clients (together with foreseeable losses if applicable) on a project exceed the costs incurred to date plus recognised profit on the contract.

2 Unearned premium and insurance claim reserves relate to Lend Lease's wholly owned special purpose captive insurance subsidiary. The 'cost' of the liability for outstanding claims (insurance claim reserves) is measured as the current estimate of the present value of expected future payments against claims incurred at the reporting date under insurance contracts issued by the special purpose captive insurance subsidiary. These expected future payments are discounted using a risk free rate.

3 Related party payables include working capital balances with controlled entities and reflect the funding of general working capital items. All working capital balances are non interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements continued

19. Borrowings and Financing Arrangements

a. Borrowings – Measured at Amortised Cost

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Non Current				
Commercial notes	971.9	929.3		
Bank credit facilities	153.1			
Total borrowings	**1,125.0**	**929.3**	–	–

b. Finance Facilities

Lend Lease operating businesses have access to the following lines of credit:

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Commercial Notes				
Facility available	971.9	929.3		
Amount of facility used	(971.9)	(929.3)		
Amount of facility unused	–	–	–	–
Bank Credit Facilities				
Facility available	755.1	788.6		
Amount of facility used	(153.1)			
Amount of facility unused	**602.0**	**788.6**	–	–
Bank Overdrafts				
Facility available	10.0	20.0	10.0	20.0
Amount of facility used				
Amount of facility unused	**10.0**	**20.0**	**10.0**	**20.0**

Commercial notes include £300.0 million 6.125% annual coupon guaranteed notes due 12 October 2021 that were issued in October 2006 in the UK public bond market and US$300.0 million of guaranteed senior notes at 5.75% (all in rate) issued in the US Private Placement debt market maturing in October of 2012, 2015 and 2017.

Bank credit facilities include a committed syndicated bank facility maturing in November 2010 of £350.0 million (A$714.3 million) in the UK, of which £75.0 million (A$153.1 million) was drawn at 30 June 2009 (June 2008: £nil).

The bank overdraft facilities may be drawn at any time and are repayable on demand.

Lend Lease has a A$500.0 million Australian Commercial Paper program and a A$1,500.0 million Multi Issuer Debt program. The amount drawn under these facilities was A$nil and the availability of these facilities is subject to market conditions.

Consistent with prior years, the Group has not defaulted on any obligations of principal or interest in relation to its borrowing and financing arrangements.

Refer to Note 31d. for analysis of the management of the Group's liquidity risk.

The following schedule profiles the 30 June 2009 borrowings by currency and interest exposure:

	Interest Exposure			Currency		
	Fixed A$m	Floating A$m	Total A$m	US$ A$m	£ A$m	Total A$m
June 2009						
Less than one year						
Between one and five years	123.1	153.1	276.2	123.1	153.1	276.2
More than five years	848.8		848.8	246.1	602.7	848.8
Total	**971.9**	**153.1**	**1,125.0**	**369.2**	**755.8**	**1,125.0**
June 2008						
Less than one year						
Between one and five years	104.9		104.9	104.9		104.9
More than five years	824.4		824.4	209.7	614.7	824.4
Total	**929.3**	–	**929.3**	**314.6**	**614.7**	**929.3**

Notes to the Consolidated Financial Statements continued

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
20. Provisions				
Current				
Employee benefits	97.3	100.4	2.5	3.8
Maintenance and warranty[1]	28.7	41.6		
Restructure (including employee terminations)	55.2	3.2		
Other[2]	46.0	38.6	36.6	39.5
	227.2	**183.8**	**39.1**	**43.3**
Non Current				
Employee benefits	11.0	9.9	0.6	0.7
Other[2]	39.0	35.4		
	50.0	**45.3**	**0.6**	**0.7**
Total provisions	**277.2**	**229.1**	**39.7**	**44.0**

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below:

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Current				
Maintenance and Warranty				
Carrying amounts at beginning of financial year	41.6	63.3		
Provisions written back during financial year	(6.3)	(19.0)		
Payments made during financial year	(8.6)	(3.8)		
Other	(1.9)	7.8		
Effect of foreign exchange rate movements	3.9	(6.7)		
Carrying amount at end of financial year	**28.7**	**41.6**	–	–
Restructure (Including Employee Terminations)				
Carrying amounts at beginning of financial year	3.2	9.1		
Provisions raised/(written back)	91.0	(3.3)		
Payments made during financial year	(36.1)	(2.2)		
Other		0.2		
Effect of foreign exchange rate movements	(2.9)	(0.6)		
Carrying amount at end of financial year	**55.2**	**3.2**	–	–
Other				
Carrying amounts at beginning of financial year	38.6	69.9	39.5	41.9
Provisions raised/(written back) during financial year	15.8	(9.3)	2.7	13.2
Payments made during financial year	(11.1)	(15.7)	(5.6)	(13.3)
Other	2.0	(3.3)		
Effect of foreign exchange rate movements	0.7	(3.0)		(2.3)
Carrying amount at end of financial year	**46.0**	**38.6**	**36.6**	**39.5**
Non Current				
Other				
Carrying amounts at beginning of financial year	35.4	4.3		
Provisions raised during financial year	5.4	30.9		
Payments made during financial year	(11.6)	(1.9)		
Other	10.0	4.9		
Effect of foreign exchange rate movements	(0.2)	(2.8)		
Carrying amount at end of financial year	**39.0**	**35.4**	–	–

1 Represents maintenance and warranty provisions to cover specific or estimated claims that arise due to defects or legal disputes in relation to completed projects. The timing of the utilisation of these provisions varies across each completed project.

2 Primarily represents future obligations on various legal provisions and funding received for PPP service concession arrangements. The timing of the utilisation of these provisions is dependent on litigation outcomes and service requests received by Lend Lease.

Notes to the Consolidated Financial Statements continued

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
21. Other Financial Liabilities				
Current				
a. Measured at Fair Value				
Derivatives				
Forward foreign exchange contracts – held for trading	29.8	0.1		
Related party				
Consolidated entities – financial guarantees			9.2	9.3
Total current	**29.8**	**0.1**	**9.2**	**9.3**
Non Current				
a. Measured at Fair Value				
Related party				
Consolidated entities – financial guarantees	**–**	**–**	**42.5**	**51.1**
b. Measured at Amortised Cost				
Bluewater lease liability	167.6	171.1		
Other	24.0	29.7		
Total non current	**191.6**	**200.8**	**42.5**	**51.1**
Total other financial liabilities	**221.4**	**200.9**	**51.7**	**60.4**

Consistent with the prior year, the Group did not default on any obligations of principal or interest in relation to its other financial liabilities during the period.

Refer to Note 31d. for analysis of the management of the Group's liquidity risk.

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
22. Other Non Financial Liabilities				
Current				
Other	0.2	0.3		
	0.2	**0.3**	**–**	**–**
Non Current				
Other	0.6	0.8		
	0.6	**0.8**	**–**	**–**
Total other non financial liabilities	**0.8**	**1.1**	**–**	**–**

Notes to the Consolidated Financial Statements continued

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
23. Defined Benefit Plan Liability[1]				
a. Balance Sheet Amounts				
The amounts recognised in the balance sheet are determined as follows:				
Present value of defined benefit obligations	691.2	686.2		
Fair value of plan assets	(559.2)	(627.7)		
Unrecognised actuarial (losses)/gains	(86.3)	59.6		
Recognised liability for defined benefit obligations	**45.7**	**118.1**	–	–
b. Reconciliation of the Present Value of Defined Benefit Obligations				
Present value of defined benefit obligations at beginning of financial year	686.2	778.3		
Current service cost	21.7	33.1		
Interest cost on benefit obligation	43.2	39.8		
Contributions by plan participants	0.4	0.4		
Actuarial losses/(gains)	34.4	(40.2)		
Benefits paid	(27.4)	(18.9)		
Curtailments	(54.4)			
Effect of foreign exchange rate movements	(12.9)	(106.3)		
Present value of defined benefit obligations at end of financial year	**691.2**	**686.2**	–	–
c. Reconciliation of the Fair Value of Plan Assets				
Fair value of plan assets at beginning of financial year	627.7	661.0		
Expected return on plan assets	40.0	44.4		
Actuarial losses	(115.5)	(12.7)		
Contributions by Group companies	44.9	46.7		
Contributions by plan participants	0.4	0.4		
Benefits paid	(27.4)	(18.9)		
Effect of foreign exchange rate movements	(10.9)	(93.2)		
Fair value of plan assets at end of financial year	**559.2**	**627.7**	–	–
d. Expense Recognised in the Income Statement				
Current service cost	21.7	33.1		
Interest on obligation	43.2	39.8		
Expected return on plan assets	(40.0)	(44.4)		
Curtailment gain[2]	(55.3)			
Net defined benefit plan (income)/expense	**(30.4)**	**28.5**	–	–
e. Actual Return on Plan Assets	**(69.1)**	**31.8**	–	–

	Consolidated June 2009 %	Consolidated June 2008 %	Company June 2009 %	Company June 2008 %
f. Categories of Plan Assets				
Equity instruments	32.4	56.0		
Debt instruments	54.9	42.0		
Other assets	12.7	2.0		
	100.0	**100.0**	–	–

1 Relates to the Bovis UK Pension Scheme.
2 The closure of the Bovis UK Pension Scheme to future accrual, effective 31 August 2008, has contributed to a decrease in the plan's defined benefit obligation as the plan is no longer exposed to future service salary increases. The curtailment of the plan has resulted in a curtailment gain to the income statement of A$55.3 million before tax.

Notes to the Consolidated Financial Statements continued

23. Defined Benefit Plan Liability continued

g. Principal Actuarial Assumptions

	Consolidated June 2009 %	Consolidated June 2008 %	Company June 2009 %	Company June 2008 %
Discount rate (net)	6.1	6.3		
Expected rate of return on assets[1]	6.1	7.0		
Expected salary increase rate[2]		5.3		
Pension increases (3.0% cap)	2.6	2.9		
Pension increases (5.0% cap)	3.5	3.8		
Pension increases (2.5% cap)	2.3	2.9		

1 The expected return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of the Pension Protection Fund levy payable for the 2009 financial year. An allowance for administration expenses has been deducted from the expected return.

2 The plan is no longer exposed to future service salary increases as it is closed to future accrual effective 31 August 2008.

h. Employer Contributions

Additional deficit contributions are expected to be paid, however, this has not yet been agreed with the plan's trustee. Further employer contributions may be paid if there are any redundancies or augmentations during the year.

i. Historical Summary

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Consolidated June 2007 A$m	Consolidated June 2006 A$m	Consolidated June 2005 A$m
Plan assets	559.2	627.7	661.0	572.2	454.2
Defined benefit plan obligation	(691.2)	(686.2)	(778.3)	(722.4)	(640.2)
(Deficit)	**(132.0)**	**(58.5)**	**(117.3)**	**(150.2)**	**(186.0)**
Experience (losses)/gains arising on plan assets	(115.5)	(12.7)	18.5	36.8	32.3
Experience losses arising on plan liabilities	(27.4)	(0.9)	(7.1)	(21.1)	(23.9)

Notes to the Consolidated Financial Statements continued

24. Issued Capital and Treasury Shares

Issued Capital – Ordinary Shares Fully Paid

	Consolidated				Company			
	June 2009		June 2008		June 2009		June 2008	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Shares m	A$m	No. of Shares m	A$m
Ordinary shares issued at beginning of financial year	401.1	854.7	401.1	854.4	401.1	854.7	401.1	854.4
Movements during financial year								
Share issue via institutional placement, net of transaction costs	50.0	296.2			50.0	296.2		
Share issue – other	0.1	0.2		0.3	0.1	0.2		0.3
Dividend Reinvestment Plan (DRP)	6.4	44.8			6.4	44.8		
Ordinary shares issued at end of financial year	**457.6**	**1,195.9**	**401.1**	**854.7**	**457.6**	**1,195.9**	**401.1**	**854.7**

On 11 February 2009 Lend Lease issued 50 million new shares via an institutional placement at an issue price of A$6.05 per share.

The Company's DRP was reactivated in August 2008. The Company's Share Election Plan and Share Purchase Plan remain suspended.

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. Ordinary shareholders rank after all creditors in repayment of capital.

Lend Lease does not have authorised capital or par value in respect of its issued shares.

	Consolidated				Company			
	June 2009		June 2008		June 2009		June 2008	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Shares m	A$m	No. of Shares m	A$m
Treasury Shares[1]								
Treasury shares at beginning of financial year	30.1	62.6	30.5	67.4	30.1	87.6	30.5	92.5
Movements during financial year								
Treasury shares acquired	2.1	14.8	0.1	1.6	2.1	14.8	0.1	1.5
Treasury shares vested	(1.4)	(14.2)	(0.5)	(6.4)	(1.4)	(14.2)	(0.5)	(6.4)
Treasury shares at end of financial year	**30.8**	**63.2**	**30.1**	**62.6**	**30.8**	**88.2**	**30.1**	**87.6**

1 Represents unallocated Lend Lease shares held by employee benefit vehicles, including employee share plans, which Lend Lease sponsors. The value reflects the original historical cost to the Lend Lease Group. The value of the treasury shares for the Company is different to the value of the treasury shares for the Lend Lease Group due to the elimination of the profit impact of transactions between consolidated employee benefit vehicles.

Notes to the Consolidated Financial Statements continued

25. Reserves

Nature and Purpose of Reserves

a. Fair Value Revaluation Reserve

Unrealised gains or losses arising from changes in the fair value and foreign exchange rate differences on translation of non monetary securities classified as available for sale are recognised in the fair value revaluation reserve. Amounts are recognised in the income statement when the associated securities are sold, redeemed or impaired.

b. Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not occurred.

c. Foreign Currency Translation Reserve

The foreign currency translation reserve records the foreign currency differences net of income tax arising from the translation of foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a foreign operation.

d. Equity Compensation Reserve

The fair value of equity settled share based compensation is recognised in the income statement and the equity compensation reserve over the vesting period of the underlying grant. Additionally, unallocated Lend Lease shares held by consolidated employee benefit vehicles which are used to meet equity related employee arrangements are recognised in the equity compensation reserve at their original historic cost to the Group.

e. Other Compensation Reserve

Unallocated Lend Lease shares held by consolidated employee benefit vehicles that are used to cash settle certain share based payment arrangements are recognised in the other compensation reserve at their original historic cost to the Group. On allocation, the shares are revalued to their current market value against the income statement. Following the distribution of the proceeds to the beneficiary, the difference between the original cost of the shares and the market value is recognised in retained earnings as a 'gain/(loss) on utilisation of treasury shares'.

f. Capital Reserve

The capital reserve comprises realised capital profits on the disposal of assets which did not attract capital gains tax.

g. Minority Interest Acquisition Reserve

The minority interest acquisition reserve arises from additional acquisition of minority interests, subsequent to obtaining control of the entity. The reserve represents the premium on the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity.

26. Retained Earnings

	Consolidated		Company	
	June 2009 A$m	June 2008[1] A$m	June 2009 A$m	June 2008 A$m
Retained earnings at beginning of financial year	2,126.1	2,257.4	2,014.5	1,684.8
Adjustment on adoption of AASB Interpretation 12 *'Service Concession Arrangements'*		(68.2)		
Adjusted retained earnings at beginning of financial year	**2,126.1**	**2,189.2**	**2,014.5**	**1,684.8**
(Loss)/profit attributable to members of Lend Lease Corporation Limited	(653.6)	254.2	(36.0)	669.4
(Loss)/gain on utilisation of treasury shares recognised directly in retained earnings[2]	(0.9)	1.8		1.3
Other		(3.6)		
	1,471.6	**2,441.6**	**1,978.5**	**2,355.5**
Dividends paid	(205.1)	(341.0)	(205.1)	(341.0)
Dividends on treasury shares	16.8	25.5		
Dividends forgone pursuant to DRP	(44.8)		(44.8)	
Total retained earnings at end of financial year	**1,238.5**	**2,126.1**	**1,728.6**	**2,014.5**

1 June 2008 has been adjusted to reflect the impact of adopting for the first time AASB Interpretation 12 *'Service Concession Arrangements'* (refer to Note 1.29. 'Service Concession Arrangements').

2 Difference between the cost of the treasury shares to the Group and the fair value expensed to the income statement on settlement.

Notes to the Consolidated Financial Statements continued

27. Contingent Liabilities

Lend Lease has the following contingent liabilities:

There are a number of legal claims and exposures which arise from the normal course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be measured reliably at this time. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

In certain circumstances, Lend Lease guarantees the performance of particular Group entities in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the Project Management and Construction business as well as performance guarantees for certain Communities business commercial built-form developments. These guarantees are provided in respect of activities that occur in the ordinary course of business and any known losses in respect of the relevant contracts have been brought to account.

Certain contingent liabilities exist in relation to the Lend Lease Retirement Benefit Fund and the Lend Lease Employee Investment Trust (EIT). This is disclosed in detail in Note 34b. 'Lend Lease Employee Benefit Vehicles'.

In September 2004, a class action was filed against a number of parties who responded to the World Trade Center emergency and debris removal following the events of 9/11. The action was brought against more than 50 defendants, including the City of New York and Bovis Lend Lease LMB Inc ('Bovis Lend Lease') (a subsidiary of Lend Lease). Judge Alvin K Hellerstein of the United States Federal Court for the Southern District of New York refused to certify the class action and as such the litigation proceeds as a consolidated action by individual claimants. The number of claimants who have brought proceedings against Bovis Lend Lease is currently approximately 15,699 (comprising 9,595 first named claimants and 6,104 derivative claimants – for example, spouses).

On 12 December 2008 Judge Hellerstein made orders that will bring 30 expedited cases to trial with an anticipated hearing date of May 2010. These cases will include cases selected by the parties, as well as by the Court. Preparation for these trials through discovery is progressing.

Bovis Lend Lease is one of the beneficiaries of the approximately US$1.0 billion captive insurance policy established by the US Congress to protect the City of New York and its contractors against liabilities that may arise from the clean up. Bovis Lend Lease also has other project specific insurance.

In addition, to establish any liability on the part of Bovis Lend Lease, the claimants must prove that Bovis Lend Lease owed them a duty of care, breached that duty and that their injuries were caused by the conduct of Bovis Lend Lease. The litigation therefore still needs to proceed through a number of stages before any liability can attach to Bovis Lend Lease. As with all litigation, to the extent that the claimants are able to establish liability against Bovis Lend Lease, it is not possible at this stage to quantify what that liability may or may not be or whether or not that liability will be entirely covered by insurance.

In June 2009, Bovis Lend Lease LMB, Inc. in New York, received notice of investigations being conducted by the US Attorney and New York District Attorney. The investigation relates to allegations regarding, among other things, billing practices for union foremen on construction projects in New York. Bovis Lend Lease is co-operating with the authorities in their investigation.

Bovis Lend Lease has engaged independent advisors to conduct a review of Bovis Lend Lease LMB, Inc.'s practices. Until the investigation is complete, it is not possible to quantify what the financial consequences associated with this matter will be, however, Lend Lease has recognised a provision to cover legal costs and make-good payments.

Notes to the Consolidated Financial Statements continued

28. Consolidated Entities

a. Investments in Consolidated Entities

The material consolidated entities of the Group are:

	Country of Incorporation	Foreign Country of Business Operation	Year End 30 June 2009 Ownership Interest %	Year End 30 June 2008 Ownership Interest %
Parent Entity				
Lend Lease Corporation Limited	Australia			
Project Management, Construction				
Australia				
Bovis Lend Lease Pty Limited	Australia		100	100
International				
Bovis Lend Lease Holdings Limited	UK	UK	100	100
Bovis Lend Lease International Limited	UK	Malta	100	100
Bovis Lend Lease Limited	UK	UK	100	100
Bovis Lend Lease Overseas Holdings Limited	UK	UK	100	100
Bovis Lend Lease Holdings, Inc.	USA	USA	100	100
Bovis Lend Lease, Inc.	USA	USA	100	100
Bovis Lend Lease LMB, Inc.	USA	USA	100	100
ML Bovis Holdings Limited	USA	USA	100	100
Public Private Partnerships				
International				
Actus Lend Lease, LLC	USA	USA	100	100
Catalyst Lend Lease Ltd	UK	UK	100	100
Retail				
International				
Blueco Limited	UK	UK	100	100
Lend Lease Europe Holdings Limited	UK	UK	100	100
Lend Lease Europe Limited	UK	UK	100	100
Yarmouth Lend Lease King of Prussia, Inc.	USA	USA	100	100
Communities				
Australia				
Delfin Lend Lease Limited	Australia		100	100
Lend Lease Development Pty Limited	Australia		100	100
International				
Crosby Lend Lease Group Limited	UK	UK	100	100
The Beaufort Homes Development Group Limited	UK	UK	100	100
The Crosby Group plc	UK	UK	100	100
Lend Lease Americas, Inc. (formerly Lend Lease Retail and Communities Inc.)	USA	USA	100	100
Investment Management				
Australia				
Lend Lease Real Estate Investments Limited	Australia		100	100
Lend Lease Securities and Investment Pty Limited	Australia		100	100
International				
Lend Lease Investment Management	Singapore	Singapore	100	100
Lend Lease (US) Holdings, Inc.	USA	USA	100	100
Lend Lease (US), Inc.	USA	USA	100	100
Lend Lease (US) Services, Inc.	USA	USA	100	100

Notes to the Consolidated Financial Statements continued

	Country of Incorporation	Foreign Country of Business Operation	Year End 30 June 2009 Ownership Interest %	Year End 30 June 2008 Ownership Interest %
28. Consolidated Entities continued				
a. Investments in Consolidated Entities continued				
Group Services				
Australia				
Lend Lease Finance Limited	Australia		100	100
Lend Lease International Pty Limited	Australia		100	100
Lend Lease Singapore Investments Pty Limited	Australia		100	100
Lend Lease Ventures Pty Ltd	Australia		100	100
International				
Lend Lease (US) Capital, Inc.	USA	USA	100	100
Lend Lease Europe Finance plc	UK	UK	100	100

b. Acquisitions

During the year, the consolidated entity acquired an interest in the following entity:

	Ownership Interest Acquired %	Date Acquired
June 2009		
Communities		
Lend Lease Villages Responsible Entity Limited	100	22 Oct 08

	June 2009		June 2008	
	Acquiree's Carrying Value A$m	Total Fair Value on Acquisition A$m	Acquiree's Carrying Value A$m	Total Fair Value on Acquisition A$m
Acquisition of Consolidated Entities				
Acquisition Cost				
Cash paid for acquisition	–	**0.2**	–	–
Net Assets of Entities Acquired				
Intangible asset (Australian Financial Services Licence)		0.2		
Net assets acquired	–	**0.2**	–	–

On 22 October 2008 the Group acquired all of the shares in Lend Lease Villages Responsible Entity Limited (formerly Barrakee Holdings Pty Ltd) for A$0.2 million in cash. The entity's principle activity is to be the responsible entity of the Trust of Lend Lease Primelife Limited. From acquisition date to 30 June 2009, the revenue and profit contributed to the Group is immaterial.

Notes to the Consolidated Financial Statements continued

28. Consolidated Entities continued

c. Disposals

	Ownership Interest Disposed %	Date Disposed	Consideration Received A$m
June 2009			
During the year, the consolidated entity disposed of its interests in the following entities. The operating results to date of disposal have been included in consolidated profit.			
Communities			
RBD Property Management Pty Ltd	100	30 Dec 08	14.4
Glenaeon Retirement Village Pty Ltd	100	30 Dec 08	41.9
Lutanda Manor Retirement Village Pty Ltd	100	30 Dec 08	18.5
Forest Hills Village Pty Ltd	100	30 Dec 08	11.7
Peppertree Hill Management Pty Ltd	100	30 Dec 08	24.0
P.V. Management Pty Limited	100	30 Dec 08	6.8
Retirement Village Properties Pty Ltd	100	30 Dec 08	3.3
June 2008			
During the year, the consolidated entity disposed of its interest in the following entity. The operating results to that date were included in consolidated profit.			
Communities			
Lend Lease GPT (Rouse Hill) Pty Ltd	1	1 Jan 08	0.3

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
Details of the disposals of consolidated entities are as follows:				
Sale Proceeds				
Cash received	11.8	0.3		173.9
Convertible notes issued to Lend Lease	108.8			
Total sale proceeds	**120.6**	**0.3**	**–**	**173.9**
Net Assets of Entities Disposed				
Cash and cash equivalents	0.2	0.1		
Trade and other receivables	1.9	0.1		
Inventories	0.7	1.2		
Investment properties	6.8			
Other investments				173.9
Property, plant and equipment	3.8			
Intangible assets	12.7			
Deferred tax assets		0.3		
Other assets	28.3			
Trade and other payables	(0.3)	(0.1)		
Deferred tax liability		(0.3)		
Provisions	(0.9)			
Other financial liabilities	(7.0)	(0.8)		
Other non financial liabilities		(0.3)		
Net assets disposed	**46.2**	**0.2**	**–**	**173.9**
Cash Flows Resulting from Sale				
Cash consideration	11.8	0.3		173.9
Cash disposed	(0.2)	(0.1)		
Cash deconsolidated		(6.8)		
Disposal costs	(1.5)			
Net inflows/(outflows) of cash	**10.1**	**(6.6)**	**–**	**173.9**

29. Segment Reporting

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

Business Segment Summary

	Segment Revenue[1,2]		Other Unallocated Revenue[1]		Group Revenue		Segment Result Before Tax[1,2]		Share of (Loss)/Profit of Investments Accounted for Using the Equity Method		Other Unallocated Revenues, Other Income and Expenses[1]		Group (Loss)/Profit Before Tax		Group (Loss)/Profit After Tax Including Minority Interest		Group (Loss)/Profit After Tax Attributable to Members of Lend Lease Corporation Limited	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Segment																		
Retail	125.8	130.7			125.8	130.7	(95.5)	(0.2)	(143.7)	(7.0)			(239.2)	(7.2)	(222.0)	(12.5)	(207.9)	(5.4)
Communities	562.8	946.2	23.6	23.3	586.4	969.5	(517.8)	(35.9)	(27.9)	32.6	22.6	18.2	(523.1)	14.9	(463.5)	(21.5)	(464.0)	(21.2)
Public Private Partnerships	1,482.2	944.6	24.8	18.1	1,507.0	962.7	44.7	36.2	16.4	8.2	22.3	15.6	83.4	60.0	71.7	59.0	71.7	59.0
Investment Management	68.6	77.5	0.5	49.8	69.1	127.3	(0.8)	24.2	(51.6)	26.0	0.4	116.8	(52.0)	167.0	(46.3)	148.6	(46.3)	148.6
Project Management and Construction	12,421.4	12,426.8	0.6		12,422.0	12,426.8	154.4	173.6	46.3	17.8	3.6		204.3	191.4	147.7	151.0	146.4	150.0
Total segment	**14,660.8**	**14,525.8**	**49.5**	**91.2**	**14,710.3**	**14,617.0**	**(415.0)**	**197.9**	**(160.5)**	**77.6**	**48.9**	**150.6**	**(526.6)**	**426.1**	**(512.4)**	**324.6**	**(500.1)**	**331.0**
Unallocated			**74.7**	**60.9**	**74.7**	**60.9**					**(206.5)**	**(115.8)**	**(206.5)**	**(115.8)**	**(153.5)**	**(76.8)**	**(153.5)**	**(76.8)**
Total Group			**124.2**	**152.1**	**14,785.0**	**14,677.9**					**(157.6)**	**34.8**	**(733.1)**	**310.3**	**(665.9)**	**247.8**	**(653.6)**	**254.2**

1 AASB 114 *'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 do not include intersegment transfers between business segments. Intersegment transfers are priced on an arm's length basis.

29. Segment Reporting continued

Business Segment Summary continued

	Depreciation and Amortisation[1]		Non Cash Expenses Other than Depreciation and Amortisation[2]		Segment Assets[3]		Investments Accounted for Using the Equity Method		Unallocated Corporate Assets[3]		Total Group Assets		Acquisition of Non Current Assets[4]		Segment Liabilities[3]		Unallocated Corporate Liabilities[3]		Total Group Liabilities	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Segment																				
Retail	1.8	1.6	144.8	52.1	694.1	787.1	544.9	668.2	12.5	5.5	1,251.5	1,460.8	1.4	27.1	228.0	321.6	127.4	119.4	355.4	441.0
Communities	7.4	6.7	555.1	124.6	1,637.6	2,190.1	275.5	84.6	80.1	12.7	1,993.2	2,287.4	35.7	19.8	293.9	326.1	83.5	74.7	377.4	400.8
Public Private Partnerships	1.3	1.7	4.2	(2.4)	482.4	450.5	21.0	29.3	0.6	0.3	504.0	480.1	0.4		584.1	377.9	107.7	70.4	691.8	448.3
Investment Management	0.2	3.1	21.4	5.8	385.7	481.3	176.0	239.8	11.4	7.7	573.1	728.8	1.0	0.1	36.1	45.1	22.9	32.4	59.0	77.5
Project Management and Construction	14.1	10.3	132.7	28.5	2,805.5	2,947.7	42.0	36.7	123.8	102.7	2,971.3	3,087.1	19.2	20.7	3,151.1	3,041.9	61.3	105.0	3,212.4	3,146.9
Total segment	**24.8**	**23.4**	**858.2**	**208.6**	**6,005.3**	**6,856.7**	**1,059.4**	**1,058.6**	**228.4**	**128.9**	**7,293.1**	**8,044.2**	**57.7**	**67.7**	**4,293.2**	**4,112.6**	**402.8**	**401.9**	**4,696.0**	**4,514.5**
Unallocated									**1,026.3**	**505.3**	**1,026.3**	**505.3**					**1,176.1**	**1,053.6**	**1,176.1**	**1,053.6**
Total Group									**1,254.7**	**634.2**	**8,319.4**	**8,549.5**					**1,578.9**	**1,455.5**	**5,872.1**	**5,568.1**

1 Represents segment amortisation and depreciation.
2 Non cash expenses represent those non cash items included in segment expense, such as fair value losses, impairments and provisions.
3 AASB 114 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 and interest bearing assets and liabilities.
4 Represents the acquisition of segment assets that are expected to be used for greater than one year. These assets represent capital expenditure and include assets acquired under finance leases but exclude investments accounted for using the equity method, investment properties and other financial assets.

Notes to the Consolidated Financial Statements continued

29. Segment Reporting continued

Geographical Segment Summary

	Segment Revenue		Group Revenue		Group (Loss)/Profit Before Tax		Group (Loss)/Profit After Tax Attributable to Members of Lend Lease Corporation Limited		Segment Assets		Acquisition of Non Current Assets	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Asia Pacific	3,561.3	3,418.0	3,576.9	3,434.3	2.3	310.1	(1.7)	238.3	1,879.1	2,031.8	38.5	41.1
Americas	7,400.6	6,866.9	7,406.1	6,871.7	5.4	165.2	37.3	150.1	1,811.6	2,000.1	11.0	7.9
Europe	3,698.9	4,240.9	3,727.3	4,311.0	(534.3)	(49.2)	(535.7)	(57.4)	2,314.6	2,824.8	8.2	18.7
Total segment	**14,660.8**	**14,525.8**	**14,710.3**	**14,617.0**	**(526.6)**	**426.1**	**(500.1)**	**331.0**	**6,005.3**	**6,856.7**	**57.7**	**67.7**
Unallocated corporate			**74.7**	**60.9**	**(206.5)**	**(115.8)**	**(153.5)**	**(76.8)**				
Total Group			**14,785.0**	**14,677.9**	**(733.1)**	**310.3**	**(653.6)**	**254.2**				

Business Segments

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

Retail

Retail relates to property development from concept through to design, planning, construction, financing, leasing, property management and the eventual sale. This segment also includes direct investments in retail assets.

Communities

Communities relates to urban community development. This includes all aspects from acquisition, design, development and management to eventual sale.

Public Private Partnerships

Public Private Partnerships relates to privatisation services, including the health sector, education sector, waste sector, defence estates and accommodation.

Investment Management

Investment Management relates to the management of real estate investment funds and real estate associated debt on behalf of clients. This also includes indirect investments in real estate and other investments.

Project Management and Construction

This business segment relates to project management, design services, construction management and engineering.

Unallocated Business Segments

Corporate

Corporate includes 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.

Geographic Segments

The Group's businesses operate on a global basis. Segment revenue is based on the geographic location of customers and segment assets are based on the geographic location of the assets. The Group's business segments operate across the following regions: Asia Pacific, Americas and Europe.

Notes to the Consolidated Financial Statements continued

30. Capital Risk Management

The Group assesses its Capital Management model as part of its broader strategic plan. The Group focuses on interrelated financial parameters including return on equity, earnings growth and borrowing capacity. These are taken into account when the Group makes decisions on how to invest its capital and evaluate its existing investments.

The Group's capital includes total equity, borrowings, and other interest bearing liabilities. When investing capital, the Group's objective is to deliver strong total shareholder returns and to maintain an investment grade credit rating through adoption of a conservative financial profile. The S&P/Moody's long term credit rating at 30 June 2009 is BBB-/Baa3 (June 2008: BBB-/ Baa3).

There has been no significant change to the objectives, policies and processes for managing capital from the previous period.

The capital structure of the Group can be changed by equity issuance such as the A$302.5 million raised in February 2009, paying dividends, dividend reinvestment plan and changing the level of debt. The co-dependence of the financial parameters focuses the Group on managing these to a balanced outcome.

31. International Currency Management and Financial Instruments

The Group operates across numerous jurisdictions and markets. In order to maintain control and discipline with the Group's financial integrity, a Financial Markets Risk Committee oversees the management of the Group's foreign currency, credit, interest rate and liquidity risk exposures, within the parameters of Board approved policy.

The Lend Lease Risk Management and Audit Committee maintains a Group–wide framework for risk management and reviews issues of material risk exposure, including credit risk.

a. Foreign Currency

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates.

Foreign currency risk arises primarily from net investments in foreign operations, and firm commitments or highly probable forecast transactions settled in foreign currency.

The Group's policy is to manage currency risk so as to minimise any adverse impact of this risk and associated costs on the Lend Lease Group's consolidated result. The Group's exposure is primarily to the United States Dollar (USD), Great British Pound (GBP), Singapore Dollar (SGD) and Euro (EUR).

2009 Consolidated	AUD	USD	GBP	SGD	EUR	OTHER
Net asset exposure (local currency)	1,483.0	24.8	227.0	209.2	84.7	137.7
2008 Consolidated	**AUD**	**USD**	**GBP**	**SGD**	**EUR**	**OTHER**
Net asset exposure (local currency)	1,433.7	109.8	528.0	202.6	88.9	90.8

The Group uses both physical and derivative financial instruments (mainly forward foreign exchange contracts) to hedge its foreign currency exposures, including borrowings in the relevant foreign currencies to hedge the net investments in foreign operations.

The majority of forward exchange contracts hedge specific foreign currency exposures including receivables, payables, revenues, expenses and intercompany transactions and loans. The contracts are converted using forward rates at balance date with unrealised gains and losses recorded in the income statement or the hedge reserve when the derivative is used in a hedging relationship that satisfies AASB 139 *'Financial Instruments: Recognition and Measurement'* criteria. Exchange gains and losses on these contracts are accounted for in accordance with the Group's accounting policy for foreign currency (refer to Note 1.21.).

Certain derivative transactions are treated as cash flow or fair value hedges when they meet the appropriate strict hedge accounting criteria outlined in Note 1.22.

Fair Value Hedges

The Group's fair value hedges consist of foreign exchange forward contracts used as hedging instruments to protect against changes in the fair value of particular foreign denominated available for sale financial assets, or hedged items, due to movements in foreign exchange rates.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

a. Foreign Currency continued

Fair Value Hedges continued

Changes in the fair value of the hedging instrument are recognised in the income statement in the period in which it occurs. Changes in the fair value of the hedging instrument are offset against the change in the fair value of the hedged item as shown below:

	Consolidated	
	June 2009 A$m	June 2008 A$m
(Loss)/gain on hedging instrument	(6.0)	1.2
Gain/(loss) on hedged item	3.9	(1.2)

Cash Flow Hedges

The Group's cash flow hedges protect against foreign exchange rate fluctuations on highly probable forecast transactions using foreign exchange forward contracts. As at 30 June 2009 the fair value of these outstanding designated derivatives recognised in equity is A$nil (30 June 2008: A$1.2 million). All of the forecast hedged transactions occurred during the year ended 30 June 2009 and affected the income statement in the same period. Refer to Statements of Changes in Equity – Hedging Reserve.

There are no gains or losses recognised in the income statement during the period due to hedge ineffectiveness.

Net Investments in Foreign Operations

Net investments in foreign operations are exposed to foreign currency translation risk. Foreign currency gains and losses arising from translation of net investments in foreign operations are recognised in the Foreign Currency Translation Reserve until realised. The Group does not currently use derivatives to hedge net investment in foreign operations.

Foreign Currency Hedges (Not Hedge Accounted)

The Group's foreign exchange cash flow and fair value hedges by currency and maturity date are detailed below:

	Weighted Average Exchange Rate		Gross Receivable/(Payable) Under Contracts	
	June 2009 (A$1=)	June 2008 (A$1=)	June 2009 A$m	June 2008 A$m
Contracts to buy pounds sterling at an agreed exchange rate				
Not later than one year	0.48	0.49	(99.3)	(25.9)
Contracts to sell pounds sterling at an agreed exchange rate				
Not later than one year	0.49	0.47	608.0	735.6
Later than one year but not later than two years	0.49	0.49	0.3	12.4
Later than two years but not later than three years		0.49		0.3
Contracts to buy US dollars at an agreed exchange rate				
Not later than one year	0.76	0.93	(406.6)	(270.6)
Contracts to sell US dollars at an agreed exchange rate				
Not later than one year	0.78	0.92	85.2	35.1
Contracts to buy euros at an agreed exchange rate				
Not later than one year		0.61		(10.8)
Later than one year but not later than two years	0.56	0.61	(63.8)	(12.4)
Later than two years but not later than three years	0.61	0.61	(0.3)	(0.3)
Contracts to sell euros at an agreed exchange rate				
Not later than one year	0.57	0.61	80.7	24.4
Contracts to buy Singapore dollars at an agreed exchange rate				
Not later than one year	1.13	1.25	(27.3)	(20.8)
Contracts to sell Singapore dollars at an agreed exchange rate				
Not later than one year		1.30		2.2
Contracts to buy Japanese yen at an agreed exchange rate				
Not later than one year	68.89	97.94	(9.4)	(3.0)
Total A$			**167.5**	**466.2**

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

a. Foreign Currency continued

Sensitivity Analysis

The sensitivity of the AUD to movement in foreign currencies is based on a 10% fluctuation (June 2008: 5% fluctuation) in the blended rates during the financial year and the spot rate at balance date. This analysis assumes that all other variables, in particular interest rates, remain constant. No sensitivity analysis is performed for the Company, on the basis it does not have material exposures to foreign currency balances.

A 10% decrease (June 2008: 5% decrease) in the blended foreign exchange rates would have impacted the Group's (loss)/profit after tax as follows:

	Consolidated	
	Increase in Loss After Tax June 2009 A$m	Increase in Profit After Tax June 2008 A$m
USD	2.4	7.0
GBP	(58.3)	(4.9)
SGD	1.7	0.9
EUR	(0.6)	0.8
	(54.8)	**3.8**

An increase of 10% (June 2008: increase of 5%) in blended foreign exchange rates has the equal and opposite effect.

A 10% decrease (June 2008: 5% decrease) in the foreign exchange spot rates would have increased the Group's net assets as follows:

	Consolidated	
	Increase in Net Assets	
	June 2009 A$m	June 2008 A$m
USD	3.1	5.8
GBP	46.4	55.0
SGD	17.9	7.8
EUR	15.4	7.2
	82.8	**75.8**

An increase of 10% (June 2008: increase of 5%) in the foreign exchange spot rates has the equal and opposite effect.

b. Credit Risk

Credit risk represents the risk that a counterparty will not complete its obligations under a financial instrument resulting in a financial loss to the Group. The Group has exposure to credit risk from all recognised financial assets.

On Balance Sheet Financial Instruments

The maximum exposure to credit risk at balance date on financial assets recognised in the balance sheet (excluding investments of the Group) equals the carrying amount, net of any impairment.

The Group has no significant concentrations of credit risk on either a geographic or industry specific basis and has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Credit risk on derivative financial instruments is managed through a Board approved credit policy for determining acceptable counterparties. The counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The policy sets out credit limits for each counterparty.

Foreign exchange contracts are subject to credit risk in relation to the counterparty failing to deliver the contracted amount of currency at settlement date. The full amount of the exposure is disclosed in Note 31a.

There was impairment of A$16.5 million recorded against other financial assets (June 2008: A$2.8 million). Refer to Note 9. 'Loans and Receivables' for information relating to impairment on loans and receivables.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

b. Credit Risk continued

Collateral

In certain circumstances, the Group will hold either financial or non financial assets as collateral to further mitigate the credit risk arising on selected transactions. The Group currently holds the following collateral as security for certain credit risk exposures:

- A trade debtor A$24.3 million is secured by a first registered mortgage over land parcels (30 June 2008: A$76.5 million); and
- Other receivables are not secured by a first registered mortgage over land parcels (30 June 2008: A$4.9 million).

The Group did not obtain financial or non financial assets as collateral during the period as a result of default by a counterparty (30 June 2008: A$nil). Consequently, any collateral held as security is not recognised in the financial statements.

c. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates.

The Group's policy is to manage interest rate risk that impacts directly on the Group's assets and liabilities.

The Group uses physical and derivative financial instruments to assist in managing its interest rate exposure. Speculative trading is not undertaken.

The Group's exposure to interest rate risk on financial instruments is set out below.

	Consolidated Carrying Amount		Company Carrying Amount	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
Fixed Rate Instruments				
Financial assets	394.3	580.8		
Financial liabilities	(995.9)	(952.2)		
	(601.6)	**(371.4)**	–	–
Variable Rate Instruments				
Financial assets	1,102.2	713.7		18.5
Financial liabilities	(339.4)	(171.1)		
	762.8	**542.6**	–	**18.5**

Sensitivity Analysis – Consolidated

At 30 June 2009 it is estimated that an increase of one percentage point in interest rates would have decreased the Group's loss after tax and retained earnings by A$7.1 million (2008: A$3.6 million increase in the Group's profit after tax and retained earnings). The net decrease in loss after tax is due to the high proportion of fixed interest rate debt and high proportion of floating rate assets. A one percentage point decrease in interest rates would have an equal and opposite effect on retained earnings and loss after tax. The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates. Interest rate swaps have been included in this calculation.

Sensitivity Analysis – Company

The Company does not have material exposures to interest bearing financial assets or liabilities, evidenced by the table above, and on this basis, no sensitivity analysis has been provided.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

d. Liquidity Risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

The Group's objective is to maintain efficient use of cash and debt facilities in order to minimise the cost of borrowing to the Group and ensure sufficient availability of credit facilities.

Liquidity risk is reduced through prudent cash management which ensures sufficient levels of cash are maintained to meet working capital requirements. It also allows flexibility of liquidity by matching maturity profiles of short term investments with cash flow requirements, and timely review and renewal of credit facilities.

Lend Lease's main liquidity risk is the ability to refinance its current borrowings. At 30 June 2009 all borrowings are non current. Management is working on strategies to secure committed refinancing of the £350.0 million syndicated facility in the UK maturing in November 2010, A$153.1 million of which was drawn down at 30 June 2009.

The following are the contractual cash flow maturities of financial liabilities (excluding financial guarantees) as at 30 June 2009, including estimated interest payments and excluding the impact of netting agreements.

Consolidated	Note	Carrying Amount A$m	Contractual Cash Flows A$m	Six Months or Less A$m	Six to Twelve Months A$m	One to Two Years A$m	Two to Five Years A$m	More than Five Years A$m
June 2009								
Non Derivative Financial Liabilities								
Trade and other payables – current	18[1,2]	2,364.9	2,364.9	2,204.3	160.6			
Trade and other payables – non current	18[1,2]	220.2	220.2			139.8	63.5	16.9
Borrowings & financing arrangements – non current	19	1,125.0	1,742.6	48.6	10.4	211.5	288.4	1,183.7
Other financial liabilities – non current	21	191.6	210.2	1.8	1.8	30.8	175.8	
Total		**3,901.7**	**4,537.9**	**2,254.7**	**172.8**	**382.1**	**527.7**	**1,200.6**
Derivative Financial Liabilities								
Foreign exchange contracts:								
Outflow		(34.2)	(842.4)	(836.1)	(6.0)	(0.3)		
Inflow		7.8	817.0	810.3	6.3	0.4		
Total		**(26.4)**	**(25.4)**	**(25.8)**	**0.3**	**0.1**	**–**	**–**
June 2008								
Non Derivative Financial Liabilities								
Trade and other payables – current	18[1]	2,474.9	2,474.9	2,331.8	143.1			
Trade and other payables – non current	18[1]	169.1	206.6			69.4	131.6	5.6
Borrowings & financing arrangements – non current	19	929.3	1,594.6	47.2	8.9	56.1	270.1	1,212.3
Other financial liabilities – non current	21	200.8	267.9	12.8	5.9	11.9	63.5	173.8
Total		**3,774.1**	**4,544.0**	**2,391.8**	**157.9**	**137.4**	**465.2**	**1,391.7**
Derivative Financial Liabilities								
Foreign exchange contracts:								
Outflow		(9.4)	(823.4)	(789.1)	(21.3)	(12.6)	(0.4)	
Inflow		14.1	829.1	794.4	21.9	12.5	0.3	
Total		**4.7**	**5.7**	**5.3**	**0.6**	**(0.1)**	**(0.1)**	**–**

1 The carrying amount of financial liabilities excludes 'construction revenue amounts due to customers', 'deposits received in advance', 'unearned income', and 'unearned premium reserve' as they do not meet the definition of a financial liability under AASBs.

2 The repayment of these amounts will be funded through collection of outstanding loans and receivables: June 2009: A$2,760.1 million.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

d. Liquidity Risk continued

Company	Note	Carrying Amount A$m	Contractual Cash Flows A$m	Six Months or Less A$m	Six to Twelve Months A$m	One to Two Years A$m	Two to Five Years A$m	More than Five Years A$m
June 2009								
Non Derivative Financial Liabilities								
Trade and other payables – current	18[1]	**1,883.0**	**1,883.0**	**1,883.0**	–	–	–	–
June 2008								
Non Derivative Financial Liabilities								
Trade and other payables – current	18	**1,537.2**	**1,537.2**	**1,537.2**	–	–	–	–

1 The repayment of these amounts will be funded through collection of outstanding loans and receivables: June 2009: A$3,627.2 million.

Details of other contractually committed cash flows the Group and the Company are exposed to are in Note 32. 'Commitments'.

e. Fair Values of Financial Assets and Liabilities

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non traded equity investments, the fair value is determined by an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer to Note 13. 'Other Financial Assets').

On Balance Sheet Financial Instruments

All financial instruments recognised on the balance sheet, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value, with the exception of non current borrowings as follows:

		Consolidated				Company			
		June 2009		June 2008		June 2009		June 2008	
	Note	Carrying Amount A$m	Fair Value A$m	Carrying Amount A$m	Fair Value A$m	Carrying Amount A$m	Fair Value A$m	Carrying Amount A$m	Fair Value A$m
Liabilities									
Non Current									
Commercial notes	19	**971.9**	**772.9**	**929.3**	**898.0**	–	–	–	–

The fair value of commercial notes has been calculated by discounting the expected future cash flows by the appropriate government bond rates and credit margin applicable to the relevant term of the commercial note.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

e. Fair Values of Financial Assets and Liabilities continued

On Balance Sheet Financial Instruments continued

Basis of Determining Fair Value

The following table summarises the basis of valuation of financial instruments that are not measured at cost or amortised cost in the financial report:

	Note	Active Market or Valuation Technique	Basis of Valuation	Source of Information
Financial Instrument				
Other Financial Assets				
Available for sale				
Negotiable instruments	13	Active market	Market value (current bid price)	External
Australian Prime Property Fund	13	Valuation technique	Unit price	External
Lend Lease Global Properties, SICAF	13	Valuation technique	Net asset value (audited financial statements)	External
Lend Lease Retail Partnership	13	Valuation technique	International Valuation Standards Committee International Valuation Application 1	External
Cohen & Steers, SICAV	13	Valuation technique	Unit price	External
Lend Lease Core Plus Fund	13	Valuation technique	Unit price	External
Asia Pacific Investment Company	13	Valuation technique	Net asset value external using audited financial statements	External
Other	13	Active market	Market value (current bid price)	External
Fair value through profit or loss				
Negotiable instruments	13	Valuation technique	Investor reports	External
Unlisted equity investments	13	Valuation technique	Internal valuation	Internal
Derivatives	13	Active market	Market value (current bid price)	External
Other Financial Liabilities				
Derivatives	21	Active market	Market value (current bid price)	External
Financial guarantees	21	Valuation technique	Fair value approximates cost	External

Refer to Note 1. 'Significant Accounting Policies' for the basis of determining fair values by type of financial instrument.

The net fair value of forward foreign exchange contracts is included in 'Other Financial Assets' and 'Other Financial Liabilities' (refer to Note 13. 'Other Financial Assets' and Note 21. 'Other Financial Liabilities'). They represent the net unrealised gain or loss resulting from converting the forward foreign exchange contracts to forward rates at balance date.

The net fair value of financial assets or financial liabilities arising from swap agreements has been determined as the marked to market value.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

f. Equity Price Risk

Equity price risk is the risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, decreases in the future. The Group is exposed to equity price risk on all traded or non-traded financial instruments measured at fair value (refer to the table in Note 31e.).

During the year, the Group entered into a series of net cash settled equity derivative swap contracts, the value of which is directly correlated to the FKP Property Group share price.

Sensitivity Analysis – Consolidated

A 10.0% increase (June 2008: 5.0%) in the fair value of 'Other Financial Assets' (refer to Note 13. 'Other Financial Assets'), with reference to the 'Basis of Determining Fair Value' table in Note 31e., would have increased the value of available for sale financial assets and equity by A$27.0 million after tax (30 June 2008: A$15.0 million increase), and increased the value of 'fair value through profit or loss' assets and decreased the Group's loss after tax and equity by A$5.0 million (30 June 2008: A$1.3 million). A 10.0% decrease (June 2008: 5.0%) would achieve an equal and opposite result on equity and profit after tax.

Sensitivity Analysis – Company

No sensitivity analysis is performed for the Company, on the basis it does not have a material exposure to equity price risk.

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
32. Commitments[1]				
a. Operating Lease Commitments				
Estimated aggregate amount of non cancellable operating lease expenditure agreed or contracted but not provided for in the financial statements:				
Land and buildings – self occupied	184.2	186.5		
Plant and equipment	14.4	20.2		
	198.6	**206.7**	–	–
At balance date commitments in relation to non cancellable operating leases are payable as follows:				
Due within one year	53.4	51.4		
Due between one and five years	112.9	131.1		
Due later than five years	32.3	24.2		
	198.6	**206.7**	–	–

1 The commitments outlined in this note do not include the commitments of the entities accounted for using the equity method (refer to Note 11. 'Investments Accounted for Using the Equity Method').

The Group leases various land and buildings and plant and equipment under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2009 A$m	June 2008 A$m	June 2009 A$m	June 2008 A$m
32. Commitments continued				
b. Finance Lease Commitments				
At balance date commitments in relation to the finance leases are payable as follows:				
Due within one year	0.1	0.1		
Due between one and five years	167.7	0.2		
Due later than five years		171.1		
Recognised as a liability	**167.8**	**171.4**	–	–
Lease liabilities provided for in the financial statements:				
Current	0.1	0.1		
Non current	167.7	171.3		
	167.8	**171.4**	–	–
c. Capital Expenditure				
At balance date the aggregate amount of capital expenditure contracted but not provided for in the financial statements is as follows:				
Property, Plant and Equipment				
Due within one year		9.1		
Due between one and five years		8.0		
	–	**17.1**	–	–
d. Investments				
At balance date capital commitments existing in respect of interests in investments accounted for using the equity method and other investments contracted but not provided for in the financial statements are as follows:				
Due within one year	21.2	33.9		
Due between one and five years	173.9	174.7		
Due later than five years	4.7	2.2		
	199.8	**210.8**	–	–

Lend Lease has provided a commitment for A$61.2 million in relation to its investment in a joint venture entity. In the event that certain loan targets of the joint venture entity have not been achieved by November 2010, Lend Lease may be required to contribute equity up to A$61.2 million. This is in addition to the commitments above.

Notes to the Consolidated Financial Statements continued

33. Notes to the Statements of Cash Flows

a. Reconciliation of (Loss)/Profit After Tax to Net Cash Provided by Operating Activities

	Consolidated June 2009 A$m	Consolidated June 2008 A$m	Company June 2009 A$m	Company June 2008 A$m
(Loss)/Profit After Tax (Including Minority Interest)	**(665.9)**	**247.8**	**(36.0)**	**669.4**
Amortisation and depreciation	32.6	27.0	0.1	0.1
Net gain on sale of other assets	(46.6)	(70.5)		
Net impairment on investments accounted for using the equity method	67.2	3.0		
Impairment of property, plant and equipment	20.3	0.4		
Impairment of other financial assets	16.5	2.8		
Impairment of investment in Group entities			25.8	
Net unrealised foreign exchange loss/(gain) and currency hedging costs	71.6	(1.9)	(0.3)	1.8
Net fair value loss on equity derivative swaps	48.4			
Loss/(profit) accounted for using the equity method	160.5	(77.6)		
Dividends/distributions from investments accounted for using the equity method	91.7	66.9		
Impairment of goodwill and intangibles	253.5			
Fair value loss on investment properties	62.2	38.2		
Other	(0.5)	(4.2)	1.1	25.6
Net cash provided by/(used in) operating activities before changes in assets and liabilities	**111.5**	**231.9**	**(9.3)**	**696.9**
Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Subsidiaries and Operations During the Financial Year				
Decrease/(increase) in receivables	144.4	(119.8)	76.7	(6.2)
Decrease in inventories	338.6	130.7		
(Increase)/decrease in other assets	(71.7)	151.3		
(Decrease)/increase in defined benefit plan assets/liabilities	(73.7)	(43.9)	1.3	(5.6)
Increase/(decrease) in payables	2.7	(88.2)	(2.9)	(8.1)
Increase/(decrease) in other liabilities	27.2	(29.0)	(4.9)	(20.5)
(Decrease)/increase in deferred tax items	(119.8)	(21.7)	(5.8)	1.8
(Decrease)/increase in current tax liability/asset	(26.0)	60.8	8.6	47.0
Increase/(decrease) in other provisions	49.0	(3.4)	(4.2)	0.1
Net cash provided by operating activities	**382.2**	**268.7**	**59.5**	**705.4**

b. Acquisition of Business

	Consolidated June 2009 Acquiree's Carrying Value A$m	Consolidated June 2009 Total Fair Value on Acquisition A$m	Consolidated June 2008 Acquiree's Carrying Value A$m	Consolidated June 2008 Total Fair Value on Acquisition A$m
Acquisition Cost				
Cash paid for acquisition				16.0
Cash paid for acquisition costs				1.0
Total acquisition cost/net outflow of cash	–	–	–	**17.0**
Net Assets of Entities Acquired				
Receivables			3.6	3.6
Property, plant and equipment			0.7	0.7
Intangible assets (management agreements)			12.7	12.7
Total acquisition cost	–	–	**17.0**	**17.0**

Notes to the Consolidated Financial Statements continued

34. Employee Benefits

a. Lend Lease Employee Share Plans

Lend Lease has as a core value the concept of 'partnering' capital and labour. This concept has, over decades, been advanced in many practical ways at Lend Lease through philosophies such as employee ownership and profit sharing.

Currently employees own approximately 7.85% of the issued capital of Lend Lease Corporation.

In October 1988, shareholders approved an annual allotment of 0.5% of the issued capital of Lend Lease Corporation at 50 cents per share to be used for the benefit of Lend Lease Group employees. This programme was suspended by the Board in May 2003.

Australia: Employee Share Acquisition Plan (ESAP)

– In accordance with the 1988 shareholder approval, ESAP was established in December 1988 for the purpose of employees acquiring shares in Lend Lease Corporation.
– ESAP is funded by Lend Lease subscriptions. Those subscriptions have been used to acquire shares in Lend Lease Corporation at market value on behalf of employees, who may be nominated as members of ESAP.
– Employees may also be allocated shares by way of bonus arrangements on the basis of individual, corporate and business unit performance.
– At balance date, approximately 2,410 employees (June 2008: 2,728) were eligible to participate in ESAP.

UK/Europe/Asia: Employee Share Plan

– The European (Guernsey based) Restricted Share Plan ('the Restricted Share Plan') was established in 1998. The Plan is similar in operation to the Australia-based ESAP.
– In 2002, two new UK based Inland Revenue approved Share Incentive Plans (SIP) were established for the acceptance of employee profit share contributions used to acquire Lend Lease Corporation shares for UK based Lend Lease Group employees. These plans are currently not accepting new contributions whilst Lend Lease makes all profit share payments to employees in cash. At balance date approximately 2,386 employees (June 2008: 3,169) were eligible to participate in the SIP, should it recommence accepting contributions.
– Shares in the Restricted Share Plan may be allocated to employees in the UK, Europe and Singapore based on individual and business unit performance. The Restricted Share Plan can acquire Lend Lease Corporation shares at market value on behalf of employees. The value of allocations to employees is ultimately based on a combination of the Lend Lease Corporation share price and the respective currencies and Australian dollar exchange rates. At balance date, approximately 2,386 UK, European and Singapore employees (June 2008: 4,646) were eligible to participate in the plan.

Eligibility
The rules for eligibility for particular plans are determined by reference to the regulatory, legal and tax rules of each country in which the Group operates.

Dividends and/or Voting Rights
Generally, employees in the various operating share plans are entitled to dividends and voting rights for allocated shares. The plans reflect this intention subject to regulatory, legal and tax constraints. Voting and dividend rights on any unallocated shares reside with the trustees of the relevant share plan trusts. The trustee may exercise these rights in accordance with any fiduciary or governance rules pertaining to the deed or trust laws in the legal/tax jurisdiction the trust operates within.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

b. Lend Lease Employee Benefit Vehicles

In addition to the plans discussed in Note 34a., Lend Lease has over the years established a range of employee share ownership vehicles. The Lend Lease Retirement Benefit Fund (RBF) was established in 1984 with shareholder approval for the benefit of employees through the allotment at par value of 5.0 million Lend Lease Corporation shares. The balance of the assets of RBF at 30 June 2009 was 14.1 million Lend Lease Corporation shares (June 2008: 14.1 million Lend Lease shares). The fund was originally intended to provide excess superannuation benefits but this purpose has now become defunct due to changes in the law. For some years, earnings have been used to fund the programs of the Lend Lease Foundation. The Lend Lease shares in RBF are not available for allocation to employees other than in the event of a change of control of Lend Lease Corporation and, in accordance with the Trust Deed, the capital of the Trust is not available to Lend Lease Corporation. The RBF Trustees are independent of Lend Lease Corporation. In the event of a change of control, the RBF Trustees may distribute RBF funds to employees who cease to be employees during the 12 months after a change of control. The RBF Trustees have discretion as to how RBF funds are distributed following a change of control. Under AASBs, RBF, while not legally controlled, is required to be consolidated for accounting purposes and payments from it on a change of control are therefore now relevant to the Company's financial statements. Any payments that the RBF Trustees may make as a result of a change of control of Lend Lease Corporation are an obligation of RBF and not the Company. Any payments made will need to be funded by the Trust and therefore cannot exceed the value of the assets of RBF, which was A$112.3 million at 30 June 2009 (June 2008: A$150.8 million). However, as RBF is consolidated by the Company, this potential obligation is disclosed as a contingent liability. Further, given the timing and basis on which the Trust purchased its Lend Lease Corporation shares, it should be noted that any capital gains tax payable on the Lend Lease Corporation shares sold by the Trust as a result of a change of control (or otherwise) may be recorded from an accounting viewpoint as a tax expense of the consolidated entity.

In October 1985, the Lend Lease Employee Investment Trust (EIT) was established to enable employees to invest in the Company. At that time, shareholders approved a one for ten renounceable rights issue and the allotment at the same price of an equivalent number of shares to EIT. EIT acquired these shares with debt funds raised through an external financier. Over the years, strong growth in Lend Lease dividend flows enabled EIT to pay down its external debt. In the following years, EIT acquired shares through on-market purchases, participation in bonus issues and dividend reinvestment. Between 1984 and 1988 it also accumulated shares through the prior shareholders' resolution to allot 0.5% of issued capital to employee benefit vehicles. At 30 June 2009, there were 11.6 million (June 2008: 11.6 million) Lend Lease Corporation shares held by EIT, of which 11.3 million shares were available for allocation to employees. For some time the Trustee of EIT has directed surplus dividends to help fund the Lend Lease Foundation's programs. In accordance with the Trust Deed, the capital of the Trust is not available to Lend Lease Corporation. As with RBF, AASBs require consolidation of EIT for accounting purposes, regardless of the control of EIT by independent Trustees. Payments from EIT have therefore become relevant to the Company's financial statements. On a change of control, the EIT Trustees may (but are not required to) terminate the Trust and distribute allocated proceeds to employees and unallocated proceeds to the Lend Lease Superannuation Fund or to RBF. Any payments are an obligation of EIT and not the Company, and cannot exceed the assets of the Trust of A$88.1 million as at 30 June 2009 (June 2008: A$118.3 million). No contingency is recorded in these financial statements as the potential for such payments is remote, with any termination of EIT in such circumstances, and any subsequent distribution to other funds, entirely at the discretion of the EIT Trustees. Given the timing and basis on which the Trust purchased its Lend Lease Corporation shares, it should be noted that any capital gains tax payable on the Lend Lease shares sold by EIT as a result of a change of control (or otherwise) may be recognised from an accounting viewpoint as a tax expense of the consolidated entity.

The consolidation of EIT and RBF under AASBs creates certain anomalies for the Group's reported profit or loss where distributions from those trusts are used to fund employee programs under the Lend Lease Foundation (as they have been doing for some time). In particular, the consolidation requires dividends on Lend Lease shares which are distributed by the trusts to the Foundation be eliminated from the income of the Group. On 30 June 1992, Lend Lease agreed that if it were to receive distributions from EIT or RBF, it would apply an equal amount for Foundation programs. The effect is that the Group immediately accrues for this obligation, but is now no longer entitled to recognise the matching income that creates the obligation. This results in a net expense to the income statement, which does not reflect the cash position. In the year to 30 June 2009, the net impact was an after tax expense of A$4.3 million (June 2008: A$3.1 million). In future years, it would be anticipated that there would be similar impacts on reported profits.

In 1988, Lend Lease established ESAP as an employee reward scheme. ESAP was established to prospectively replace EIT as the principal employee share plan of the Group in Australia. Other similar plans have subsequently been established (refer to earlier share plan comments). The details of the employee share plans, including ESAP, are set out in Note 34a.

Access to the Lend Lease Foundation is another important employee benefit, providing learning, personal development, community and other activities. Established in 1983, the Foundation's programs are administered by employee representatives.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments

Short Term Incentives (STI)

The STI plan is an annual bonus plan where executives receive benefits dependent on the achievement of both Lend Lease financial targets and individual personal targets. The total value of the potential benefit (target opportunity) varies by executive, but is generally linked to salary.

The STI comprises a cash element paid in September following year end and a deferred element. The deferred element represents Lend Lease Corporation shares based on the share price at the date of determination of the bonuses. The shares are then held in trust on behalf of the executive for the deferred period. For executives to receive the full deferral they must be employed by the Group at the date of vesting, which will usually be one year from the date of grant.

Long Term Incentives (LTI)

The current LTIs of Lend Lease were introduced and approved by the Board in 1999 and updated and extended for awards from 2001 onwards. The objectives of the LTIs are essentially twofold:

- Align executives with the long term interests of Lend Lease and its shareholders; and
- Attract and retain high calibre executives by providing competitive rewards that relate to the performance of the Group, the individual executive and the Lend Lease Corporation share price.

LTI grants are normally made in August each year. The Personnel and Organisation Committee intends that these awards will vest in Lend Lease Corporation shares rather than cash, with settlement occurring upon vesting if performance hurdles are met. Grants depend on personal contribution and potential, and are designed to retain and motivate high performing and key executives. The LTIs are in the form of an Australian dollar figure ‘grant’ (converted from local salary for overseas participants), which is ‘invested’ in performance shares over time to deliver value depending on:

- Whether the executive remains with the Group – if the executive resigns before vesting, the grant will lapse; and
- The performance of the Group.

The Personnel and Organisation Committee approved one change to the rules of the LTI for the 2005 awards onwards. The rules now provide that in the event of a change in control of Lend Lease Corporation, all awards will vest upon change in control, to the extent that performance conditions have been met. Participants would then be entitled to a pro rata settlement, with the Board having discretion to allow the entitlement to exceed this pro rata amount, if circumstances so provide.

Arrangements for LTI Awards Granted in the June 2007 and June 2008 Financial Years

For the June 2007 and June 2008 financial year awards, the Personnel and Organisation Committee set new performance hurdles to align interests between the participant and shareholders and for consistency with a new STI structure.

For awards granted 1 July 2006 and 1 July 2007 the performance hurdle is based on two equal measures: long term profitability as measured by earnings per share (EPS) and external Total Shareholder Return (TSR) compared with the TSR of the individual ASX100 listed companies as at the commencement of the performance period. The change in the TSR comparator group better reflects those companies against which Lend Lease competes for capital. The performance measures are:

- TSR measured against the ASX100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching top quartile performance); and
- EPS on operating profit after tax reported in the financial statements adjusted for treasury shares (with 100% vesting if a minimum compound annual growth rate of 10% is achieved over the three year vesting period).

Each of the two performance hurdles is measured and can vest independently. The executive must remain with the Company until vesting date for the award to vest. The period may be shortened if an executive is a ‘good leaver’, that is, an executive who leaves employment by reason of death, total and permanent disability, redundancy or other reason as determined by the Personnel and Organisation Committee. Performance conditions continue to apply.

Arrangements for LTI Awards Granted in the June 2009 Financial Year

For the June 2009 financial year award, the Personnel and Organisation Committee set new performance hurdles to align interests between the participant and shareholders and for consistency with a new STI structure.

For awards granted 1 September 2008 the performance hurdle is based on three equal measures: long term profitability as measured by earnings per share (EPS), external TSR compared to the TSR of the individual ASX100 listed companies as at the commencement of the performance period and a retention component. The performance measures are:

- TSR measured against the ASX100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching top quartile performance);
- EPS on operating profit as defined in the current financial year for treasury shares; and
- Retention component will vest if the executive remains in employment with Lend Lease for three years.

Each of the three performance hurdles is measured and can vest independently. The executive must remain with the Company until vesting date for the award to vest. The period may be shortened if an executive is a ‘good leaver’.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Other LTI Awards

During the June 2009 financial year bespoke LTI plans have been granted to certain executives by the Personnel and Organisation Committee. These awards tend to have performance hurdles based on internal business unit performance targets, such as net profit after tax, global operating margin and global funds under management. The relevant performance hurdles must be satisfied in order for awards to vest, but the hurdles can vest independently. The executive must remain with the Group until vesting date for the award to vest. The Personnel and Organisation Committee intends that these awards will vest in Lend Lease Corporation shares.

Retention Awards

When the Board believes an employee is an outstanding performer and Lend Lease and its shareholders will gain from incentivising him or her to remain with Lend Lease, a retention award may be made. As an incentive to remain with the Group requires a degree of certainty of value delivered to the individual at the end of the retention period, performance conditions are not generally applied to the ultimate payment of such an award. Refer to the table below for details of the vesting conditions of retention awards.

Summary of LTI and Retention Awards

		2009 Number of Lend Lease Corporation Share Equivalents				
Grant Date	Vesting Date	Opening Balance	Granted	Lapsed	Exercised	Closing Balance
STI Awards						
Aug 2007	Aug 2008	463,535		(58,443)	(405,092)	
Aug 2007	Aug 2009	6,318		(6,318)		
Aug 2008	Aug 2009		988,858	(83,904)	(42,286)	862,668
Total STI awards		**469,853**	**988,858**	**(148,665)**	**(447,378)**	**862,668**
LTI Awards						
Jul 2006	Jun 2009	914,623		(877,470)	(37,153)	
Jul 2006	Jun 2009	212,874		(212,874)		
Jul 2007	Jun 2010	898,737	3,806	(241,560)		660,983
Jul 2007	Jun 2010	151,733		(151,733)		
Jan 2008	Jun 2010	59,667				59,667
Jan 2008	Jun 2012	17,628	57,267			74,895
Jan 2008	Jun 2013	14,423	46,885			61,308
Sep 2008	Aug 2012		1,578,699		(14,548)	1,564,151
Apr 2009	Apr 2012		1,796,371			1,796,371
Total LTI awards		**2,269,685**	**3,483,028**	**(1,483,637)**	**(51,701)**	**4,217,375**
Retention Awards						
Sep 2005	Jul 2008	197,218			(197,218)	
Oct 2006	Sep 2008	84,407			(84,407)	
Oct 2006	Sep 2009	84,408			(84,408)	
Oct 2006	Sep 2010	84,408		(84,408)		
Jul 2007	Jul 2009	25,340				25,340[1]
Jul 2007	Jun 2010	50,680				50,680[1]
Jul 2007	Jun 2010	80,214				80,214[1]
Aug 2007	Jun 2012	141,367				141,367[1]
Sep 2007	Jun 2010	16,279				16,279[1]
Sep 2007	Jun 2010	37,132				37,132[1]
Sep 2007	Jun 2011	33,440				33,440[1]
Oct 2007	Oct 2008	5,130			(5,130)	
Jan 2008	Jan 2011	11,152				11,152[1]
Apr 2008	Apr 2011	61,885				61,885[1]
Sep 2008	Mar 2010		153,126		(51,042)	102,084[1]
Jul 2008	Jun 2009		111,199	(1,758)	(109,441)	
Nov 2008	Jun 2012		94,201			94,201[1]
Total retention awards		**913,060**	**358,526**	**(86,166)**	**(531,646)**	**653,774**
Total		**3,652,598**	**4,830,412**	**(1,718,468)**	**(1,030,725)**	**5,733,817**

1 Award settled in shares and is dependent upon service to vesting date. A good leaver will be entitled to pro rata vesting. A 'good leaver', that is, an executive who leaves employment by reason of death, total and permanent disability, redundancy or other reason as determined by the Personnel and Organisation Committee, will be entitled to pro rata vesting.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Summary of LTI and Retention Awards continued

		2008 Number of Lend Lease Corporation Share Equivalents				
Grant Date	Vesting Date	Opening Balance	Granted	Lapsed	Exercised	Closing Balance
STI Awards						
Aug 2007	Aug 2008		489,542	(26,007)		463,535
Aug 2007	Aug 2009		6,318			6,318
Total STI awards		–	**495,860**	**(26,007)**	–	**469,853**
LTI Awards						
Jul 2005	Jun 2008	1,039,768		(1,006,869)	(32,899)	
Jul 2006	Jun 2009	1,004,647	34,878	(82,818)	(42,084)	914,623
Jul 2006	Jun 2009	212,874				212,874
Jul 2007	Jun 2010		921,175	(22,438)		898,737
Jul 2007	Jun 2010		151,733			151,733
Jan 2008	Jun 2010		59,667			59,667
Jan 2008	Jun 2012		17,628			17,628
Jan 2008	Jun 2013		14,423			14,423
Total LTI awards		**2,257,289**	**1,199,504**	**(1,112,125)**	**(74,983)**	**2,269,685**
Retention Awards						
Dec 2002	Jun 2008[1]	31,319	27,973		(59,292)	
Jul 2005	Apr 2008[2]	110,664			(110,664)	
Sep 2005	Jul 2008	197,218				197,218[2]
Oct 2006	Sep 2007	84,407			(84,407)	
Oct 2006	Sep 2008	84,407				84,407[3]
Oct 2006	Sep 2009	84,408				84,408[3]
Oct 2006	Sep 2010	84,408				84,408[3]
Jul 2007	Jul 2009		25,340			25,340[3]
Jul 2007	Jun 2010		50,680			50,680[3]
Jul 2007	Jun 2010		80,214			80,214[3]
Aug 2007	Jun 2012		141,367			141,367[3]
Sep 2007	Jun 2010		16,279			16,279[3]
Sep 2007	Jun 2010		37,132			37,132[3]
Sep 2007	Jun 2011		33,440			33,440[3]
Oct 2007	Oct 2008		5,130			5,130[3]
Jan 2008	Jan 2011		11,152			11,152[3]
Apr 2008	Apr 2011		61,885			61,885[3]
Total retention awards		**676,831**	**490,592**	–	**(254,363)**	**913,060**
Total		**2,934,120**	**2,185,956**	**(1,138,132)**	**(329,346)**	**3,652,598**

1 Award settled in cash and vested on a progressive monthly basis over the award service life.
2 Award settled in cash or shares at the option of the executive and is dependent upon service to vesting date.
3 Award settled in shares and is dependent upon service to vesting date. A good leaver will be entitled to pro rata vesting.

Amounts Recognised in the Financial Statements

LTI awards are valued using a Monte-Carlo simulation methodology where the share price can be projected based on the assumptions underlying the Black-Scholes formula. Retention awards are valued by discounting the share price by the expected dividends assumed to be paid from the valuation date until the vesting date (if applicable). The model inputs include the Lend Lease Corporation share price, a risk free interest rate, expected volatility and dividend yield.

In August 2007 the Personnel and Organisation Committee modified the rules of the 1 July 2006 LTI such that it now vests in shares rather than cash, other than for certain specified executives or where share settlement is not practical. The modified LTI was valued using a Monte-Carlo simulation methodology where the share price can be projected based on the assumptions underlying the Black-Scholes formula.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Amounts Recognised in the Financial Statements continued

Details of the amounts recognised in the financial statements and the fair values relating to STI, LTI and retention awards for the years ended 30 June 2009 and 2008 are set out below.

			2009			
Grant Date	Vesting Date	Fair Value at Grant Date A$	Fair Value June 2009[1] A$	Award Fair Value at June 2009[2] A$	Expense 2009 A$	Equity Settled Award in ECR at June 2009 A$
STI Awards						
Aug 2008	Aug 2009	9,191,633	7.01	6,047,303	8,018,672	8,018,672
Total STI awards		**9,191,633**		**6,047,303**	**8,018,672**	**8,018,672**
LTI Awards						
Jul 2006	Jun 2009	10,264,064			(4,119,479)	
Jul 2006	Jun 2009	2,053,170			(807,502)	
Jul 2007	Jun 2010	10,607,330	7.01	4,633,491	(1,762,706)	1,686,947
Jul 2007	Jun 2010	1,747,205			(258,705)	
Jan 2008	Jun 2010	769,108	7.01	418,266	318,282	450,826
Jan 2008	Jun 2012	692,416	7.01	525,014	166,556	192,597
Jan 2008	Jun 2013	542,129	7.01	429,769	105,066	121,767
Sep 2008	Aug 2012	10,372,052	7.01	10,964,699	2,366,583	2,366,583
Apr 2009	Apr 2012	10,555,476	7.01	12,592,561	944,614	944,614
Total LTI awards		**47,602,950**		**29,563,800**	**(3,047,291)**	**5,763,334**
Retention Awards						
Oct 2006	Sep 2008	1,374,992			123,749	
Oct 2006	Sep 2009	1,375,008			447,362	
Oct 2006	Sep 2010	1,375,008			(231,071)	
Jul 2007	Jul 2009	469,804	7.01	177,633	234,260	469,162
Jul 2007	Jun 2010	824,057	7.01	355,267	274,435	549,622
Jul 2007	Jun 2010	1,500,000	7.01	562,300	499,544	1,000,456
Aug 2007	Jun 2012	2,500,000	7.01	990,983	514,374	955,468
Sep 2007	Jun 2010	274,138	7.01	114,116	99,662	174,477
Sep 2007	Jun 2010	612,678	7.01	260,295	220,106	392,572
Sep 2007	Jun 2011	540,056	7.01	234,414	143,989	252,079
Oct 2007	Oct 2008	99,984			29,151	
Jan 2008	Jan 2011	108,844	7.01	78,176	26,783	54,322
Apr 2008	Apr 2011	800,173	7.01	433,814	266,968	315,973
Sep 2008	Mar 2010	1,500,000	7.01	715,609	748,655	222,412
Jul 2008	Jun 2009	1,033,617			1,017,276	1,017,276
Nov 2008	Jun 2012	747,014	7.01	660,349	124,533	124,533
Total retention awards		**15,135,373**		**4,582,956**	**4,539,776**	**5,528,352**
Total		**71,929,956**		**40,194,059**	**9,511,157**	**19,310,358**

1 Represents the Lend Lease Corporation share price at 30 June 2009 for equity settled awards.
2 Represents the number of Lend Lease Corporation share equivalents granted at their fair value at 30 June 2009.

During the financial year ended 30 June 2009, a A$19.2 million expense was recognised in the income statement in relation to equity settled share based payment awards. This was partially offset by a net accrual reversal of A$9.7 million relating to internal performance measurements of the 2006 LTI equity settled plan which did not vest, the internal performance measurement of the 2007 equity settled plan which is not expected to vest and previously accrued expenses for employees that left the Company during the year.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Amounts Recognised in the Financial Statements continued

			2008					
Grant Date	Vesting Date	Fair Value at Grant Date A$	Fair Value June 2008[1] A$	Award Fair Value at June 2008[2] A$	Expense 2008 A$	Cash Settled Award Liability at June 2008[3] A$	Equity Settled Award in ECR at June 2008[4] A$
STI Awards							
Aug 2007	Aug 2008	9,169,122	9.55	4,426,759	8,682,011		8,682,011
Aug 2007	Aug 2009	118,336	9.55	60,337	118,336		118,336
Total STI awards		**9,287,458**		**4,487,096**	**8,800,347**	**–**	**8,800,347**
LTI Awards							
Jul 2005	Jun 2008	8,066,725			(5,559,204)		
Jul 2006	Jun 2009	10,264,064	9.55	8,734,650	2,940,513		6,987,720
Jul 2006	Jun 2009	2,053,170	5.69	1,211,253	(243,386)	807,502	
Jul 2007	Jun 2010	10,607,330	9.55	8,582,938	3,449,652		3,449,652
Jul 2007	Jun 2010	1,747,205	5.12	776,114	258,705	258,705	
Jan 2008	Jun 2010	769,108	9.55	569,820	132,545		132,545
Jan 2008	Jun 2012	243,443	9.55	168,347	26,041		26,041
Jan 2008	Jun 2013	190,961	9.55	137,740	16,701		16,701
Total LTI awards		**33,942,006**		**20,180,862**	**1,021,567**	**1,066,207**	**10,612,659**
Retention Awards							
Dec 2002	Jun 2008	2,486,782			(1,637,172)		
Jul 2005	Apr 2008	1,453,834			37,286		
Sep 2005	Jul 2008	2,630,888	9.55	1,883,432	(478,744)	1,883,432	
Oct 2006	Sep 2007	1,374,992			259,354		
Oct 2006	Sep 2008	1,374,992	9.55	806,087	718,923		1,251,241
Oct 2006	Sep 2009	1,375,008	9.55	806,096	472,537		822,421
Oct 2006	Sep 2010	1,375,008	9.55	806,096	351,925		612,503
Jul 2007	Jul 2009	469,804	9.55	241,997	234,902		234,902
Jul 2007	Jun 2010	824,057	9.55	483,994	275,187		275,187
Jul 2007	Jun 2010	1,500,000	9.55	766,044	500,912		500,912
Aug 2007	Jun 2012	2,500,000	9.55	1,350,055	441,094		441,094
Sep 2007	Jun 2010	274,138	9.55	155,464	74,815		74,815
Sep 2007	Jun 2010	612,678	9.55	354,611	172,466		172,466
Sep 2007	Jun 2011	540,056	9.55	319,352	108,090		108,090
Oct 2007	Oct 2008	99,984	9.55	48,992	70,833		70,833
Jan 2008	Jan 2011	165,841	9.55	106,502	27,539		27,539
Apr 2008	Apr 2011	800,173	9.55	591,002	49,005		49,005
Total retention awards		**19,858,235**		**8,719,724**	**1,678,952**	**1,883,432**	**4,641,008**
Total		**63,087,699**		**33,387,682**	**11,500,866**	**2,949,639**	**24,054,014**

1 Represents the Lend Lease Corporation share price at 30 June 2008 for equity settled awards and the actuarial valuation at 30 June 2008 for cash settled awards.
2 Represents the number of Lend Lease Corporation share equivalents granted at their fair value at 30 June 2008.
3 Awards to be settled in cash and accordingly the obligation recognised as a liability.
4 Awards to be settled in shares and accordingly the obligation recognised in equity compensation reserve (ECR).

During the financial year ended 30 June 2008, a A$19.1 million expense was recognised in the income statement in relation to equity settled share based payment awards. This was partially offset by a net accrual reversal of A$7.6 million relating to the 2005 LTI cash settled plan that did not vest and certain cash settled retentions that vested during the financial year at a value below that accrued in the prior year.

Notes to the Consolidated Financial Statements continued

35. Key Management Personnel Disclosures

Key Management Personnel compensation details are set out in Section 3 of the Directors' Report.

Equity Holdings and Transactions

Shareholdings Financial Year Ended 30 June 2009

	Year	Shares Held at Beginning of Financial Year	Shares Received During the Year[1,2]	Other Net Change to Shares	Shares Held at End of Financial Year
Non Executive Directors					
D Crawford	**2009**	33,895	14,233		48,128
	2008	28,122	5,773		33,895
P Colebatch	**2009**	5,767	5,124		10,891
	2008	3,689	2,078		5,767
G Edington	**2009**	26,484	4,839		31,323
	2008	24,521	1,963		26,484
P Goldmark	**2009**	15,579	5,124		20,703
	2008	13,501	2,078		15,579
J Hill	**2009**	5,109	5,124		10,233
	2008	3,031	2,078		5,109
D Ryan	**2009**	15,834	5,408		21,242
	2008	13,640	2,194		15,834
M Selway	**2009**	4,000	2,488		6,488
	2008			4,000	4,000
Executive Director					
S McCann	**2009**	2,367	70,934		73,301
	2008	1,333	1,034		2,367
Executive					
B Soller[3]	**2009**	3,445	8,962		12,407
Former					
G Clarke	**2009**	1,000	48,287	(49,287)	
	2008	1,000			1,000
R Taylor	**2009**	191,023	30,511	(221,534)	
	2008	104,345	86,678		191,023
R Burrows[4]	2008	38,927		(38,927)	
R Johnston[4]	2008	58,933		(58,933)	
Total	**2009**	**304,503**	**201,034**	**(270,821)**	**234,716**
Total	2008	**291,042**	**103,876**	**(93,860)**	**301,058**

1 Non Executive Directors' share allocations relating to retirement benefits are made in arrears on 1 January each year. Refer to Section 3b. of the Directors' Report for further details.
2 For Executive Directors and executives, relates to share entitlements under employee benefit vehicles.
3 Mr Soller became a Key Management Personnel during the year.
4 From 1 July 2007 the executive ceased to be key management personnel.

Key Management Personnel Compensation

The key management personnel compensation included in 'Employee Benefit Expenses' (refer to Note 5. 'Other Operating (Income) and Expenses') is as follows:

	Consolidated		Company	
	June 2009 A$000s	June 2008 A$000s	June 2009 A$000s	June 2008 A$000s
Short term employee benefits	8,059	6,874	8,059	6,874
Post employment benefits	5,864	1,096	5,864	1,096
Share based payments	1,047	1,626	1,047	1,626
Other long term benefits	25	58	25	58
	14,995	**9,654**	**14,995**	**9,654**

Loans to Key Management Personnel

No loans were made to key management personnel or their related parties during the current year or prior year.

Other Transactions with Key Management Personnel

From time to time Directors and executives of the Company or its consolidated entities, or parties related to them, may purchase goods from the consolidated entity. These purchases are on terms and conditions no more favourable than those entered into by unrelated customers and are trivial or domestic in nature.

Notes to the Consolidated Financial Statements continued

36. Non Key Management Personnel Related Party Information

Consolidated Entities

Interests held in consolidated entities and by Lend Lease Corporation Limited are set out in Note 13. 'Other Financial Assets' and Note 28. 'Consolidated Entities' to the financial statements.

Lend Lease Corporation Limited
Lend Lease Corporation Limited provides a wide range of corporate services to its consolidated entities. Corporate management fees, which are priced on an arm's length basis, are charged to these entities for these services (refer to Note 2. 'Revenue'). These services principally relate to:

- Administration, company secretarial, accounting, legal, tax, insurance, information technology and public relations;
- Human resources and employee services including the administration of salaries and superannuation, the provision of a defined benefit plan for a number of Australian employees (refer to Note 16. 'Defined Benefit Plan Asset') and share based payment plans (refer to Note 25. 'Reserves' and Note 34. 'Employee Benefits'); and
- Finance and treasury services, which includes working capital facilities and long term financing. Interest is earned or incurred only on long term loans provided to or drawn with subsidiaries based on project specific risks and returns (refer to Note 2. 'Revenue' and Note 4. 'Finance Costs'). Outstanding balances arising from working capital facilities and long term financing are typically repayable on demand. In addition, financial guarantees are provided on the borrowings of subsidiaries (refer to Note 21. 'Other Financial Liabilities') for which guarantee fees are charged under normal terms and conditions (refer to Note 2. 'Revenue').

During the financial year Lend Lease Corporation Limited transferred its interest in Lend Lease Primelife Limited (LLP) to a consolidated entity at original cost.

Other transactions and outstanding balances with consolidated entities are disclosed in Note 2. 'Revenue', Note 3. 'Other Income', Note 5. 'Other Operating (Income) and Expenses', Note 9. 'Loans and Receivables', Note 16. 'Defined Benefit Plan Asset' and Note 18. 'Trade and Other Payables'.

Consolidated Entities
Transactions that occurred during the financial year between entities in the Lend Lease Group include:

- Provision of project management, design services, construction management and engineering services to development projects;
- Provision of payroll, transaction and management services;
- Provision of investment management services;
- Receipt and payment of superannuation contributions;
- Reimbursements of expenses made on behalf of subsidiaries;
- Loan advances and repayments between subsidiaries;
- Premium payments and receipts for the Group's insurance policies; and
- Dividends received or due and receivable from subsidiaries.

Transactions between consolidated entities are priced on an arm's length basis.

Associates and Joint Venture Entities

Interests held in associates and joint venture entities by Lend Lease are set out in Note 11. 'Investments Accounted for Using the Equity Method' to the financial statements.

Transactions provided by the Lend Lease Group to its associates and joint venture entities principally relate to:

- Retail business: Provision of retail property management, asset management and development services; and
- Communities business: Development management services and the sale and purchase of development properties with Lend Lease managed funds. Also Lend Lease provides management services in relation to LLP and is the responsible entity to the trust of LLP.

  In addition Lend Lease acquired the following redeemable convertible notes in December 2008 issued by LLP:

  - First Notes A$13.4 million (22,333,333 notes convertible at $0.60 per security);
  - Second Notes A$25.0 million (100,000,000 notes convertible at $0.25 per security); and
  - RBD Convertible Notes A$120.0 million (200,000,000 notes convertible at $0.60 per security).

  These notes have five year terms and are interest bearing at a coupon rate of 9.5% per annum. The notes are able to be converted to LLP stapled securities during certain periods within the five year term of the notes.

Notes to the Consolidated Financial Statements continued

36. Non Key Management Personnel Related Party Information continued

Associates and Joint Venture Entities continued

At 30 June 2009 these redeemable convertible notes are held at amortised cost and are reflected in Note 9. 'Loans and Receivables' together with embedded derivatives on these notes which are held at fair value. At 30 June 2009 the fair value of these options was A$3.0 million.

During the year Lend Lease sold Retirement by Design villages and an aged care facility to LLP for consideration of A$133.4 million of which A$120.0 million was settled via issue of redeemable convertible notes.

Lend Lease provides long term loans on which interest is earned based upon project specific risks and returns. A subordinated non interest bearing loan has been provided to an associate and at 30 June 2009 the loan balance was A$30.3 million (June 2008: A$25.5 million).

- Investment management: Provision of strategic investment advice, asset management and investment portfolio management services;
- Project management and construction: Provision of construction, project management and design services; and
- Public Private Partnerships business: Provision of construction, project management and design services, asset and facilities management services. Loan stock is also provided to projects on which interest is earned based upon project specific risks and returns.

Except as noted above, transactions and outstanding balances are typically on normal terms and conditions.

Revenue earned by Lend Lease during the year as a result of transactions with its associates and joint venture entities is as follows:

	June 2009 A$m	June 2008 A$m
Revenue		
Provision of services[1]		
Associates	307.0	98.7
Joint venture entities	778.8	680.2

1 Includes A$5.9 million of Investment Management services (June 2008: A$5.1 million).

During the year Lend Lease purchased development properties from an associate for A$3.0 million.

Other transactions and outstanding balances with associates and joint venture entities have been disclosed in Note 2. 'Revenue', Note 3. 'Other Income', Note 4. 'Finance Costs', Note 5. 'Other Operating (Income) and Expenses', Note 9. 'Loans and Receivables', Note 18. 'Trade and Other Payables' and Note 32d. 'Commitments – Investments'.

Managed Funds

Lend Lease holds investments in a number of property funds for which it is also the fund manager. In addition to those property funds classified as associates and joint venture entities (refer to above and Note 11. 'Investments Accounted for Using the Equity Method'), Lend Lease holds interests in property funds which are classified as available for sale financial assets (refer to Note 13. 'Other Financial Assets').

Transactions between the Lend Lease Group and such property funds classified as available for sale are priced on an arm's length commercial basis. These transactions relate principally to:

- Investment management: Provision of strategic investment advice, asset management and investment portfolio management;
- Asset management: Provision of property management services, property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, marketing and risk management services; and
- Communities businesses: Provision of property capital works, design and construction services, development and refurbishment and the sale of development properties.

During the year the following transactions occurred:

	June 2009 A$m	June 2008 A$m
Revenue		
Provision of services	60.3	64.5

Notes to the Consolidated Financial Statements continued

37. Event Subsequent to Balance Date

Acquisition of Properties from Prime Retirement and Aged Care Property Trust (Prime Trust)

On 13 August 2009, Lend Lease entered into agreements to purchase nine Aged Care facilities and four Retirement Villages from Prime Trust for a total consideration of A$76.7 million (excluding transaction costs). Settlement of four of the properties is subject to satisfaction of a number of conditions.

The Aged Care facilities and Retirement Villages will continue to be leased and managed by Lend Lease Primelife Limited following the change in ownership.

Directors' Declaration

In the opinion of the Directors of Lend Lease Corporation Limited ('the Company'):

1. The financial statements and notes and the remuneration disclosures contained in the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2009 and of their performance for the financial year ended on that date; and
   b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.1.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Acting Chief Financial Officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Directors:

D A Crawford
Chairman

S B McCann
Managing Director

Sydney, 20 August 2009

KPMG

Independent auditor's report to the members of Lend Lease Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Lend Lease Corporation Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 37 and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) The financial report of Lend Lease Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) The financial report of the Group also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 31 of the Directors' report for the year ended 30 June 2009. The Directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lend Lease Corporation Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001.*

KPMG

C Hall
Partner

Sydney

20 August 2009