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Income Statement
Half Year ended 31 December 2009

	Note	Consolidated 6 months December 2009 A$m	Consolidated 6 months December 2008 A$m
Revenue			
Revenue from the sale of development properties	2a	280.5	129.9
Revenue from the provision of services	2b	5,206.4	7,555.5
Finance revenue	2c	36.0	56.6
Other revenue	2d	70.4	86.6
Total revenue		**5,593.3**	**7,828.6**
Other Income	3	**108.7**	**54.6**
Expenses			
Retail activities		(27.1)	(122.7)
Communities activities			
Cost of properties sold		(227.7)	(326.4)
Other expenses		(126.6)	(446.2)
Public Private Partnerships (PPP) activities			
Cost of inventories sold		(511.1)	(647.2)
Other expenses		(39.8)	(48.5)
Investment Management activities		(22.6)	(17.0)
Project Management and Construction activities			
Cost of inventories sold		(4,270.9)	(6,423.1)
Other expenses		(185.0)	(221.3)
Corporate and administrative activities		(43.3)	(128.7)
Finance costs	4	(34.7)	(50.9)
Total expenses		**(5,488.8)**	**(8,432.0)**
Share of profit/(loss) of associates accounted for using the equity method	12	58.1	(29.7)
Share of profit/(loss) of joint venture entities accounted for using the equity method	12	18.0	(94.3)
Profit/(loss) before tax		**289.3**	**(672.8)**
Income tax (expense)/benefit	6a	(82.8)	70.4
Profit/(loss) after tax		**206.5**	**(602.4)**
Profit/(loss) after tax attributable to:			
Members of Lend Lease Corporation Limited	23	204.9	(596.4)
Non controlling interests attributable to unit holders of Lend Lease Trust			
Profit/(loss) after tax attributable to security holders		204.9	(596.4)
Other non controlling interests		1.6	(6.0)
Profit/(loss) after tax		**206.5**	**(602.4)**
Basic/Diluted Earnings Per Lend Lease Corporation Limited Share			
Shares excluding treasury shares (cents)	8	47.7	(160.1)
Shares on issue (cents)	8	44.6	(148.2)

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Comprehensive Income

Half Year ended 31 December 2009

	Consolidated 6 months December 2009 A$m	6 months December 2008 A$m
Profit/(loss) after tax	**206.5**	**(602.4)**
Other Comprehensive Income (Net of Tax)		
Movements in fair value revaluation reserve		
Revaluation gain/(loss)	6.1	(19.8)
Revaluation gain transferred to the income statement on asset disposal	(1.0)	
Effective fair value hedge		(5.4)
Effect of foreign exchange rate movements	(0.5)	5.2
Revaluation loss on asset impairment transferred to the income statement	4.0	
Movements in hedging reserve		
Effective cash flow hedges on investments accounted for using the equity method	(17.9)	(73.3)
Other effective cash flow hedges	(0.1)	2.7
Transfer of ineffective cash flow movement to income statement	0.1	
Effect of foreign exchange rate movements on investments accounted for using the equity method	7.7	4.2
Movements in foreign currency translation reserve		
Foreign currency translation differences attributable to foreign operations	(107.0)	298.5
Foreign currency translation differences transferred to the income statement on return of capital	0.3	0.2
Movements in non controlling interest acquisition reserve		
Effect of foreign exchange rate movements	16.6	(33.0)
	(91.7)	**179.3**
Total comprehensive income after tax	**114.8**	**(423.1)**
Total comprehensive income after tax attributable to:		
Members of Lend Lease Corporation Limited	116.9	(418.3)
Non controlling interests attributable to unit holders of Lend Lease Trust		
Total comprehensive income after tax attributable to security holders	**116.9**	**(418.3)**
Other non controlling interests	(2.1)	(4.8)
Total comprehensive income after tax	**114.8**	**(423.1)**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Financial Position

As at 31 December 2009

	Note	Consolidated December 2009 A$m	Consolidated June 2009 A$m
Current Assets			
Cash and cash equivalents	9	967.5	1,120.8
Loans and receivables	10	1,638.6	2,265.0
Inventories	11	494.9	564.9
Other financial assets	14	93.0	87.2
Other assets		71.8	67.8
Total current assets		**3,265.8**	**4,105.7**
Non Current Assets			
Loans and receivables	10	319.1	495.1
Inventories	11	1,120.7	1,201.2
Investments accounted for using the equity method	12	842.4	1,059.4
Investment properties	13	2,609.9	147.7
Other financial assets	14	413.1	384.4
Deferred tax assets	6c	64.2	209.2
Property, plant and equipment	15	372.6	130.1
Intangible assets	16	687.7	526.0
Defined benefit plan asset		28.5	30.0
Other assets		43.2	30.6
Total non current assets		**6,501.4**	**4,213.7**
Total assets		**9,767.2**	**8,319.4**
Current Liabilities			
Trade and other payables	17	3,042.0	3,797.2
Resident and accommodation bond liabilities	18	1,847.0	
Borrowings and financing arrangements	19	133.9	
Provisions	20	213.8	227.2
Current tax liabilities	6b	14.7	27.7
Other financial liabilities	21	11.4	29.8
Other non financial liabilities		0.2	0.2
Total current liabilities		**5,263.0**	**4,082.1**
Non Current Liabilities			
Trade and other payables	17	236.8	220.8
Borrowings and financing arrangements	19	1,414.6	1,125.0
Provisions	20	75.2	50.0
Deferred tax liabilities	6c	44.6	156.3
Other financial liabilities	21	168.9	191.6
Other non financial liabilities		2.2	0.6
Defined benefit plan liability		33.9	45.7
Total non current liabilities		**1,976.2**	**1,790.0**
Total liabilities		**7,239.2**	**5,872.1**
Net assets		**2,528.0**	**2,447.3**
Equity			
Issued capital	22	1,226.3	1,195.9
Treasury securities	22	(73.1)	(63.2)
Reserves		(53.7)	34.3
Retained earnings	23	1,388.7	1,238.5
Total equity attributable to members of Lend Lease Corporation Limited		**2,488.2**	**2,405.5**
Non controlling interests attributable to unit holders of Lend Lease Trust		0.5	
Total equity attributable to security holders		**2,488.7**	**2,405.5**
Other non controlling interests		39.3	41.8
Total equity		**2,528.0**	**2,447.3**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity
Half Year ended 31 December 2009

	Note	Consolidated 6 months December 2009 A$m	Consolidated 6 months December 2008 A$m
Issued Capital and Treasury Securities			
Issued Capital			
Opening balance at beginning of financial period		1,195.9	854.7
Transactions with owners for the period			
Distribution Reinvestment Plan (DRP)		30.4	25.3
Closing balance at end of financial period	22	**1,226.3**	**880.0**
Treasury Securities			
Opening balance at beginning of financial period		(63.2)	(62.6)
Transactions with owners for the period			
Treasury securities acquired		(1.2)	(2.4)
Treasury securities vested		10.1	8.6
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve		(18.8)	
Closing balance at end of financial period	22	**(73.1)**	**(56.4)**
Total issued capital and treasury securities		**1,153.2**	**823.6**
Reserves			
Fair Value Revaluation Reserve			
Opening balance at beginning of financial period		44.5	81.1
Comprehensive income for the period			
Revaluation gain/(loss) taken to equity (net of tax)		6.1	(19.8)
Revaluation gain transferred to income statement on asset disposal (net of tax)		(1.0)	
Effective fair value hedge			(5.4)
Effect of foreign exchange rate movements		(0.5)	5.2
Revaluation loss on asset impairment transferred to the income statement		4.0	
Closing balance at end of financial period		**53.1**	**61.1**
Hedging Reserve			
Opening balance at beginning of financial period		(58.1)	(6.8)
Comprehensive income for the period			
Movements attributable to effective cash flow hedges on investments accounted for using the equity method (net of tax)		(17.9)	(73.3)
Movements attributable to other effective cash flow hedges (net of tax)		(0.1)	2.7
Transfer of ineffective cash flow hedge movement to income statement		0.1	
Effect of foreign exchange rate movements on investments accounted for using the equity method		7.7	4.2
Closing balance at end of financial period		**(68.3)**	**(73.2)**
Foreign Currency Translation Reserve			
Opening balance at beginning of financial period		(25.7)	(152.0)
Comprehensive income for the period			
Movements attributable to translation of foreign operations		(107.0)	298.5
Transfer of foreign currency translation reserve to income statement on return of capital		0.3	0.2
Closing balance at end of financial period		**(132.4)**	**146.7**
Equity Compensation Reserve			
Opening balance at beginning of financial period		35.6	33.6
Transactions with owners for the period			
Movements attributable to allocation and vesting of securities		(0.6)	(2.9)
Movement on allocated treasury securities		4.3	
Closing balance at end of financial period		**39.3**	**30.7**
Other Compensation Reserve			
Closing balance at beginning and end of financial period		**54.4**	**54.4**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity continued

Half Year ended 31 December 2009

	Note	Consolidated 6 months December 2009 A$m	Consolidated 6 months December 2008 A$m
Capital Reserve			
Balance at beginning and end of financial period		**104.6**	**104.6**
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial period		(121.0)	(107.7)
Comprehensive income for the period			
Effect of foreign exchange rate/other movements		16.6	(33.0)
Closing balance at end of financial period		**(104.4)**	**(140.7)**
Total reserves		**(53.7)**	**183.6**
Retained Earnings			
Opening balance at beginning of financial period		1,238.5	2,126.1
Profit/(loss) attributable to members of Lend Lease Corporation Limited		204.9	(596.4)
Transactions with owners for the period			
Distributions paid		(43.3)	(111.1)
Distributions on treasury securities		4.5	9.5
Distributions under DRP		(30.4)	(25.3)
Movement on allocated treasury securities recognised directly in retained earnings		14.5	1.8
Closing balance at end of financial period	23	**1,388.7**	**1,404.6**
Non Controlling Interests Attributable to Unit Holders of Lend Lease Trust (LLT)			
Transactions with owners for the period			
Movements attributable to the stapling of LLT units to the Company shares		0.5	
Closing balance at end of financial period		**0.5**	**–**
Other Non Controlling Interests			
Opening balance at beginning of financial period		41.8	56.0
Profit/(loss) attributable to non controlling interests		1.6	(6.0)
Transactions with owners for the period			
Movements attributable to dividends/distributions received		(0.4)	
Effect of foreign exchange rate/other movements		(3.7)	0.2
Closing balance at end of financial period[1]		**39.3**	**50.2**
Total equity		**2,528.0**	**2,462.0**
Total Comprehensive Income After Tax for the Financial Period			
Attributable to:			
Members of Lend Lease Corporation Limited		116.9	(418.3)
Non controlling interests attributable to unit holders of LLT			
Total comprehensive income after tax attributable to security holders		**116.9**	**(418.3)**
Other non controlling interests		(2.1)	(4.8)
Total comprehensive income after tax		**114.8**	**(423.1)**

1 Primarily relates to Chelmsford Meadows Limited Partnership 25% (June 2009: 25%) and Lend Lease Twin Waters Resort Pty Limited 49% (June 2009: 49%).

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Cash Flows

Half Year ended 31 December 2009

	Note	Consolidated 6 months December 2009 A$m	6 months December 2008 A$m
Cash Flows from Operating Activities			
Cash receipts in the course of operations		6,051.9	7,104.9
Cash payments in the course of operations		(6,014.1)	(6,782.9)
Property development receipts		301.2	236.0
Property development expenditure		(201.1)	(300.0)
Interest received		21.8	36.9
Interest paid		(46.8)	(60.9)
Dividends/distributions received		42.4	46.9
Income tax paid in respect of operations		(48.0)	(85.9)
Net cash provided by operating activities		**107.3**	**195.0**
Cash Flows from Investing Activities			
Sale/redemption of investments		106.3	48.0
Acquisition of investments		(103.9)	(244.0)
Acquisition of investment properties		(19.0)	(0.2)
Disposal of other assets			1.6
Net loans to related parties		(5.3)	(54.2)
Acquisition of non controlling interest			(1.0)
Acquisition of consolidated entities (net of cash acquired)		(170.7)	(0.2)
Disposal of consolidated entities (net of cash disposed)			10.8
Disposal of property, plant and equipment		0.2	1.0
Acquisition of property, plant and equipment		(4.9)	(14.8)
Acquisition of intangible assets		(66.4)	(24.9)
Net cash used in investing activities		**(263.7)**	**(277.9)**
Cash Flows from Financing Activities			
Proceeds from borrowings		565.5	810.8
Repayment of borrowings		(445.6)	
Distributions paid		(38.3)	(101.6)
Distribution paid to non controlling interest		(0.4)	
Net cash provided by financing activities		**81.2**	**709.2**
Other Cash Flow Items			
Effect of foreign exchange rate movements on cash and cash equivalents		(78.1)	94.2
Net (decrease)/increase in cash and cash equivalents		**(153.3)**	**720.5**
Cash and cash equivalents at beginning of financial period		**1,120.8**	**842.8**
Cash and cash equivalents at end of financial period	9	**967.5**	**1,563.3**

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 half year financial report of the Company for the half year ended 31 December 2009 comprises the Company and its controlled entities including Lend Lease Trust ('LLT') (together referred to as the 'consolidated entity' or the 'Group').

Following shareholder approval on 12 November 2009 the shares of the Company and the units in LLT were combined as stapled securities. From 13 November 2009 the shares in the Company and units in the Trust have been traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX') and the New Zealand Stock Exchange ('NZX'). LLT was 100% owned by the Company prior to approval of the stapling proposal. Units in LLT were subsequently distributed to Lend Lease Corporation Limited shareholders as an 'in specie' dividend. The Company is deemed to control LLT and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented as non controlling interests in the consolidated entity statement of financial position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

The consolidated half year financial report was authorised for issue by the Directors on 25 February 2010.

1.1 Statement of Compliance

The consolidated half year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*. The consolidated half year financial report of the Group also complies with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The consolidated half year financial report should be read in conjunction with the 30 June 2009 annual consolidated financial report and any public announcements by the Company and its consolidated entities during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*. The consolidated half year financial report does not include all of the information required for a full financial report.

Certain comparative amounts have been reclassified to conform with the current period presentation.

1.2 Basis of Preparation

The consolidated half year 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, available for sale investments, investment property and liabilities for cash settled share based compensation plans.

The preparation of an interim financial report that complies with AASB 134 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.

The accounting policies have been consistently applied by all entities in the consolidated entity and are consistent with those applied in the 30 June 2009 annual consolidated financial report except as indicated below.

Following Court approval on 15 December 2009, Lend Lease acquired 100% of Lend Lease Primelife Group ('Primelife'). Refer to Note 25a. 'Consolidated Entities' for further details. The significant additional accounting policies impacting the Group during the half year as a result of this acquisition are as follows:

- Deferred Management Fees Receivable

  Deferred management fees receivable represent amounts owed to the Group in connection with resident occupancy at retirement villages subject to long-term management agreements. Deferred management fees receivable are calculated in accordance with resident contracts.

- Accommodation Bond Retentions Receivable

  Accommodation Bond retentions receivable represent amounts owed to the Group in connection with resident occupancy at aged care facilities or nursing homes, and calculated in accordance with resident contracts.

- Resident and Accommodation Bond Liabilities

  Resident liabilities

  This represents an amount paid by residents to occupy apartments and units classified as investment property. Resident liabilities are measured at face value, representing the principal amount plus the resident's share of capital gains based on market values of the underlying property at balance date, less deferred management fees.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.2 Basis of Preparation continued

Resident liabilities are non interest bearing and are repayable out of the amounts paid by the incoming residents. These are classified as current liabilities because any resident may depart within 12 months, notwithstanding that history has shown that residents stay for an average period of 11 years in Independent Living Units (ILUs) and five years in serviced apartments.

Accommodation Bonds

Accommodation bonds are paid typically by residents of low care aged care beds. Accommodation bonds are recognised at an amount equal to the proceeds received and are non interest bearing liabilities. Accommodation bonds are also classified as current liabilities because they are repayable following departure of the resident from the facility, notwithstanding that history has shown that residents stay for an average period of four years.

- Approved Provider Aged Care Places (Bed Licences)

  Bed licences held by the Group include owned and managed bed licences. Of the owned bed licences, only those acquired from third parties are recognised on balance sheet and are initially recorded at cost. All owned bed licences are assessed as having an indefinite useful life and therefore are not subject to amortisation but are impairment tested annually (at the same time every year) in accordance with AASB 136 *'Impairment of Assets'*. These licences are issued by the Federal Government to approved providers, and can also be purchased from third parties or managed on their behalf. Holders of bed licences receive Federal Government funding in accordance with predetermined rates.

As a result of new and revised accounting standards which became operative for the annual reporting period commencing 1 July 2009, the Group has revised its policies in relation to the following:

- Revised AASB 123 '*Borrowing Costs*' and AASB 2007-6 '*Amendments to Australian Accounting Standards arising from AASB 123*' have been applied prospectively from 1 July 2009. These standards remove the option to expense borrowing costs and require borrowing costs, both general and specific, directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. Previously, general borrowing costs had been expensed when incurred. The adoption of the standards for the half year ended 31 December 2009 has had no financial impact as there are no qualifying assets to which borrowing costs have been directly attributed during the period.
- AASB 140 *'Investment Property'* has been amended by AASB 2008-5 '*Amendments to Australian Accounting Standards arising from the Annual Improvements Process*' to include properties that are under construction or land held for/under development for future use as investment properties. These investment properties are to be measured at fair value unless fair value cannot yet be reliably determined. This is different from previous periods, where properties under construction were accounted for at cost, less any accumulated impairment, and presented under property, plant and equipment until completion of construction. The Group has used the fair value model to account for its investment properties, including investment property under construction. The amendment has been applied prospectively from 1 July 2009. The adoption of the standard for the half year ended 31 December 2009 impacted the following areas:
  - Communities activities - other expenses: A$1.4 million increase; and
  - Investment property: A$9.8 million increase.

  The decrease on the basic and diluted earning per share was 0.3 cents for shares excluding treasury shares and 0.3 cents for shares on issue for the half year ended 31 December 2009.
- AASB 8 '*Operating Segments*' and AASB 2007-3 '*Amendments to Australian Accounting Standards arising from AASB 8*' have been applied retrospectively from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, who has been identified as the Managing Director. The changes implemented are from a disclosure perspective in Note 26. Segment Reporting. There has been no impact on the financial results or measurement of assets and liabilities for the half year ended 31 December 2009.
- Revised AASB 3 '*Business Combinations*' and AASB 2008-3 '*Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*' have been applied prospectively from 1 July 2009. These standards change the application of acquisition accounting for business combinations and the accounting for non controlling (minority) interests. The significant changes are:
  - All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were recognised only when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.2 Basis of Preparation continued

- Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in the goodwill assessment.
- Non controlling interests in an acquiree are now recognised either at fair value or at the non controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition by acquisition basis. Under the previous policy, the non controlling interest was always recognised at its share of the acquiree's net assets.

These standards were applied for the half year ended 31 December 2009 to the acquisition of Primelife and impacted the following areas:

- Communities activities - other expenses: $5.0 million increase.

The decrease in the basic and diluted earnings per share was 1.2 cents for shares excluding treasury shares and 1.1 cents for shares on issue for the half year ended 31 December 2009.

- The Group has adopted for the first time AASB Interpretation 15 *'Agreements for the Construction of Real Estate'* from 1 July 2009. AASB Interpretation 15 clarifies whether AASB 118 *'Revenue'* or AASB 111 *'Construction Contracts'* should be applied to particular transactions. The Group has reviewed its current agreements for the sale of real estate based on the new guidance and has concluded that there would be no change to the accounting for these agreements upon application of AASB Interpretation 15. Accordingly there is no material impact on the Group's financial results.

	Consolidated	
	December 2009 A$m	December 2008 A$m
2. Revenue		
a. Revenue from the Sale of Development Properties	**280.5**	**129.9**
b. Revenue from the Provision of Services		
Retail	30.4	30.5
Communities	48.0	41.3
Public Private Partnerships	578.6	701.5
Investment Management	20.6	28.9
Project Management and Construction	4,528.8	6,753.3
Total revenue from the provision of services	**5,206.4**	**7,555.5**
c. Finance Revenue		
Interest Income		
Related parties	20.8	14.3
Other corporations	12.6	35.2
	33.4	**49.5**
Interest discounting	2.6	7.1
Total finance revenue	**36.0**	**56.6**
d. Other Revenue		
Rental income	30.6	39.3
Hotel revenue	23.9	26.5
Dividends/distributions received	7.2	8.6
Other	8.7	12.2
Total other revenue	**70.4**	**86.6**
Total revenue	**5,593.3**	**7,828.6**

Notes to the Consolidated Financial Statements continued

	Note	Consolidated December 2009 A$m	Consolidated December 2008 A$m
3. Other Income			
Discount on acquisition of controlled entity	25a	48.3	
Net gain on disposal of investments accounted for using the equity method		41.7	
Net gain on disposal of other assets and liabilities		4.2	54.3
Net gain on disposal of available for sale financial assets		1.0	
Fair value gain on derivative contracts held for trading		10.4	0.3
Fair value gain on remeasurement of investment properties		3.1	
Total other income		**108.7**	**54.6**
4. Finance costs			
Finance costs			
Non interest finance costs		**2.2**	**1.9**
Interest finance costs			
Related parties		0.3	0.6
Other corporations		30.7	48.2
		31.0	**48.8**
Interest discounting		1.5	0.2
Total finance costs		**34.7**	**50.9**
5. Other Operating (Income) and Expenses			
(Profit)/loss before income tax has been determined after:			
Depreciation and amortisation		21.9	15.7
Net loss on sale of property, plant and equipment		0.7	
Net defined benefit plan expense/(income)		15.8	(37.7)
Net foreign exchange (gain)/loss		(3.3)	14.4
Fair value loss on remeasurement of investment properties		5.6	32.3
Fair value loss on equity derivative swap			51.2
Expenses include impairments/provisions raised/(written back) relating to:			
Loans and receivables			
Related party entities		(0.2)	82.8
Other		22.0	11.0
Property inventories		(1.6)	229.1
Investments accounted for using the equity method		(4.6)	33.2
Other financial assets		5.2	3.0
Property, plant and equipment			4.8
Goodwill			252.9
Employee benefits		14.3	20.7
Maintenance and warranty		0.6	24.1
Restructure (including employee terminations)		16.6	46.1
Other provisions		14.4	1.4

Notes to the Consolidated Financial Statements continued

	Consolidated December 2009 A$m	Consolidated December 2008 A$m
6. Taxation		
a. Income Tax Expense/(Benefit)		
Recognised in the Income Statement		
Current Tax Expense/(Benefit)		
Current period	83.3	80.7
Adjustments for prior years	(0.2)	0.6
Benefits of tax losses recognised	(39.3)	(19.2)
	43.8	**62.1**
Deferred Tax Expense/(Benefit)		
Origination and reversal of temporary differences	39.0	(132.5)
Total income tax expense/(benefit)	**82.8**	**(70.4)**
Reconciliation of Income Tax Expense/(Benefit)		
Profit/(loss) before tax	289.3	(672.8)
Income tax using the domestic corporation tax rate (30%)	**86.8**	**(201.8)**
Non assessable dividends	(0.1)	(0.4)
Non assessable income	(6.9)	(3.8)
Loss accounted for using the equity method	(3.3)	(4.2)
Non allowable expenses	5.6	83.9
Capital gain on tax consolidation of Lend Lease Primelife Trust	27.7	
Recognition of previously unrecognised capital losses	(27.7)	
Other net recovery of tax losses	(10.6)	(0.3)
Tax temporary differences not recognised in the period	1.3	66.8
Temporary differences written off/(recognised/recovered)	13.8	(14.2)
Variation in tax rates	3.6	(2.6)
Other	(7.2)	5.6
(Over)/under provision in prior periods	(0.2)	0.6
Income tax expense/(benefit)	**82.8**	**(70.4)**
Deferred Tax Recognised Directly in Equity		
Relating to:		
Fair value revaluation reserve	2.2	(2.3)
Hedging reserve	(0.4)	
Foreign currency translation reserve on equity accounted investment	(3.1)	9.1
	(1.3)	**6.8**

	Consolidated December 2009 A$m	Consolidated June 2009 A$m
b. Current Tax Liabilities	**14.7**	**27.7**

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

Notes to the Consolidated Financial Statements continued

6. Taxation continued

c. Deferred Tax Assets and Liabilities

	Consolidated			
	December 2009		June 2009	
	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	24.1	(10.2)	21.4	(11.4)
Inventories	47.0	(180.1)	45.9	(199.5)
Other financial assets	3.7	(29.9)	12.1	(38.1)
Other assets	0.1	(0.4)		(0.7)
Investments accounted for using the equity method	10.7	(155.4)	19.7	(165.5)
Property, plant and equipment	21.4	(0.6)	22.8	(0.4)
Intangible assets	0.2	(0.1)	0.1	
Defined benefit plan asset		(8.5)		(9.0)
Trade and other payables	75.2	(2.8)	96.9	(0.1)
Provisions	61.7		69.1	
Other financial liabilities	1.7			
Defined benefit plan liability	9.5		12.8	
Unused revenue tax losses recognised	137.0		169.8	
Items with a tax base but no carrying value	60.3	(45.0)	49.7	(42.7)
Total deferred tax assets/(liabilities)	**452.6**	**(433.0)**	**520.3**	**(467.4)**
Deferred tax set off	**(388.4)**	**388.4**	**(311.1)**	**311.1**
Net deferred tax assets/(liabilities)	**64.2**	**(44.6)**	**209.2**	**(156.3)**

	Consolidated	
	December 2009 A$m	June 2009 A$m
Unrecognised Deferred Tax Assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	42.8	70.4
Revenue losses	93.1	108.0
Deductible temporary differences	156.7	165.3
Total unrecognised deferred tax assets	**292.6**	**343.7**

Notes to the Consolidated Financial Statements continued

	Cents Per Share	Franked Amount Per Share %	Company 6 months December 2009 A$m	Company 6 months December 2008 A$m
7. Distributions[1,2]				
Parent Company Interim Dividend				
December 2009 – declared subsequent to reporting date (payable 31 March 2010)[3]	20.0	100	92.2	
November 2009 – dividend 'in specie' of LLT units[4]	0.1	100	0.5	
December 2008 – paid 1 April 2009	25.0	60		113.5
			92.7	**113.5**

	Cents Per Share	Franked Amount Per Share %	6 months June 2009 A$m	6 months June 2008 A$m
Parent Company Final Dividend				
June 2009 - paid 25 September 2009	16.0	100	73.2	
June 2008 - paid 26 September 2008	34.0	45		136.4
			73.2	**136.4**

1 No distributions were declared by Lend Lease Trust (LLT) for the half year ended 31 December 2009.
2 Includes distributions paid on treasury shares. Refer to Note 23. 'Retained Earnings' for further details regarding the impact of treasury shares on distribution payments and retained earnings.
3 No provision for this distribution has been recognised in the statement of financial position at 31 December 2009 as it was declared after the end of the financial period.
4 Following shareholder approval on 12 November 2009 the shares of the Company and the units in LLT have been combined as stapled securities. From 13 November 2009 the stapled securities have been traded as one security on the Australian Securities Exchange ('ASX') and the New Zealand Stock Exchange ('NZX'). LLT was 100% owned by the Company prior to approval of the stapling proposal. Following shareholder approval, the units in LLT were distributed to Lend Lease Corporation Limited shareholders via an 'in specie' dividend.

		Consolidated December 2009 Shares Excluding Treasury Shares	Consolidated December 2009 Shares on Issue	Consolidated December 2008 Shares Excluding Treasury Shares	Consolidated December 2008 Shares on Issue
8. Earnings Per Share/Stapled Security[1]					
Basic/Diluted Earnings Per Share (EPS)					
Profit/(loss) attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A$m	**204.9**	**204.9**	**(596.4)**	**(596.4)**
Weighted average number of ordinary shares	m	**429.3**	**459.3**	**372.5**	**402.5**
Basic/diluted EPS	cents	**47.7**	**44.6**	**(160.1)**	**(148.2)**

1 The earnings per stapled security is equivalent to the earnings per share for the period to 31 December 2009 as the earnings attributable to LLT for the same period was nil.

	Consolidated December 2009 A$m	Consolidated June 2009 A$m
9. Cash and Cash Equivalents		
Cash	331.0	289.3
Short term investments	636.5	831.5
Total cash and cash equivalents	**967.5**	**1,120.8**

Short term investments earn variable rates of interest which averaged 2.2% per annum during the half year ended 31 December 2009 (31 December 2008: 4.5%).

Notes to the Consolidated Financial Statements continued

	Note	Consolidated December 2009 A$m	Consolidated June 2009 A$m
10. Loans and Receivables			
Current			
Trade debtors		1,053.0	1,464.9
Less: Impairment		(50.8)	(39.2)
		1,002.2	**1,425.7**
Related parties		44.7	106.8
Less: Impairment		(9.9)	(15.5)
Managed property funds		27.7	22.3
Retentions		324.1	410.5
Other receivables		261.4	317.8
Less: Impairment		(11.6)	(2.6)
		1,638.6	**2,265.0**
Non Current			
Related parties		375.4	526.8
Less: Impairment		(174.0)	(165.5)
Retentions		34.4	68.1
Other receivables		83.7	66.2
Less: Impairment		(0.4)	(0.5)
		319.1	**495.1**
Total loans and receivables		**1,957.7**	**2,760.1**
11. Inventories			
Current			
Development properties at the lower of cost and net realisable value	11a	244.1	327.4
Construction work in progress		250.8	237.5
Total current		**494.9**	**564.9**
Non Current			
Development properties at the lower of cost and net realisable value	11a	1,120.7	1,201.2
Total inventories		**1,615.6**	**1,766.1**
a. Development Properties (Completed and Work in Progress)			
Total development properties comprises:			
Bluewater, Kent, UK		444.2	506.2
Communities, Australia		657.9	704.6
Urban Communities (Crosby), UK		161.5	244.9
Senior Living Projects, Australia		76.7	50.6
Other		24.5	22.3
Total development properties		**1,364.8**	**1,528.6**

Notes to the Consolidated Financial Statements continued

12. Investments Accounted for Using the Equity Method

	Interest		Consolidated Share of Profit/(Loss) After Tax				Consolidated Net Book Value			
			December 2009		December 2008		December 2009		June 2009	
	December 2009 %	June 2009 %	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		6.1		(58.9)		367.4		427.0
Performance Retail Limited Partnership	33.3	33.3	1.3		(15.6)		42.4		48.2	
CDR JV Ltd (313@ Somerset, Singapore)	25.0	25.0	35.0				89.2		56.2	
Preston Tithebarn Unit Trust	50.0	50.0		(1.6)				3.5		38.9
Warrington Retail Limited Partnership	50.0	50.0		(6.0)		(67.8)		18.8		26.5
Other			0.3		(0.2)		6.8		7.2	
			36.6	**(1.5)**	**(15.8)**	**(126.7)**	**138.4**	**389.7**	**111.6**	**492.4**
Communities										
Lend Lease Primelife Group[1]	100.0	43.2	3.7						196.8	
Caroline Springs Joint Venture	50.0	50.0		5.2		4.9		24.7		23.7
Pyrmont Trust (Jacksons Landing)	50.0	50.0		(0.1)		2.0		16.7		14.5
Casey 2 Joint Venture (Springbank Rise)	50.0	50.0						19.7		15.2
Other				6.2	(1.9)	2.8		48.7		31.7
			3.7	**11.3**	**(1.9)**	**9.7**	**–**	**109.8**	**196.8**	**85.1**
Public Private Partnerships										
Catalyst Healthcare (Manchester) Holdings Ltd	50.0	50.0		1.2		2.3		12.3		12.6
Pinnacle Australia SA Unit Trust	50.0		(1.0)				12.4			
Other			0.6	1.5	0.7	9.5	0.4		0.6	7.8
			(0.4)	**2.7**	**0.7**	**11.8**	**12.8**	**12.3**	**0.6**	**20.4**
Investment Management										
Lend Lease Overgate Partnership	30.7	30.7	5.2		(19.7)		58.8		62.7	
Asia Pacific Investment No. 2 Limited	21.1	21.1	8.5		2.7		105.0		108.8	
Lend Lease Communities Fund 1	20.8	20.8	(0.3)		(0.5)		18.1		17.9	
Other			(0.1)		(0.2)		4.5		4.7	
			13.3	**–**	**(17.7)**	**–**	**186.4**	**–**	**194.1**	**–**
Project Management Construction										
Majadahonda Hospital	25.0	25.0		0.5		1.9		15.8		17.5
Phoenix Constructors	15.0	15.0		0.2		2.8		10.5		10.9
Other			4.9	4.8	5.0	6.2	0.5	9.3	0.5	13.1
			4.9	**5.5**	**5.0**	**10.9**	**0.5**	**35.6**	**0.5**	**41.5**
Total			**58.1**	**18.0**	**(29.7)**	**(94.3)**	**338.1**	**547.4**	**503.6**	**639.4**
Less: Impairment			**–**	**–**	**–**	**–**	**(17.9)**	**(25.2)**	**(18.1)**	**(65.5)**
			58.1	**18.0**	**(29.7)**	**(94.3)**	**320.2**	**522.2**	**485.5**	**573.9**

1 In December 2009 the Group acquired the remaining interest in Primelife which is now classified as a controlled entity. Refer to Note 25a.'Consolidated Entities'.

Notes to the Consolidated Financial Statements continued

	Consolidated December 2009 A$m	Consolidated June 2009 A$m
13. Investment Properties		
Senior Living Properties[1]	**2,389.1**	**–**
Retail Properties		
Chelmsford Meadows Shopping Centre	99.1	109.6
Clarence Dock, Leeds	20.3	27.3
Pakenham Place Shopping Centre	10.4	10.8
	129.8	**147.7**
Assets Under Construction[1]	**91.0**	**–**
Total investment properties	**2,609.9**	**147.7**
14. Other Financial Assets		
Current		
Available for Sale	**14.4**	**15.1**
Fair Value Through Profit or Loss		
Negotiable instruments	**75.5**	**70.8**
Derivatives		
Derivative contracts held for trading	**3.1**	**1.3**
Total current	**93.0**	**87.2**
Non Current		
Available for Sale		
Australian Prime Property Fund	196.1	199.0
Lend Lease Core Plus Fund	42.6	45.2
Lend Lease Retail Partnership	41.1	43.5
Other	101.9	84.3
	381.7	**372.0**
Fair Value Through Profit or Loss		
Unlisted equity investments	**31.4**	**12.4**
Total non current	**413.1**	**384.4**
Total other financial assets	**506.1**	**471.6**
15. Property, Plant and Equipment[1]		
Land, buildings and leasehold improvements	323.1	127.8
Accumulated depreciation and impairment	(29.9)	(41.5)
	293.2	**86.3**
Plant and equipment	170.0	149.0
Accumulated depreciation and impairment	(90.6)	(105.2)
	79.4	**43.8**
Assets under construction		**3.5**
Accumulated impairment		**(3.5)**
	–	**–**
Total property, plant and equipment	**372.6**	**130.1**

1 Increase primarily represents assets recognised upon acquisition of the remaining interest in Primelife in December 2009. Refer Note 25a. ‘Consolidated Entities’.

Notes to the Consolidated Financial Statements continued

	Consolidated	
	December 2009 A$m	June 2009 A$m
16. Intangible Assets		
Goodwill	420.9	477.1
Aged care bed licences[1]	172.0	
Management agreements[1]	75.4	28.9
Other intangibles	19.4	20.0
Total intangible assets	**687.7**	**526.0**
17. Trade and Other Payables		
Current		
Trade creditors	1,828.8	2,270.2
Construction revenue – amounts due to customers	1,055.1	1,356.9
Deposits received in advance	4.8	9.0
Unearned income	37.7	49.0
Unearned premium reserve	7.5	17.4
Insurance claim reserve	6.9	5.3
Related parties	37.5	26.7
Deferred land payments	20.5	24.8
Other	43.2	37.9
	3,042.0	**3,797.2**
Non Current		
Insurance claim reserve	34.4	37.0
Unearned income[1]	26.5	0.6
Related parties	17.3	19.6
Deferred land payments	36.5	35.1
Other	122.1	128.5
	236.8	**220.8**
Total trade and other payables	**3,278.8**	**4,018.0**
18. Resident and Accommodation Bond Liabilities[1]		
Gross resident liabilities	1,865.9	
Deferred management fees receivable on owned sites	(173.5)	
Total resident liabilities[2]	**1,692.4**	–
Accommodation bond liabilities	154.6	
Total resident and accommodation bond liabilities[3]	**1,847.0**	–

1 Primarily includes assets/liabilities recognised upon acquisition of the remaining interest in Primelife in December 2009. Refer Note 25a. 'Consolidated Entities'. Aged care bed licences also includes A$63.7 million acquired from Prime Trust in August 2009.

2 Deferred management fees receivable on owned sites are offset against the gross resident liabilities as these amounts are settled net in the same transaction.

3 Resident and accommodation bond liabilities are required to be classified as current liabilities under Australian Accounting Standards, as residents may depart the accommodation at any time, notwithstanding that history has shown that residents stay for an average period of 11 years in Independent Living Units (ILU), five years in Serviced Apartments (SA) and four years in Aged Care facilities. Total resident liabilities of A$1,692.4 million, which is net of deferred management fees receivable, are repayable out of the amounts paid to the Group by incoming residents for the right to occupy Senior Living Properties (comprising both ILU and SA). The fair value of these Senior Living Properties, which are classified as non current assets, was A$2,389.1 million at 31 December 2009 (refer Note 13. Investment Properties).

Notes to the Consolidated Financial Statements continued

	Consolidated December 2009 A$m	Consolidated June 2009 A$m
19. Borrowings and Financing Arrangements		
a. Borrowings		
Current		
Bank credit facilities	**133.9**	–
Non Current		
Commercial notes	849.2	971.9
Bank credit facilities	565.4	153.1
	1,414.6	**1,125.0**
Total borrowings	**1,548.5**	**1,125.0**
b. Finance Facilities		
The Group has access to the following lines of credit:		
Commercial Notes		
Facility available	849.2	971.9
Amount of facility used	(849.2)	(971.9)
Amount of facility unused	–	–
Bank Credit Facilities		
Facility available	1,226.1	755.1
Amount of facility used	(699.3)	(153.1)
Amount of facility unused	**526.8**	**602.0**
Bank Overdrafts		
Facility available	10.0	10.0
Amount of facility used		
Amount of facility unused	**10.0**	**10.0**

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$625.0 million) in the UK, of which £75.0 million (A$133.9 million) was drawn at 31 December 2009 (June 2009: £75.0 million) and a floating rate A$570.0 million committed club facility maturing in December 2011 which was fully drawn at December 2009 and used to partially fund the Primelife acquisition.

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

The Group 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.

Notes to the Consolidated Financial Statements continued

	Consolidated December 2009 A$m	Consolidated June 2009 A$m
20. Provisions		
Current		
Employee benefits	96.0	97.3
Maintenance and warranty	23.5	28.7
Restructure (including employee terminations)	43.8	55.2
Other	50.5	46.0
	213.8	**227.2**
Non Current		
Employee benefits	13.4	11.0
Other	61.8	39.0
	75.2	**50.0**
Total provisions	**289.0**	**277.2**
21. Other Financial Liabilities		
Current		
Forward foreign exchange contracts - held for trading	5.6	29.8
Interest rate swap contracts - held for trading	5.5	
Other	0.3	
Total current	**11.4**	**29.8**
Non Current		
Bluewater lease liability	146.7	167.6
Other	22.2	24.0
Total non current	**168.9**	**191.6**
Total other financial liabilities	**180.3**	**221.4**

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

Notes to the Consolidated Financial Statements continued

22. Issued Capital and Treasury Securities

Issued Capital

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2009		June 2009		December 2009		June 2009	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Issued capital at beginning of financial period	457.6	1,195.9	401.1	854.7				
Movements during financial period								
Share issue via institutional placement, net of transaction costs			50.0	296.2				
Share issue – other			0.1	0.2				
Distribution Reinvestment Plan (DRP)	3.2	30.4	6.4	44.8				
Capital issue to effect stapling of the Company's shares to LLT units					460.8	0.5		
Issued capital at end of financial period	**460.8**	**1,226.3**	**457.6**	**1,195.9**	**460.8**	**0.5**	**–**	**–**

Issued capital for Lend Lease Corporation Limited comprises ordinary shares fully paid.

Following Company shareholder approval on 12 November 2009 the shares of the Company and the units in Lend Lease Trust ('LLT') were combined as stapled securities. From 13 November 2009 the stapled securities have been traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX') and the New Zealand Stock Exchange ('NZX').

The issued units of Lend Lease Trust are not owned by the Company and are therefore presented as non controlling interests in the consolidated statement of financial position within equity.

As at 31 December 2009 the Group had 460.8 million stapled securities on issue equivalent to the number of Lend Lease Corporation shares and Lend Lease Trust units on issue as at that date.

The Group's DRP will be suspended for the interim distribution. The Group's Security Election Plan and Security Purchase Plan remain suspended.

Stapled security holders have the right to receive declared dividends from the Company and distributions from Lend Lease Trust and are entitled to one vote per stapled security at security holders' meetings. Ordinary stapled security holders rank after all creditors in repayment of capital.

The Group does not have authorised capital or par value in respect of its issued stapled securities.

Treasury Securities[1]

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2009		June 2009		December 2009		June 2009	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Balance at beginning of financial period	30.8	63.2	30.1	62.6				
Movements during financial period								
Treasury securities acquired	0.2	1.2	2.1	14.8				
Treasury securities vested	(1.1)	(10.1)	(1.4)	(14.2)				
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve		18.8						
Issue of Lend Lease Trust units upon stapling of the Company shares to Lend Lease Trust units					29.9			
Balance at end of financial period	**29.9**	**73.1**	**30.8**	**63.2**	**29.9**	**–**	**–**	**–**

1 Represents unallocated Lend Lease stapled securities held by employee benefit vehicles, including employee security plans, which Lend Lease sponsors. The value reflects the original historical cost to the Group. The consolidated balance represents the Company shares which are disclosed in the statement of financial position as treasury securities as a reduction of equity. The Lend Lease Trust balance is disclosed in the statement of financial position within non controlling interests attributable to unit holders of Lend Lease Trust.

Notes to the Consolidated Financial Statements continued

	Note	Consolidated December 2009 A$m	June 2009 A$m
23. Retained Earnings			
Retained earnings at beginning of financial period		1,238.5	2,126.1
Profit/(loss) attributable to members of Lend Lease Corporation Limited		204.9	(653.6)
Movement on allocated treasury securities recognised directly in retained earnings		14.5	(0.9)
		1,457.9	**1,471.6**
Distributions paid		(42.8)	(205.1)
Dividend 'in specie' of LLT units	7	(0.5)	
Distributions on treasury securities		4.5	16.8
Distributions forgone pursuant to DRP		(30.4)	(44.8)
Total retained earnings at end of financial period		**1,388.7**	**1,238.5**

24. 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, the Company 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.

Lend Lease has over the years established a range of employee share ownership vehicles which include the Lend Lease Retirement Benefit Fund (RBF) and the Lend Lease Employee Investment Trust (EIT). In the event of a change of control, the RBF and EIT Trustees may distribute the funds of these Trusts to employees who cease to be employees during the 12 months after a change of control. Any payments made need to be funded by these Trusts and cannot exceed the value of the assets of the Trusts. As RBF and EIT are consolidated by the Company, this potential obligation is disclosed as a contingent liability. Full details are disclosed in the 30 June 2009 annual consolidated financial report.

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 the Company). 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 16,257 (comprising 9,830 first named claimants and 6,427 derivative claimants – for example, spouses).

On 12 December 2008 Judge Hellerstein made orders to bring 30 expedited cases to trial with an anticipated hearing date of May 2010. On 21 January 2010, Judge Hellerstein made further orders to reduce the number of expedited cases to 12 with trials anticipated to commence in May 2010. Four of these cases will be selected by the claimants, four by the defendants and four by the Court. Preparation for these trials 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 and other defendants have also benefited from certain 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 April 2009, Bovis Lend Lease 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. Until the investigation is complete, it is not possible to quantify what the financial consequences associated with this matter will be.

Lend Lease has engaged independent advisers to conduct a review of Bovis Lend Lease's practices and has recognised a provision to cover legal costs and make-good payments.

Notes to the Consolidated Financial Statements continued

	Ownership Interest Acquired %	Date Acquired
25. Consolidated Entities		
a. Acquisitions		
During the period, the consolidated entity acquired an interest in the following entities:		
December 2009		
Lend Lease Trust (formerly Sheffield Diversified Fund No. 2)[1]	100	2 Oct 09
Lend Lease Trust No. 2 (formerly Sheffield Diversified Fund No. 1)[1]	100	2 Oct 09
Lend Lease Responsible Entity Limited (formerly Sheffield Funds Management Limited)	100	2 Oct 09
Communities		
Lend Lease Primelife Group[2]	56.8	15 Dec 09
December 2008		
Communities		
Lend Lease Villages Responsible Entity Limited	100	22 Oct 08

1 On 2 October 2009, Lend Lease Corporation Limited acquired 100% of the voting interests in Lend Lease Trust and Lend Lease Trust No. 2. Subsequent to the acquisition of Lend Lease Trust, the units of Lend Lease Trust were stapled to shares in Lend Lease Corporation Limited as set out in Note 1.

2 At 30 June 2009, the Group owned 43.2% of Primelife which was classified as a equity accounted associate. Refer to Note 12. 'Investments Accounted for Using the Equity Method'.

	Fair Value A$m
Acquisition of Lend Lease Responsible Entity Limited	
Acquisition Cost	
Cash paid for acquisition	**0.2**
Net Assets of Entity Acquired	
Intangible asset (Australian Financial Services Licence)	0.2
Net assets acquired	**0.2**

On 2 October 2009, the Group acquired all of the shares in Lend Lease Responsible Entity Limited for A$0.2 million in cash. The entity's principal activity is to be the responsible entity of Lend Lease Trust and Lend Lease Trust No. 2. From acquisition date to 31 December 2009, the revenue and profit contributed to the Group is immaterial.

Acquisition of Lend Lease Primelife Group

Following court approval on 15 December 2009 ('acquisition date'), the Group obtained control of Lend Lease Primelife Group ('Primelife'), an owner and operator of senior living communities. This transaction resulted in the Group's equity ownership in Primelife increasing from 43.2% to 100%.

The transaction was completed via a Scheme of Arrangement and Trust Scheme. The acquisition is in line with Lend Lease's strategy to increase the Group's exposure to the retirement sector.

An initial interest held by the Group in Primelife of 43.2% at 30 June 2009 was recorded as an equity accounted investment. At the date of acquiring the remaining 56.8%, this initial interest was remeasured to fair value in accordance with Australian Accounting Standards:

	A$m
Carrying value of equity accounted investment as at acquisition date	200.5
Fair value of investment as at acquisition date	183.0
(Loss) on remeasurement to fair value	**(17.5)**

Notes to the Consolidated Financial Statements continued

25. Consolidated Entities continued

a. Acquisitions continued

Acquisition of Lend Lease Primelife Group continued

This loss has been recognised in Communities activities – other expenses in the Group income statement.

The carrying value of management agreements with Primelife of A$15.6 million has been written off due to the acquisition. These agreements were previously recorded as intangible assets and the write off has been reflected in Communities activities - other expenses in the Group income statement.

The amounts recognised as at the acquisition date for the wholly owned interest in each major class of identifiable assets and liabilities of Primelife were:

	Fair Value A$m
Cash and cash equivalents	21.9
Receivables	24.5
Inventories	31.7
Property, plant and equipment	264.1
Investment properties	2,451.6
Deferred tax assets	15.6
Equity accounted investments	16.9
Intangible assets	172.8
Other assets	1.4
Resident and accommodation bond liabilities	(1,847.0)
Borrowings	(445.6)
Payables	(223.3)
Provisions	(34.4)
Other liabilities	(26.9)
Total net identifiable assets	423.3
Total consideration transferred	192.0
Fair value of previous interest in Primelife	183.0
Discount on acquisition	48.3

The discount on acquisition is based on the Group's assessment of the fair value of the identifiable net assets at acquisition date which exceeded the consideration paid to acquire the remaining 56.8% equity interest. This amount has been reflected in Other Income in the Group income statement. The consideration of A$192.0 million paid to acquire this interest consisted entirely of cash.

The net cash outflow for the Group, excluding transaction costs, due to the acquisition was as follows:

	A$m
Cash consideration	192.0
Cash acquired	(21.9)
Net cash outflow	**170.1**

Transaction costs of A$5.0 million have been included in Communities activities – other expenses in the Group income statement.

Gross contractual amounts due for receivables of A$33.7 million comprises A$11.2 million of trade receivables and A$22.5 million of settlement funds receivables/sundry debtors. Of the total amount outstanding, A$9.2 million was expected to be uncollectible at the acquisition date.

The fair values ascribed to the assets acquired and liabilities assumed at acquisition are considered provisional at 31 December 2009, given the proximity of the acquisition to the period end. If the Group had owned 100% of Primelife for the six months ended 31 December 2009, it is estimated that the Group's consolidated revenue and profit would not have been materially different from the actual results disclosed in the income statement.

Notes to the Consolidated Financial Statements continued

25. Consolidated Entities continued

b. Disposals

December 2009

During the period, there were no disposals of consolidated entities.

	Ownership Interest Disposed %	Date Disposed	Consideration Received A$m
December 2008			
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

26. 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.

The Group has identified various operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments have been aggregated into five reportable segments, being the Group's five strategic business units as shown below. The operating segments have been aggregated on the basis that they exhibit similar long term financial performance and have similar economic characteristics, such as similar average gross margins, and similar operating and competitive risks.

The following summary describes the operations in each of the Group's reportable segments:

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 development of large scale master-planned urban communities, inner city mixed use developments, apartments and the retirement sector. 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

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

Notes to the Consolidated Financial Statements continued

26. Segment Reporting continued

Segment performance is based on operating profit after tax. Operating profit after tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain reportable segments relative to other entities that operate within these industries. The Group does not consider corporate activities to be an operating segment. Financial information regarding the performance of each reportable segment and a reconciliation of these reportable segments to the financial statements is included below.

	Segment Revenue		Operating Profit/(Loss) After Tax (Excluding Minority Interests)	
	December 2009 A$m	December 2008 A$m	December 2009 A$m	December 2008 A$m
Retail	57.4	69.6	31.5	37.4
Communities[1]	363.4	215.5	71.4	71.1
Public Private Partnerships[2]	589.3	712.7	49.5	30.8
Investment Management[3]	27.9	36.8	12.4	20.9
Project Management and Construction[4]	4,529.0	6,754.2	55.9	88.1
Total segment	**5,567.0**	**7,788.8**	**220.7**	**248.3**
Reconciling Items				
Corporate activities	26.3	39.8	(32.8)	(62.9)
Property investment revaluations			17.0	(169.6)
Inventory carrying value adjustments				(190.7)
Goodwill impairments				(252.9)
Other unrealised carrying value adjustments				(150.0)
Restructure and employee termination costs				(48.9)
Net gain on Bovis UK pension scheme curtailment				30.3
Statutory result	**5,593.3**	**7,828.6**	**204.9**	**(596.4)**

1 Includes interest revenue of A$6.6 million (December 2008: A$15.4 million). December 2008 includes dividend income of A$0.8 million.
2 Includes interest revenue of A$10.2 million (December 2008: A$11.2 million).
3 Includes dividend income of A$0.2 million (December 2008: A$0.4 million).
4 December 2008 includes interest income of A$0.6 million.

27. Events Subsequent to Balance Date

The Lend Lease Group plans to undertake an equity raising via a Single-bookbuild Accelerated Renounceable Entitlement Offer ('SAREO') commencing 25 February 2010 and concluding 24 March 2010. The offer will be fully underwritten.

All new securities issued will be fully paid and rank equally with existing Lend Lease Group securities on issue, except that they will not be eligible for an interim distribution declared in respect of the period ended 31 December 2009. The Lend Lease Group expects to raise gross proceeds of A$800.0 million through this offer.

Directors' Declaration

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the financial position of the Company and its controlled entities as at 31 December 2009 and of their performance for the half year ended on that date; and
   b. Complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

D A Crawford, AO
Chairman

S B McCann
Managing Director

Sydney, 25 February 2010

KPMG

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

Report on the financial report

We have reviewed the accompanying half-year financial report of Lend Lease Corporation Limited (the Company) which comprises the consolidated statement of financial position as at 31 December 2009, consolidated statement of comprehensive income, consolidated income statement and consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period ended on that date, a statement of significant accounting policies and other explanatory notes 1 to 27 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with 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 half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lend Lease Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lend Lease Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

KPMG

KPMG

C Hall
Partner

Sydney, 25 February 2010