

Rules 4.1, 4.3

Appendix 4B (equity accounted)

Half yearly/preliminary final report

Introduced 1/12/97. Origin: Appendices 3, 4. Amended 1/7/98, 1/9/99.

Name of entity

Lend Lease Corporation Limited

ACN, ARBN or ARSN

000 226 228

Half yearly
(tick)



Preliminary
final (tick)



Half year/financial year ended ('current period')

Half year ended 31 December 1999

Equity accounted results for announcement to the market

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

\$A millions

Sales (or equivalent operating) revenue (<i>item 1.1.1</i>)	Up	255.8%	to	5,344
Abnormal items after tax attributable to members (<i>item 2.5</i>)	Gain (loss) of			NIL
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (<i>item 1.26</i>)	Up	37.8%	to	288
+Operating profit (loss) after tax attributable to members (<i>item 1.10</i>)	Up	34.0%	to	276
Extraordinary items after tax attributable to members (<i>item 1.13</i>)	Gain (loss) of			NIL
+Operating profit (loss) and extraordinary items after tax attributable to members (<i>item 1.16</i>)	Up	34.0%	to	276
Dividends (distributions)		Amount per security		Franked amount per security at 36% tax
Final dividend (<i>Preliminary final report only - item 15.4</i>)		32¢		32¢
Interim dividend (<i>Half yearly report only - item 15.6</i>)				
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		29¢		29¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)		1 March 2000		
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer to Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) for details of the significant impact on the Consolidated Financial Statements resulting from the adoption of Accounting Standard AASB1038 Life Insurance Business and as well as the impact of major acquisitions during the period. Accounting Standard AASB1038 requires the consolidation of the Statutory Funds of MLC Limited ("MLC") and MLC Lifetime Company Limited ("MLC Lifetime") from 1 July 1999. The MD&A provides a pro-forma Profit & Loss Statement and Balance Sheet prepared on a consistent basis to the previous period (ie excluding the Statutory Funds) to enable a direct comparison to the previous published financial statements.				

+ See chapter 19 for defined terms.

Consolidated profit and loss account

	31 December 1999 \$A millions	31 December 1998- \$A millions
1.1.1 Sales (or equivalent operating) revenue	5,344	1,502
1.2.1 Share of associates' "net profit (loss) attributable to members" (equal to item 16.7)	2	(1)
1.2.2 Other Revenue		296
1.3 Total revenue	5,346	1,797
1.4 +Operating profit (loss) before abnormal items and tax	526	226
1.5 Abnormal items before tax (detail in item 2.4)	-	-
1.6 +Operating profit (loss) before tax (items 1.4 + 1.5)	526	226
1.7 Less tax – See Attachment 1	249	20
1.8 +Operating profit (loss) after tax but before outside +equity interests	277	206
1.9 Less outside +equity interests	1	-
1.10 +Operating profit (loss) after tax attributable to members	276	206
1.11 Extraordinary items after tax (detail in item 2.6)	-	-
1.12 Less outside +equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)	277	206
1.15 +Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	1	-
1.16 +Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)	276	206
1.17.1 Retained profits (accum losses) at beginning of financial period	1028	892
1.17.2 Dividends forgone pursuant to Share Election Plan	12	16
1.18.1 Adjustment resulting from change in accounting policy for investments in associates per AASB 1016: Accounting for Investments in Associates	-	(5)
1.18.2 Adjustment to retained profits at the beginning of the financial period on initial adoption of AASB 1038 – Life Insurance Business	(456)	-
1.19 Aggregate of amounts transferred from reserves	-	-
1.20 Total available for appropriation (<i>carried forward</i>)	860	1,109

Consolidated profit and loss account continued

1.20	Total available for appropriation (<i>brought forward</i>)	860	1,109
1.21	Dividends provided for or paid	163	146
1.22	Aggregate of amounts transferred to reserves	-	-
1.23	Retained profits (accumulated losses) at end of financial period	697	963

Profit restated to exclude amortisation of goodwill

	31 December 1999 \$A millions	31 December 1998 \$A millions	
1.24	+Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	289	209
1.25	Less (plus) outside +equity interests	1	-
1.26	+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	288	209

Intangible, abnormal and extraordinary items

	<i>Consolidated - current period</i>			
	Before tax \$A millions	Related tax \$A millions	Related outside +equity interests \$A millions	Amount (after tax) attributable to members \$A millions
2.1	Amortisation of goodwill	12	-	12
2.2	Amortisation of other intangibles	1	-	1
2.3	Total amortisation of intangibles	13	-	13
2.4	Abnormal items	-	-	-
2.5	Total abnormal items	-	-	-
2.6	Extraordinary items	-	-	-
2.7	Total extraordinary items	-	-	-

Comparison of half year profits

(Preliminary final report only)

	31 December 1999 - \$A millions	31 December 1998 - \$A millions	
3.1	Consolidated +operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly report)	276	206
3.2	Consolidated +operating profit (loss) after tax attributable to members for the 2nd half year	N/a	N/a

+ See chapter 19 for defined terms.

Consolidated balance sheet(a)

(See note 5)

Item 4

	31 December 1999 \$A millions	30 June 1999 \$A millions	31 December 1998 \$A millions
Assets			
Cash and cash equivalents	1,138	621	432
Receivables	2,213	929	1,212
Inventories	2,053	1,969	1,666
Statutory Funds investments	23,097		
Investments	1,404	2,938	2,548
Future income tax benefit	280	230	239
Other property, plant and equipment (net)	160	78	53
Goodwill (net)	783	86	72
Management agreements	600	404	422
Other	64	36	31
Total assets	31,792	7,291	6,675
Liabilities			
Accounts Payable	3,061	1,080	895
Borrowings	2,100	1,210	1,464
Provisions	739	402	337
Policy liabilities	21,821		
Unvested policyholder benefits	238		
Provision for deferred income tax	687	129	117
Other – Deferred Settlement on Acquisition	152	151	43
Other	857	850	546
Total liabilities	29,655	3,822	3,402
Net assets	2,137	3,469	3,273
Equity			
Capital	1,292	1,262	1,263
Reserves	98	1,162	1,030
Retained profits (accumulated losses)	697	1,028	963
4.1 Equity attributable to members of the parent entity	2,087	3,452	3,256
Outside ⁺ equity interests in controlled entities	50	17	17
Total equity	2,137	3,469	3,273
Preference capital included as part of equity attributable to members of the parent entity	NIL	NIL	NIL

(a) The adoption of Australian Accounting Standard AASB1038 Life Insurance Business requires the consolidation of the Statutory Funds. As result the Consolidated Balance Sheet is presented in order of liquidity which reflects the inclusion of the Statutory Funds, which are prepared on a liquidity order basis. The Australian Securities and Investment Commission ("ASIC") issued an Order on 27 January 2000, which approved this approach.

+ See chapter 19 for defined terms.

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	31 December 1999 \$A millions	31 December 1998 - \$A millions
5.1 Opening balance		
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisitions, disposals, revaluation increments, etc.		
5.5 Expenditure transferred to Development Properties		
5.6 Closing balance as shown in the consolidated balance sheet (item 4.11)	N/A	N/A

Development properties

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

	31 December 1999 \$A millions	31 December 1998 - \$A millions
6.1 Opening balance		
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A	N/A

Consolidated statement of cash flows

(See note 6)

	31 December 1999 \$A millions	31 December 1998 - \$A millions
Cash flows related to operating activities		
7.1 Receipts from customers	3,326	1,263
7.2 Payments to suppliers and employees	(3,186)	(1,566)
7.3 Dividends received	234	51
7.4 Interest and other items of similar nature received	289	16
7.5 Interest and other costs of finance paid	(53)	(18)
7.6 Income taxes paid	(127)	(68)
7.7 Premiums received	1,381	-
7.8 Policy payments	(1,967)	-
7.9 Net proceeds from sales and purchases of Statutory Funds investments	686	-
7.10 Net operating cash flows	583	(322)
Cash flows related to investing activities		

+ See chapter 19 for defined terms.

Appendix 4B (equity accounted)
Half yearly/preliminary final report

7.11	Payment for purchases of property, plant and equipment	(19)	(7)
7.12	Proceeds from sale of property, plant and equipment	1	-
7.13.1	Payment for purchases of investments	(76)	(42)
7.13.2	Payment for acquisition of controlled entities	(1,233)	(173)
7.14.1	Proceeds from sale of equity investments – financial Institutions	23	21
7.14.2	Proceeds from sale of investments – other	71	57
7.14.3	Proceeds from sale of controlled entities	-	296
7.15	Loans to other entities	(37)	(57)
7.16	Loans repaid by other entities	-	-
7.17	Other - cash collateral on Westpac hedge	-	402
7.18	Net investing cash flows	(1,270)	497
	Cash flows related to financing activities		
7.19.1	Proceeds from issues of +securities (shares, options, etc.)	54	57
7.19.2	Payments for share buybacks	(13)	(94)
7.20	Proceeds from borrowings	1,520	848
7.21	Repayment of borrowings	(778)	(878)
7.22	Dividends paid	(156)	(136)
7.23	Other	-	-
7.24	Net financing cash flows	627	(203)
7.25	Net increase (decrease) in cash held	(60)	(28)
7.26	Cash at beginning of period:		
	Attributable to Operating Business	621	482
	Attributable to Statutory Funds (see Reconciliation of cash)	371	-
7.27.1	Effect of exchange rate changes on cash and cash equivalents	3	(6)
7.27.2	Cash balances in controlled entities (sold)/acquired	203	(16)
7.28	Cash at end of period (see Reconciliation of cash)	1,138	432

Non-cash financing and investing activities

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

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+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	31 December 1999 \$A millions	31 December 1998 \$A millions
8.1 Cash on hand and at bank	531	205
8.2 Deposits at call	68	147
8.3 Cash within Statutory Funds	523	-
8.4 Other – Bank bills of exchange	16	80
8.6 Total cash at end of period (item 7.28)	1,138	432

Ratios	31 December 1999	31 December 1998
9.1 Profit before abnormals and tax / sales Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	9.8%	15.0%
9.2 Profit after tax / +equity interests Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.1)	13.2%	6.3%

Earnings per security (EPS)	31 December 1999	31 December 1998
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	54.3	40.9
(b) Diluted EPS (if materially different from (a))	-	-
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	508	504

The prior year comparatives for EPS backing have been adjusted by a factor of 0.99417 which is attributable to the bonus element for the current period relating to the issue of shares at less than market price such as share election plan, share purchase plan and ESAP share allocation.

NTA backing (see note 7)	31 December 1999	31 December 1998
11.1 Net tangible asset backing per +ordinary security	2.64	6.35

The significant movement in Ratios, EPS and NTA is due to the adoption of Accounting Standard AASB1038 and the effect of major acquisitions during the period. Refer to MD&A for details.

+ See chapter 19 for defined terms.

Details of specific receipts/outlays, revenues/ expenses

	31 December 1999 \$A millions	31 December 1998 - \$A millions
12. Interest revenue included in determining 1 item 1.4	14	17
12. Interest revenue included in item 12.1 but 2 not yet received (if material)	-	-
12. Interest expense included in item 1.4 3 (include all forms of interest, lease finance charges, etc.)	43	26
12. Interest costs excluded from item 12.3 and 4 capitalised in asset values (if material)	11	28
12. Outlays (except those arising from the 5 +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12. Depreciation and amortisation (excluding 6 amortisation of intangibles)	15	6

Control gained over entities having material effect

(See note 8)

13. Name of entity (or group of 1 entities)	
13. Consolidated +operating profit (loss) and extraordinary 2 items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	\$ Nil (*)
13. Date from which such profit has been calculated 3	
13. +Operating profit (loss) and extraordinary items after 4 tax of the entity (or group of entities) for the whole of the previous corresponding period	\$ Nil (*)

(*) No single entity (or group of entities) acquired during the period contributed more than 5% to the consolidated profit and extraordinary items after tax. Refer to MD&A for details of the impact of major acquisitions on the results for the half year ended 31 December 1999.

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group of entities)	
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$
14.3	Date to which the profit (loss) in item 14.2 has been calculated	
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

Refer Attachments 2

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	15 MARCH 2000
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	1 MARCH 2000
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

+ See chapter 19 for defined terms.

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	Not Applicable for half year	Not Applicable for half year	Not Applicable for half year
15.5	Previous year			
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	32¢	32¢	N/A
15.7	Previous year	29¢	29¢	N/A

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

(Preliminary final report only)

	31 December 1999	31 December 1998
15.8 +Ordinary securities	Not Applicable for Half Year	Not Applicable for half Year
15.9 Preference +securities		

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

	31 December 1999 \$A millions	31 December 1998 - \$A millions
15.10 +Ordinary securities	163	146
15.11 Preference +securities	-	-
15.12 Total	163	146

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

As approved by shareholders, effective 31 October 1996 the company implemented a Share Accumulation Plan, a key feature of which was a share buyback program whereby the number of shares bought back is equal to the number of new shares issued under the Dividend Reinvestment Plan, Share Election Plan and Share Purchase Plan. During the period 2.8 million shares were issued under these plans.

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

1 MARCH 2000

Any other disclosures in relation to dividends (distributions)

Nil

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates

Entity's share of associates'	31 December 1999	31 December 1998
	\$A millions	\$A millions
16.1 Operating profit (loss) before income tax	4	
16.2 Income tax expense	1	
16.2.1 Less: Adjustment arising from equity accounting	1	
16.3 Operating profit (loss) after income tax	2	(1)
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)	2	(1)
16.6 Outside equity interests		
16.7 Net profit (loss) attributable to members	2	(1)

Material interests in entities which are not controlled entities

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

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to ⁺ operating profit (loss) and extraordinary items after tax (item 1.14)	
	31 December 1999	31 December 1998	31 December 1999 \$A millions	31 December 1998 \$A millions
17.1 Equity accounted associates				
17.2 Total				
17.3 Other material interests				
Westpac Banking Corp# - 100 million shares subject to forward sale	5.4%	5.3%	24	22
- 40 million shares not subject to forward sale	2.2%	2.1%	-	1
Hoyts (to 10 May 1999) ##	0.0%	4.5%	-	(2)
Mirvac (to 10 Sep 1999)###	0.0%	8.6%	12	1
17.4 Total			36	22

+ See chapter 19 for defined terms.

Westpac Banking Corporation

During the financial year ended 30 June 1996, Lend Lease entered into a forward sale agreement with Salomon Smith Barney Australia Securities Pty Limited (SSB) (formerly County Natwest Securities Australia Limited) under which Lend Lease agreed to deliver 100 million Westpac ordinary shares to SSB on 31 July 2000, or earlier in certain conditions. On 17 January 2000 the forward sale agreement was settled and the 100 million Westpac ordinary shares were transferred to SSB.

In December 1998 Lend Lease effected share lending and hedging arrangements ("the Arrangements") with Merrill Lynch relating to the 40 million shares. The Arrangements effectively locked in a price of \$10.05 per share. Lend Lease may realise the value of its investment at this price, while retaining flexibility regarding the timing of ultimate disposal. The Arrangements run for slightly less than a year and may be extended, or unwound in part or in full. The Arrangements involved Lend Lease lending the shares to Merrill Lynch. In return, Merrill Lynch provided \$402 million in cash to Lend Lease as security over the shares. This amount has been recorded as a liability in the balance sheet until such time as either Lend Lease ends the Arrangements (in which case the liability is extinguished) or Lend Lease ceases lending the shares to Merrill Lynch. If the Arrangements are ended, Lend Lease would pay or receive an amount equivalent to the difference between the \$10.05 per share hedged price and the market price at that time. Lend Lease will report a profit on these Arrangements only in the event that a portion or all of the Arrangement is ended. The Arrangements were extended in December 1999.

While the shares are lent to Merrill Lynch, Lend Lease will not be entitled to the dividends on the 40 million.

Hoyts

In May 1999, Lend Lease sold its shareholding (13.8 million shares) in Hoyts Corporation for \$28.4 million realising a profit before tax of \$2.6 million.

Mirvac

On the 10 September 1999 Lend Lease sold its shareholding in Mirvac Group for \$43.7 million realising a profit before tax of \$15.8 million. Dividend income of \$1.0 million was received from Mirvac investment.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 15) (cents)	Amount paid up per security (see note 15) (cents)
18.1 Preference +securities (description)				
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 +Ordinary securities	508,819,883	508,819,883	(1)	(1)
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	5,231,463 660,000	5,231,646 660,000		

+ See chapter 19 for defined terms.

18.5	+Convertible debt securities <i>(description and conversion factor)</i>				
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7	Options <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expiry date (if any)</i>
18.8	Issued during current period				
18.9	Exercised during current period				
18.10	Expired during current period				
18.11	Debentures <i>(totals only)</i>				
18.12	Unsecured notes <i>(totals only)</i>				

(1). The Company Law Review Act 1998, effective 1 July 1998, abolished nominal (par) value concept of the share capital. Issue price of shares issued throughout the year reflects market price on date of transaction.

Comments by directors

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

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer to the MD&A for the period ended 31 December 1999.

+ See chapter 19 for defined terms.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Refer to the MD&A for the period ended 31 December 1999.

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

Based on current business assumptions and forecasts, Lend Lease expects to continue to pay dividends franked to 100% with Class C (36%) franking credits for the 1999/2000 financial year, for both interim and final dividends to be paid in March 2000 and September 2000 respectively. This expectation is based mainly on the following:

- The forecast level of Australian tax payable by Lend Lease;
- That MLC Limited and the group's other financial services companies will pay dividends with a sufficient level of franking credits attached; and
- The current forecast level of Australian based profits.

The continued globalisation of the Lend Lease business will lead to an increasing and significant proportion of profit before tax and interest being earned outside Australia. As this occurs, Australian sourced profits will become a smaller proportion of total Lend Lease profits. As tax paid on foreign profits does not generate franking credits, this may result in Lend Lease Corporation being unable to continue to pay fully franked dividends at current dividend payout ratios.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

N/A.

Additional disclosure for trusts

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

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

Identify:

- initial service charges
- management fees
- other fees

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+ See chapter 19 for defined terms.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Not Applicable for half Year

Date

Not Applicable for Half Year

Time

Not Applicable for Half Year

Approximate date the annual report will be available

Not Applicable for Half Year

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 13).

Identify other standards used

- 2 This report, and the financial statements prepared under the Corporations Law (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on financial statements to which one of the following applies.

(Tick one)

The financial statements have been audited.



The financial statements have been subject to review.

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached *(Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law.)*

- 6 The entity has a formally constituted audit committee.

Sign here:
(Director/Company secretary)

Date:

Print name:

+ See chapter 19 for defined terms.

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
 - Item 1.2 'Share of associates' "net profit (loss) attributable to members" would form part of "other revenue" in *AASB 1004* to the extent that a profit is to be reported. ASX has elected to require disclosure of a share of a loss in the same location for consistency of presentation.
 - Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
 - Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029* and *AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 9.1 - 9.4 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.
6. **Statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all

+ See chapter 19 for defined terms.

- liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated ⁺operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
 9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
 10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
 11. **Comparative figures when equity accounted information first included in the accounts** There will be a lack of comparability in the figures for the previous corresponding period when equity accounted information is first included if this information has a material effect on the consolidated accounts. If it does have a material effect, attach a note providing a better comparison by restating "Operating profit (loss) after tax attributable to members" (item 1.10) and "Investments in associates" (item 4.8) for the previous corresponding period to incorporate equity accounted information. In addition, as required by Note 1, no directional or percentage changes in profit are to be reported in the "For announcement to the market" section. Where the disclosures were not previously required in Appendix 4B, no comparatives need be shown.
 12. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the ⁺ASIC under the Corporations Law must also be given to ASX. For example, a directors' report and statement, if lodged with the ⁺ASIC, must be given to ASX.
 13. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
 14. **Corporations Law accounts** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
 15. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

⁺ See chapter 19 for defined terms.

STOCK EXCHANGE ANNOUNCEMENT – ATTACHMENT 1
Half year ended 31 December 1999
Income Tax Expense

The following is an explanation of the difference between the prima facie income tax payable and the income tax expense.

	Consolidated			Company	
	Dec 1999 \$m	Dec 1998 \$m	June 1999 \$m	Dec 1999 \$m	Dec 1998 \$m
Operating profit before tax	526	226	516	179	80
Adjustment for operating profit before tax of Statutory Funds	(258)				
Operating profit before tax excluding Statutory Funds	268	226	516	179	80
Prima facie income tax expense at 36% of operating profit excluding Statutory Funds	96	81	186	65	29
Tax effect of permanent differences:					
Rebateable dividends	(2)	(5)	(8)	(64)	(14)
Share of profit of Statutory Funds (tax paid in life insurance entities)		(36)	(63)		
Non taxable income	(12)	(9)	(20)		
Variation in overseas tax rates	(8)	1	(12)		
Deductible US amortisation	(3)	(3)	(5)		
Non allowable expenses	6	4	11		
Restatement of deferred tax balances due to change in Australian corporate income tax rate	5			8	
Other		(8)	6		
	(14)	(56)	(91)	(56)	(14)
Income tax expense for Statutory Funds	166				
Income tax expense for current period	248	25	95	9	15
Income tax under/(over) provided in previous periods	1	(5)	1	(1)	2
Total income tax expense	249	20	96	8	17
Effective tax expense rate	47%	9%	19%		
INCOME TAX RELATING TO STATUTORY FUNDS					
Income tax expense attributable to operating profit for Statutory Funds is made up of:					
Total current income tax expense	96				
Over provision in previous periods	(19)				
Future income tax benefit	(1)				
Deferred income tax liability on unrealised gains	90				
Income tax expense for Statutory Funds	166				

STATUTORY FUNDS TAX RATES

MLC Limited and MLC Lifetime

The income tax expense of the Statutory Funds is partly determined on a product basis and partly determined on a profit basis. The income tax expense of the Statutory Funds has been determined after aggregating various classes of business, each with different tax rates. The rates of taxation applicable to the taxable income of the classes of business are as follows:

Class of Business	31 Dec 1999	30 June 1999
Ordinary Statutory Funds	39%	39%
Complying superannuation	15%	15%
Current pension business	Exempt	Exempt
Immediate annuity business	Exempt	Exempt
Accident and disability business	39%	39%
Shareholder funds	36%	36%

STOCK EXCHANGE ANNOUNCEMENT – ATTACHMENT 1 continued
Half year ended 31 December 1999
Income Tax Expense

The income tax expense for Statutory Funds of \$166 million equates to 64% of the operating profit before tax of the Statutory Funds. This does not reflect the actual tax rate applicable to the Statutory Funds due to the exclusion of profit relating to policyholders being treated as an expense (i.e. increase in policy liabilities) as required under AASB 1038 Life Insurance Business.

STATUTORY FUNDS TAX RATES continued

Simas and CEF

The tax rates for Simas range from 10% to 30% based on the size of the taxable profit. CEF's tax rate is currently 15% of the entity's taxable profit. Currently both entities are in a tax loss situation.

TAXATION BASIS OF STATUTORY FUNDS

The principal elements for the calculation of the taxable income for each class of business are as follows:

Assessable Income

1. Ordinary life insurance business – investment income;
2. Complying superannuation business – taxable contributions transferred from the superannuation funds, specified rollover amounts and investment income;
3. Accident and disability business – premiums earned and investment income; and
4. Shareholder funds – investment income.

The gains and losses on sale of investments, to the extent referable to the complying superannuation business, are determined under the capital gains tax provisions of the Income Tax Assessment Acts 1936 and 1997 (ITAA). The exceptions are gains on fixed interest securities and foreign exchange gains and losses, referable to the superannuation business, which are taxed primarily under the ordinary income provisions.

Allowable Deductions

The allowable deductions for each taxable class of business include:

1. Acquisition costs (such as commissions) in relation to investment related life insurance business, superannuation business and accident and disability business;
2. Other expenses referable to the gaining of assessable income of the particular class of business (such as investment expenses); and
3. An allocation of the general management expenses of the company.

These deductions are then allocated to each class of business in accordance with the basis specified in the ITAA (which may or may not reflect the allocation of the expenses for accounting purposes).

Allowable deductions in respect of accident and disability business also include claims and the movement during the period in the policy liabilities in respect of that business (which may differ from the policy liabilities recognised for accounting purposes).

STOCK EXCHANGE ANNOUNCEMENT – ATTACHMENT 2
Half year ended 31 December 1999
Segment Reporting

The segment results are discussed and analysed in the Management Discussion and Analysis of Financial Condition included with this report.

	Operating Revenue		Operating Profit Before Tax		Operating Profit After Tax		Segment Assets	
	Dec 1999 \$m	Dec 1998 \$m	Dec 1999 \$m	Dec 1998 \$m	Dec 1999 \$m	Dec 1998 \$m	Dec 1999 \$m	June 1999 \$m
BUSINESS SEGMENT SUMMARY								
Project Management & Construction	2,196	691	46	32	26	24	2,697	379
Property Development	616	123	114	2	90	(4)	2,342	2,797
Real Estate Investments (1)	308	301	95	50	64	45	1,736	1,345
Real Estate Services		320		17		11		
Financial Services								
Statutory Funds	1,982	103	258	101	92	101	23,968	
Other	146	190	28	28	19	17	712	2,323
IT+T Investments	6	6	5	2	3	3	110	94
Equity Investments	69	24	41	18	36	20	149	176
Corporate	23	39	(61)	(24)	(54)	(11)	78	177
Total	5,346	1,797	526	226	276	206	31,792	7,291
% of Total Group								
Project Management & Construction	41%	39%	9%	14%	9%	12%	9%	5%
Property Development	11%	7%	22%	1%	33%	(2)%	7%	38%
Real Estate Investments (1)	6%	17%	18%	22%	23%	22%	5%	18%
Real Estate Services		18%		8%		5%		
Financial Services								
Statutory Funds	37%	6%	49%	45%	33%	49%	76%	
Other	3%	10%	5%	12%	7%	8%	2%	32%
IT+T Investments			1%	1%	1%	1%		1%
Equity Investments	1%	1%	8%	8%	13%	10%	1%	3%
Corporate	1%	2%	(12)%	(11)%	(19)%	(5)%		3%
Total	100%	100%	100%	100%	100%	100%	100%	100%
BUSINESS GEOGRAPHICAL SEGMENT SUMMARY								
Australia and Pacific	3,085	1,108	356	186	165	171	26,182	4,137
North America	1,021	555	56	55	39	51	2,295	999
Asia	133	55	5	(6)	1	(10)	755	251
Europe	1,093	63	151	15	103	9	2,560	1,904
Group finance and hedging costs	14	16	(25)	(21)	(15)	(12)		
Group amortisation			(17)	(3)	(17)	(3)		
Total	5,346	1,797	526	226	276	206	31,792	7,291
% of Total Group								
Australia and Pacific	58%	62%	67%	82%	60%	83%	83%	57%
North America	19%	31%	11%	24%	14%	25%	7%	14%
Asia	3%	3%	1%	(3)%		(5)%	2%	3%
Europe	20%	3%	29%	7%	37%	4%	8%	26%
Group finance and hedging costs		1%	(5)%	(9)%	(5)%	(6)%		
Group amortisation			(3)%	(1)%	(6)%	(1)%		
Total	100%	100%	100%	100%	100%	100%	100%	100%

All interest costs and revenues of the Lend Lease Group not directly relating to a specific project are reported under Corporate for the purposes of segment reporting.

(1) Real Estate Investments includes the former Capital Services business segment.

STOCK EXCHANGE ANNOUNCEMENT – ATTACHMENT 2 continued
Half year ended 31 December 1999
Segment Reporting

The principal activities of each industry segment are:

PROJECT MANAGEMENT & CONSTRUCTION

Real estate project management, project design and construction management.

PROPERTY DEVELOPMENT

All aspects of property development from concept through to design, planning, construction, financing, leasing to eventual sale.

REAL ESTATE INVESTMENTS

Management of real estate investment funds, limited partnerships and trusts on behalf of clients (including acquiring, managing and selling investments), co-investment in funds, portfolio management, originating and servicing of commercial and residential mortgages, shopping centre leasing, management and re-development (in Australia) and acting as financial advisor and arranger of project finance and related services.

REAL ESTATE SERVICES

Property management and facilities management. This business was sold during the previous financial year.

FINANCIAL SERVICES

- Funds Management operations, including superannuation and investment services for both retail and corporate clients; management of investment and unit trusts; investment management and portfolio management services for corporate and institutional clients;
- Life Insurance operations covering traditional life insurance business and wealth protection;
- Funds Administration businesses which operate as fund administrators, providing customers with the ability to direct their investments to fund managers and investment products of their choice (not just MLC), with the fund administrators providing one point of service for their customers; and
- Investment Management which provides strategic investment advice, asset management and investment portfolio management services.

IT+T INVESTMENTS

Relate to holdings in information technology (IT) and telecommunication services companies which provide an IT service to corporations and governments.

EQUITY INVESTMENTS

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

CORPORATE

Group Treasury, amortisation and corporate administration services. All financing costs that are not directly related to a real estate development project are reported in the Corporate segment, irrespective of where those costs are incurred.