

Multiplex Group  
Interim Report 2007

# Interim Report

**MULTIPLEX**



# Financial Information

## Multiplex Group Results for the Half Year to 31 December 2006

	<b>31 Dec 06</b>	<b>31 Dec 05</b>
Operating revenue (\$m)	1,537.9	1,533.1
Net profit after tax (\$m)	295.6	(119.6)
Net profit after tax (adjusted) <sup>1</sup> (\$m)	87.2	18.6
Earnings per security (cents)	35.3	(14.3)
Earnings per security (adjusted) <sup>1</sup> (cents)	10.4	2.2
Distribution per security (cents)	8.5	8.0
	<b>31 Dec 06</b>	<b>30 Jun 06</b>
Net assets (\$m)	3,520	3,160
Total assets (\$m)	7,518	7,524
Net tangible assets (NTA) <sup>2</sup> (\$m)	2,622	2,380
NTA per security <sup>2</sup> – Group (\$)	3.13	2.84
NTA per security <sup>2</sup> – Trust (\$)	3.18	2.86
Net debt gearing <sup>3</sup> (%)	22.1	26.5
Available liquidity <sup>4</sup> (\$m)	807	528

1 Adjusted for Wembley losses (Dec 2005), significant one-off corporate costs (Dec 2006) and fair value adjustments (FVAs)

2 Represents net assets excluding external minority interests and intangibles

3 Represents total interest bearing debt less cash divided by total assets

4 Represents Group cash and undrawn facilities, less project facilities, cash in joint ventures and cash retentions

## Interim Results in Brief

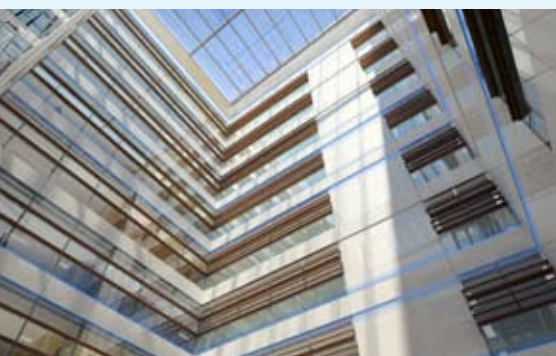
Multiplex Group (the Group) recorded a net profit after tax attributable to stapled securityholders of \$295.6 million for the six months to 31 December 2006.

The results reflect a solid overall performance with positive contributions from all divisions.

Group earnings were favourably impacted by significant fair value adjustments (FVAs) to investment properties totalling \$245.0 million, offset by one-off corporate costs of \$36.6 million (after tax) which included the settlement with ASIC.

Key financial highlights for the Group during the half year:

- Earnings before interest and tax (EBIT) of \$371.6 million.
- Earnings per stapled security (EPS) of 35.3 cents.
- Revenue and other income increased 5% to \$1,825.4 million.
- The Trust generated a contribution to EBIT of \$332.6 million inclusive of FVAs of \$234.5 million.
- At 31 December 2006 net assets were \$3.52 billion and net tangible assets per stapled security increased by 29 cents or 10% to \$3.13.



# Managing Directors Report

## Operational Overview

The results for the six months to 31 December 2006 reflect a solid overall performance for the Group with positive contributions from all divisions.

A half year distribution of 8.5 cents per stapled security was paid on 28 February 2007, comprising an interim distribution from the Trust and no dividend from Multiplex Limited.

### Multiplex Property Trust

The Trust's performance continues to benefit from the high quality of its property and property investment portfolio, contributing earnings to the Group of \$332.6 million.

Continued strong office market fundamentals and renegotiations of tenancies in major buildings prompted independent revaluations of 70% of the portfolio during the period. The resultant FVAs of \$234.5 million represented an increase of 9.2% in the carrying value of properties in the investment portfolio.

During the period the Trust has:

- Retained strong occupancy at 99%.
- Increased the value of its investment portfolio to \$3.1 billion.
- Achieved a tenant retention rate of 99% by net income, with 48 new and renewed leases commencing during the period.
- Achieved significant lease renewals including the ATO at Jessie Street Centre in Parramatta and IAG at 388 George Street in Sydney.
- Increased the weighted average lease term (by income) across the Trust's portfolio from 6.4 years to 7.3 years.

### Multiplex Limited

#### Property Development Division

The Property Development division contributed earnings of \$22.6 million, in line with expectations and reflective of the high level of activity being undertaken to grow and mature the development portfolio.

New opportunities secured include the Sydney Water corporate headquarters in Parramatta where Multiplex has been appointed to develop, design, construct and manage the 23,000 sqm project and, subsequent to period end, Multiplex was selected as preferred bidder for the \$1.5 billion North Bank development in Brisbane.

The division's development portfolio now includes 47 projects with a gross development value (GDV) estimated at \$16.2 billion across Australia, New Zealand and the United Kingdom.

Key activities during the period include:

- Completion of the cruise terminal and retail portions of Portside Wharf in Brisbane which began operating in August 2006.
- Construction commenced on the 22,690 sqm Australian Taxation Office building in Latitude East World Square in Sydney, the Multi-Residential Pandanus Pocket project in Casuarina in Northern NSW, the Bank of New Zealand Centre in Auckland, New Zealand and on St James Retail Park in the United Kingdom.
- Eden, High Wycombe in the United Kingdom, is on track for completion in the first half of calendar 2008, incorporating the refurbishment of the existing Octagon shopping centre. The new bus station commenced operations in July 2006 and leasing of the new centre has continued to progress well, with pre-lease commitments of approximately 65% (based on income) now achieved.

#### Construction Division

The Construction division contributed earnings of \$42.7 million. First half earnings for the division were strong with earnings slightly higher than expected.

The construction workbook in the UK was significantly de-risked with the transfer of White City to Westfield and subsequent to the period, Practical Completion (PC) was achieved on Wembley Stadium in the UK, representing the handover of management and control of the stadium to our client, Wembley National Stadium Limited (WNSL).

Outside the UK, the remainder of the workbook is strong and grew by \$360.0 million.

Overall 12 new projects were secured taking the total to 38 with a total contract value in excess of \$5.2 billion across Australia, New Zealand, the United Kingdom and the Middle East.

#### Facilities Management Division

The Facilities Management division contributed earnings of \$4.3 million.

The underlying revenue base and earnings for the division are growing steadily reflecting ongoing growth in the portfolio. Overall earnings continue to be impacted by investment in business development and in extending the division's current capabilities.



## Managing Directors Report cont.

During the period the division increased its number of contracts by 10% to 110, with the average term of contracts now exceeding 10 years. New facilities management contracts include a 15 year contract for the new Sydney Water Headquarters building, an 11.5 year contract for American Express' new office at King Street Wharf and a 12 year integrated facilities management and property management contract for Macquarie Bank's new office also at King Street Wharf.

### Property Funds Management Division

The Funds Management division contributed earnings of \$9.4 million. The earnings for the division reflect steady growth in management fees as funds under management (FUM) increase and included \$8.8 million in net syndication fees for the establishment of the Multiplex Acumen Prime Property Fund (MAPPF).

Total FUM grew to \$6.1 billion.

Key highlights during the period:

- The \$640.0 million Australian Office Fund (MAPPF) created in May 2006 and listed in August 2006. This transaction was a major milestone in the growth of external FUM and represents a showcasing of Multiplex's integrated property business model.
- Progress made on new planned fund offerings including a commitment for the purchase of €356.0 million (A\$595.0 million) of European property assets which will form the core investments in a Multiplex European Property fund which is expected to be launched around the middle of this calendar year.

### Other Matters

Corporate expenses in the period were adversely affected by a number of one-off costs totalling \$38.4 million net of cost recoveries. These one-off items include the \$32.0 million settlement with ASIC which was expensed during the period and legal and other professional fees associated with this and other significant settlements achieved during the period, including White City and Wembley.

In December 2006, Multiplex Limited and Multiplex Funds Management Limited were served with a statement of claim in respect of a class action claiming unspecified damages. The Group intends to vigorously defend these proceedings.

Subsequent to the period, the Group was approached by Brookfield Asset Management (Brookfield) which may lead to a proposal for the acquisition by Brookfield and Roberts Family Nominees (RFN) of 100% ownership of Multiplex Limited including Multiplex's property development, construction, property funds management and facilities management businesses. The Board of Multiplex consented to discussions between Brookfield and RFN in order for them to develop a proposal. Discussions between all parties are continuing.

### Outlook

The Board continues to remain confident in the Group's prospects for FY2007 with the outlook for the second half consistent with expectations outlined at June 2006. In particular:

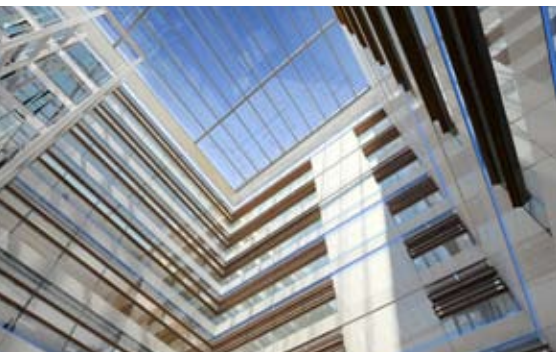
- The Development division portfolio remains strong and is continuing to grow. The development completion profile remains biased towards future periods, in particular 2009 and subsequent years. This bias together with the costs associated with supporting increasing development activities will further constrain earnings expectations in the short-term.
- Better than expected earnings for the Construction division this period are likely to result in a mild skew of earnings towards the first half, with second half earnings expected to be more closely aligned with historical norms.
- Steady growth is expected in the Facilities Management division consistent with growth achieved in the first half.
- The performance of the Funds Management division in the second half is heavily dependent on the ability to recognise earnings from transaction related fees. In the absence of any major transaction completions, earnings are expected to be in line with the first half.
- Corporate expenses in the second half will continue to be impacted by items such as the ongoing class action.
- The outlook for the Trust is positive with strong tenancy retention rates and record occupancy levels. As the majority of investment properties were independently revalued at 31 December 2006 the quantum of FVAs achieved in this period is unlikely to be replicated in the second half.



Ross McDiven  
Managing Director



Bob McKinnon  
Managing Director



# Income Statement

## For the half year ended 31 December 2006

	Consolidated Dec 2006	Consolidated Dec 2005
Revenues (\$m)	1,537.9	1,533.1
Cost of operations (\$m)	(1,305.1)	(1,719.6)
<b>Net revenue (\$m)</b>	<b>232.8</b>	<b>(186.5)</b>
Other income (\$m)	287.5	197.7
Financing costs (\$m)	(76.8)	(71.1)
Expenses (excluding financing costs and cost of operations) (\$m)	(192.5)	(212.2)
Share of net profits of equity accounted entities (\$m)	62.8	52.3
<b>Net profit/(loss) before income tax (\$m)</b>	<b>313.8</b>	<b>(219.8)</b>
Income tax benefit (\$m)	6.4	117.3
<b>Net profit/(loss) for the half year (\$m)</b>	<b>320.2</b>	<b>(102.5)</b>
Net profit attributable to minority interest (\$m)	(24.6)	(17.1)
<b>Net profit/(loss) attributable to securityholders of Multiplex Group (\$m)</b>	<b>295.6</b>	<b>(119.6)</b>
<b>Basic earnings per stapled security (cents per security)</b>	<b>35.3</b>	<b>(14.3)</b>
<b>Diluted earnings per stapled security (cents per security)</b>	<b>35.3</b>	<b>(14.3)</b>
Statement of Distribution		
Net profit/(loss) attributable to stapled securityholders of Multiplex Group (\$m)	295.6	(119.6)
Net transfer of undistributed income (to)/from members' funds (\$m)	(224.4)	186.6
<b>Distributions payable (\$m)</b>	<b>71.2</b>	<b>67.0</b>
<b>Distributions per stapled security (cents)</b>	<b>8.5</b>	<b>8.0</b>
<b>Weighted average number of securities (millions)</b>	<b>837.4</b>	<b>837.4</b>

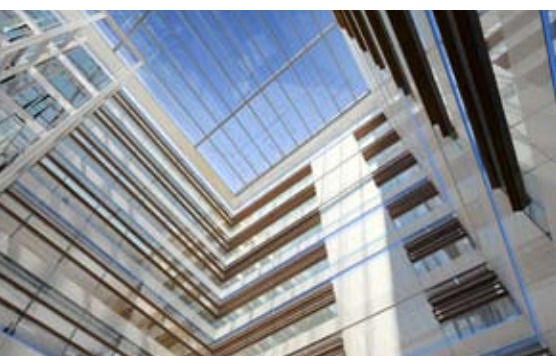
A full set of half year financial statements was lodged with the Australian Securities Exchange on 22 February 2007 and is available at [www.multiplex.biz](http://www.multiplex.biz)



# Balance Sheet

## As at 31 December 2006

	Consolidated Dec 2006 \$m	Consolidated Jun 2006 \$m
<b>Current assets</b>		
Cash and cash equivalents	603.6	488.0
Trade and other receivables	627.0	940.3
Derivative assets	11.5	8.4
Inventories	536.8	639.9
Investments	3.0	45.0
Other assets	98.3	80.7
	<b>1,880.2</b>	<b>2,202.3</b>
Assets classified as held for sale	-	330.7
<b>Total current assets</b>	<b>1,880.2</b>	<b>2,533.0</b>
<b>Non-current assets</b>		
Receivables	64.9	65.0
Inventories	1,088.5	724.3
Investments	1.8	2.3
Other assets	9.7	17.7
Equity accounted investments	1,456.2	1,316.6
Investment property	2,447.3	2,300.2
Property, plant and equipment	72.3	76.9
Deferred tax assets	174.9	164.9
Intangible assets	322.9	322.9
<b>Total non-current assets</b>	<b>5,638.5</b>	<b>4,990.8</b>
<b>Total assets</b>	<b>7,518.7</b>	<b>7,523.8</b>



## Balance Sheet cont.

	Consolidated Dec 2006 \$m	Consolidated Jun 2006 \$m
<b>Current liabilities</b>		
Trade and other payables	717.7	851.0
Interest bearing loans and borrowings	528.2	774.2
Non-interest bearing loans and borrowings	480.5	181.1
Current tax liabilities	7.2	7.1
Provisions	141.8	213.7
Contract work in progress	286.5	272.7
	<b>2,161.9</b>	<b>2,299.8</b>
Liabilities directly associated with assets classified as held for sale	-	290.8
<b>Total current liabilities</b>	<b>2,161.9</b>	<b>2,590.6</b>
<b>Non-current liabilities</b>		
Payables	18.6	-
Interest bearing loans and borrowings	1,740.4	1,710.5
Non-interest bearing loans and borrowings	17.0	13.2
Provisions	17.4	8.6
Deferred tax liabilities	43.0	40.8
<b>Total non-current liabilities</b>	<b>1,836.4</b>	<b>1,773.1</b>
<b>Total liabilities</b>	<b>3,998.3</b>	<b>4,363.7</b>
<b>Net assets</b>	<b>3,520.4</b>	<b>3,160.1</b>
<b>Equity</b>		
Issued capital	2,765.9	2,765.9
Reserves	15.3	(1.8)
Retained earnings/(accumulated losses)	163.2	(61.2)
Total parent interests	2,944.4	2,702.9
Minority interests <sup>1</sup>	576.0	457.2
<b>Total equity</b>	<b>3,520.4</b>	<b>3,160.1</b>

<sup>1</sup> Minority Interest is shown net of \$17.9 million in issue costs relating to Multiplex SITES



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