WorleyParsons
resources & energy

Annual Report 2012

EcoNomics™ Delivering profitable sustainability

WorleyParsons is a leading provider of professional services to the resources & energy sectors and complex process industries.

Our services cover the full asset spectrum both in size and lifecycle – from the creation of new assets to services that sustain and enhance operating assets.

OUR VISION

It is 2017 ....

- We consistently deliver high quality engineering, consulting, project and *Improve* services and as a result have become a world leader
- We have a recognized and valued position with our customers
- We are an admired employer
- We have a facilitating organizational structure

As a consequence of these attributes, we have enjoyed good growth, year-on-year for the last five years.

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annualreport.worleyparsons.com

Annual General Meeting

WorleyParsons' 2012 AGM will be held on Tuesday, 23 October 2012 commencing at 3.00pm (AEDT) at The MacLaurin Hall, The Quadrangle, The University of Sydney, Camperdown, Sydney.

Contents

GROUP FINANCIAL HIGHLIGHTS

Five year performance at a glance

$m	2008	2009	2010	2011	2012	% change
Aggregated revenue[1]	4,882.4	6,219.4	4,967.1	5,903.5	7,362.6	24.7
EBIT	520.0	605.3	427.4	539.9	537.9	(0.4)
EBIT margin	10.7%	9.7%	8.6%	9.1%	7.3%	
Net profit after tax	343.9	390.5	291.1	364.2	353.2	(3.0)
Net profit margin	7.0%	6.3%	5.9%	6.2%	4.8%	
Cash flow from operations	198.8	546.4	279.6	293.8	437.5	48.9
Return on equity	24.5%	25.4%	16.7%	19.8%	18.0%	
Basic EPS normalized (cents)[2]	153.4	172.8	127.9	159.4	152.7	(4.2)
Basic EPS (cents)	142.5	161.1	118.5	148.3	143.7	(3.1)
Dividends (cents)	85.5	93.0	75.5	86.0	91.0	5.8

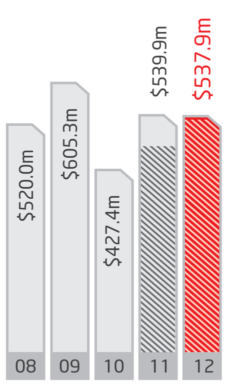
[1] Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin and interest income and net gain on revaluation of investments previously accounted for as equity accounted associates. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

[2] Before amortization of intangibles including tax effect of amortization expense.

Aggregated revenue

The result was earned on aggregated revenue of $7,362.6 million, an increase of 24.7% on the $5,903.5 million reported in 2011.

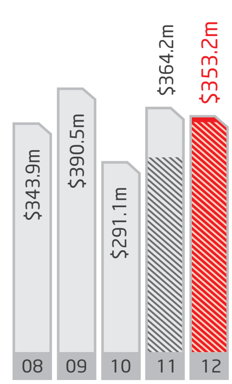
EBIT



EBIT for the year was $537.9 million, a decrease of 0.4% on the $539.9 million reported in 2011.

Underlying EBIT excluding fair value gain on acquisitions for the year was $530.3 million, an increase of 11.8% on the $474.2 million reported in 2011.

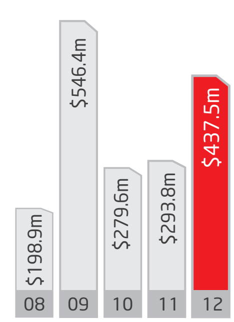
Net profit after tax



The full year result for 2012 was $353.2 million, a decrease of 3.0% on the $364.2 million net profit reported in 2011.

Underlying NPAT excluding fair value gain on acquisitions for 2012 was $345.6 million, an increase of 15.8% on the $298.5 million net profit reported in 2011.

Cash flow from operations



Cash flow from operations was $437.5 million, an increase of 48.9% on the $293.8 million reported in 2011.

CHAIRMAN'S REVIEW

Despite adverse global macroeconomic factors continuing to drive uncertainty across key markets, WorleyParsons has delivered another pleasing performance. The company's global expansion continues apace; we now have more than 40,800 employees across the group, an increase of more than 5,700 people over the past year.

Ron McNeilly
Chairman and Non-Executive Director

John Grill
Chief Executive Officer

Our growth during the year was underpinned by strong capital spending by major global customers and strengthening of our global relationships with these customers. The ever growing demand for energy is driving the unconventional oil and gas sector, where we have seen strong growth in oil sands, shale gas and coal seam methane, in Canada, the USA and Australia.

Developing markets were also a significant driver of growth as large global clients continue to invest in projects in countries where the bulk of the world's undeveloped resources lie. We have established a strong foothold in the markets we already service and have entered a number of new markets through the transfer of our proven capabilities and practices.

Activity in the chemicals sector has increased. Lower gas prices have sparked resurgence in gas monetization and petrochemical projects in the USA, while our involvement in specialty chemical projects in China and Asia continues to increase. Across many of our developed markets, we have seen an increase in asset restoration and enhancement projects driven in part by tighter regulatory regimes.

Performance

The Group reported underlying net profit after tax of $346 million, up 16% on our FY2011 result. In the current market environment, this is a strong validation of the Group's strategy. It is also pleasing to note that the Group's cash flow position improved significantly in the second half of the year. Margin performance was however disappointing.

The Board has resolved to pay a final dividend of 51 cents per share, up from 50 cents per share last year, taking the total dividend for the year to 91 cents per share, up from 86 cents last year.

One of the key highlights during the year was the very strong performance of the Minerals, Metals & Chemicals customer sector, which experienced growth in both project and *Improve* activity particularly in Australia and Canada.

Safety

The safety of our people and of those who work on projects we are involved in continues to be a major focus of the Board and Management. Notwithstanding this, we are disappointed and saddened to report that we had three work related employee fatalities this year. These fatalities and the growing complexity of our business confirm that there is more we need to do in this area, despite the fact that our record is amongst the best in our industry. The Board and Management are committed to continue to seek ways to improve our safety performance and drive towards our goal of zero harm. The Board has formed a Health, Safety and Environment committee to further support the achievement of this goal.

People

The business would not be in the strong position it is today were it not for our people. One of the major strengths of our business is the technical capability and experience of our global team and their ability to provide optimal, value enhancing solutions for our customers at every stage of the project cycle anywhere in the world.

This is borne from a culture of empowering and developing our people to succeed at every level, encouraging a culture of accountability, innovation and excellence and a desire to be the partner of choice for the leaders in our sectors. The move to the new Local/Global organizational model has further embedded our culture and people capability and we have seen significant efforts this year to ensure that our people remain our key competitive advantage.

I would like to express the Board's thanks and indeed admiration for the outstanding contribution of WorleyParsons' many people during the year.

Ethics and Corporate Responsibility

Our customers, suppliers, business partners and shareholders expect that our people demonstrate the highest standards of ethical conduct in all their business dealings. The Board strongly supports these expectations and, in doing so, recognizes the importance of our strong ethical culture with leadership demonstrated by directors and senior management to reinforce this culture across the organization.

The Board regularly monitors management's response to ethical issues which arise in the business and during the year has supported and promoted management's initiatives to improve whistle-blower procedures, prevention of bribery processes and training and code of conduct training.

The Board supports the company's increased focus on the corporate responsibility activities of the company and its people across the many locations where the company operates. This focus will clarify our corporate priorities and efforts to assist in making our corporate responsibility programs more effective. The new Corporate Responsibility section of this Annual Report (see pages 28 to 30) provides greater detail on our priorities, performance and examples of our activities in the communities in which we work.

Corporate Governance

The Board is confident that a robust governance structure is in place and is properly administered. This governance structure has been further developed this year with the introduction of the Board HSE Committee to assist the Board to carry out its responsibilities with respect to health, safety and environment.

In addition to the regular board meetings, directors also test the governance structure through regular discussions with relevant senior management. This is achieved by visiting different operations around the world and discussing business issues with our local people, and by requesting and receiving the output of risk management reviews and internal audits.

Board and management changes

Shareholders would most likely be aware that on 6 July this year we announced significant changes to the company's leadership, including the appointment of Andrew Wood to succeed John Grill as Chief Executive Officer.

John is justifiably regarded as one of Australia's outstanding business leaders. He has been inextricably linked to the growth and success of WorleyParsons, having more than 40 years ago joined the Company that became today's WorleyParsons. John led WorleyParsons growth from a small private domestic engineering firm to a publicly listed, global leader in the markets in which it operates.

I am personally delighted that John has accepted the unanimous invitation of the Board's non-executive directors to re-join the Board in February 2013 and at that time to become non-executive Chairman of the Board. I will become Deputy Chairman and Lead Independent Director.

It has been a great privilege to lead the Board over the past few years, and I am pleased that WorleyParsons will continue to benefit from John's exceptional industry knowledge and strong client relationships.

Andrew Wood's appointment to succeed John as Chief Executive Officer is another major milestone for WorleyParsons. Andrew, currently Group Managing Director – Finance is a member of the company's Executive Committee and has been intimately involved in the development of the company's strategy in this role. During 18 years' service with WorleyParsons Andrew has gained extensive experience throughout the organization: this includes senior leadership roles as Managing Director of International Operations and subsequently Regional Managing Director for Australia and New Zealand. He also managed the transformational acquisitions of Parsons E&C Corporation and the Colt Group of Companies.

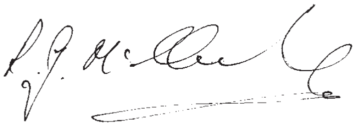
Andrew is the right leader for WorleyParsons at this stage of its evolution. He is supported by a very capable senior leadership team, and the Board has every faith that the Company will continue to prosper under the leadership of Andrew and his team.

Andrew's appointment will take effect at the conclusion of the Company's 2012 Annual General Meeting on 23 October 2012 and at that time he will also join the WorleyParsons Board.

Conclusion

While this is a time of major transition for the Group's top leadership it remains business as usual for WorleyParsons. We have a sound strategy in place and a committed and highly experienced senior leadership team which has been the key architect of this strategy. I would like to thank the senior management team, led superbly by John Grill, for their outstanding contribution once again to the growth of the Group.

WorleyParsons is in excellent shape and I have complete confidence in the long term future of the Group.



Ron McNeilly

10 YEARS OF GROWTH

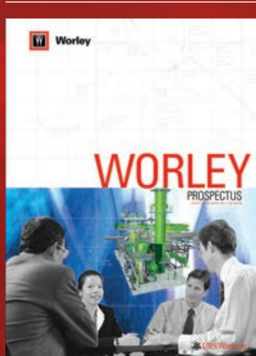
It is appropriate to pause and reflect on what we have achieved in the10 years since listing. WorleyParsons strives to create value for shareholders in all that we do. Since listing in November 2002, we have generated a Total Shareholder Return ("TSR") of 1830%*.

Looking to the future, WorleyParsons will endeavour to continue to deliver growth to our shareholders through our vision of being the preferred global provider of technical, project and operational support services to our customers and using the distinctive WorleyParsons culture to create value for them and prosperity for our people and stakeholders.

2002

Aggregate Revenue

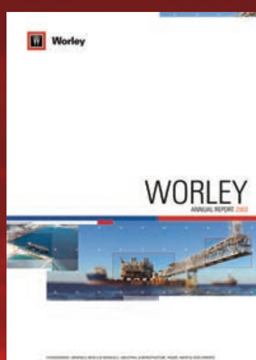
$437.4m



2003

Aggregate Revenue

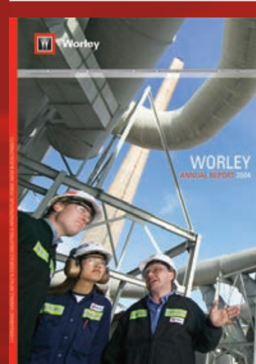
$473.8m



2004

Aggregate Revenue

$513.5m



2005

Aggregate Revenue

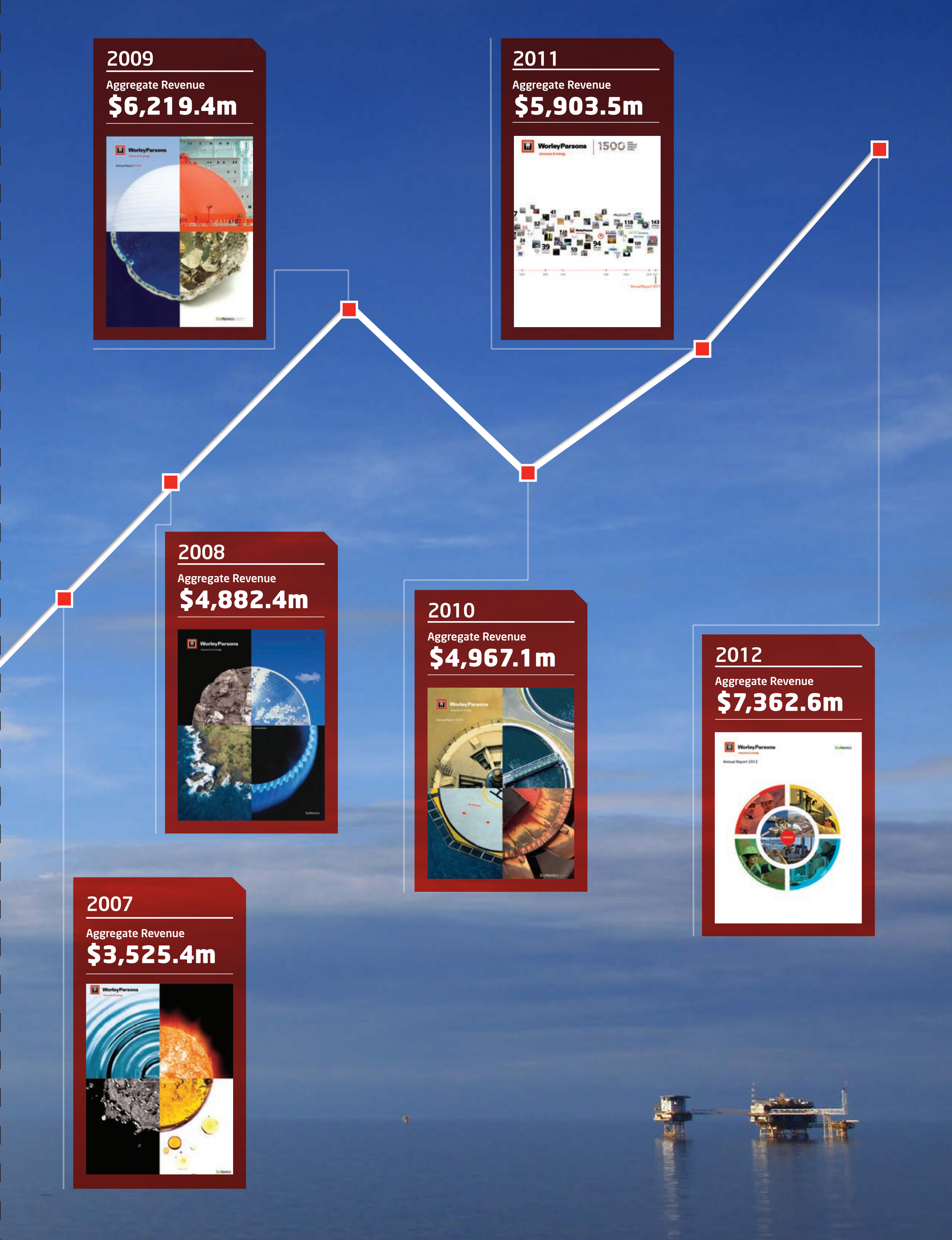
$1,376.2m

2006

Aggregate Revenue

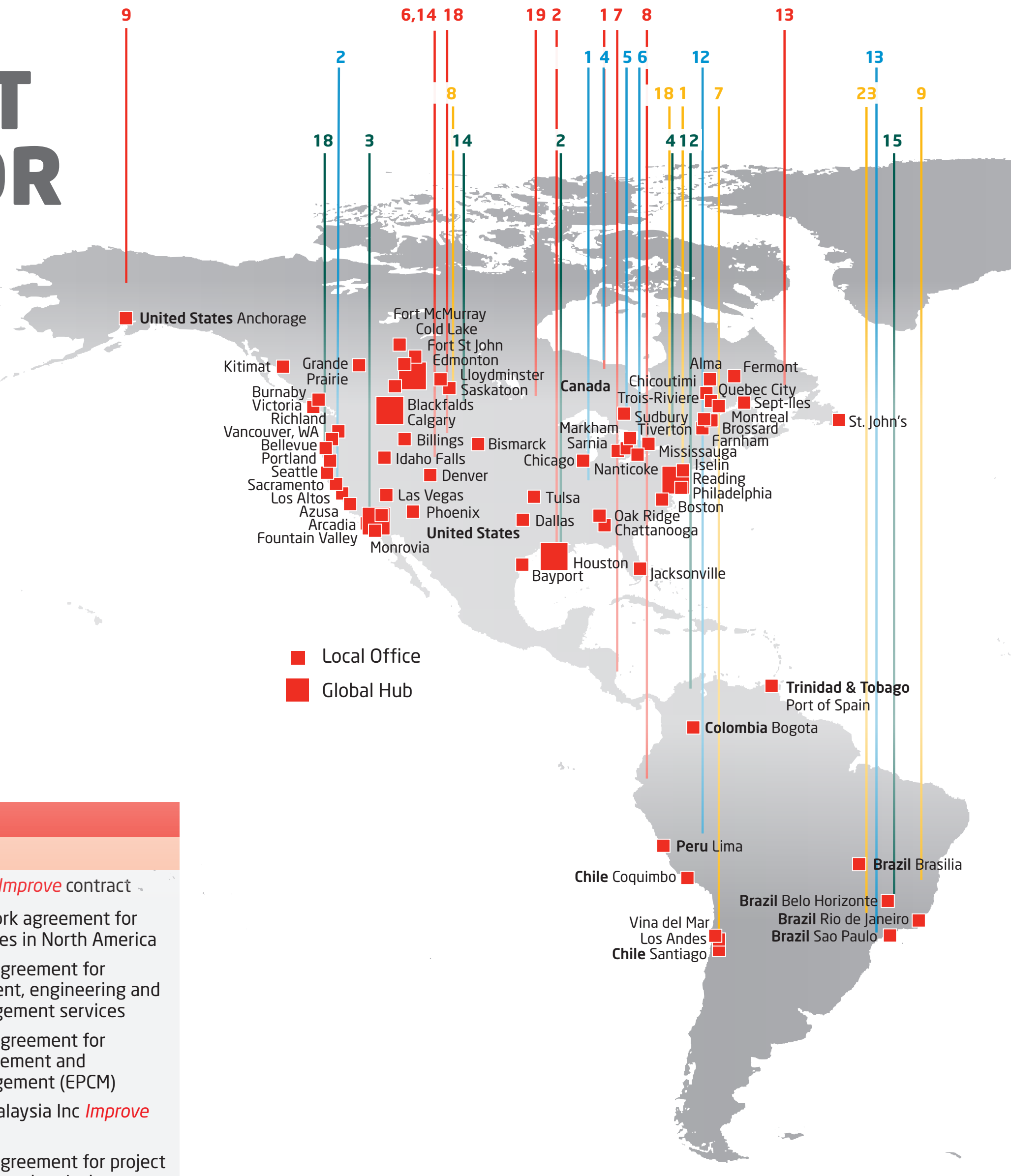
$2,459.1m

*TSR has been calculated using WorleyParsons' share price growth during the period, plus net dividends notionally reinvested on ex-dividend date. One-day adjusted closing share prices are used to calculate WorleyParsons' share price growth.



2007
Aggregate Revenue
$3,525.4m
2008
Aggregate Revenue
$4,882.4m
2009
Aggregate Revenue
$6,219.4m
2010
Aggregate Revenue
$4,967.1m
2011
Aggregate Revenue
$5,903.5m
2012
Aggregate Revenue
$7,362.6m

SIGNIFICANT AWARDS FOR 2012

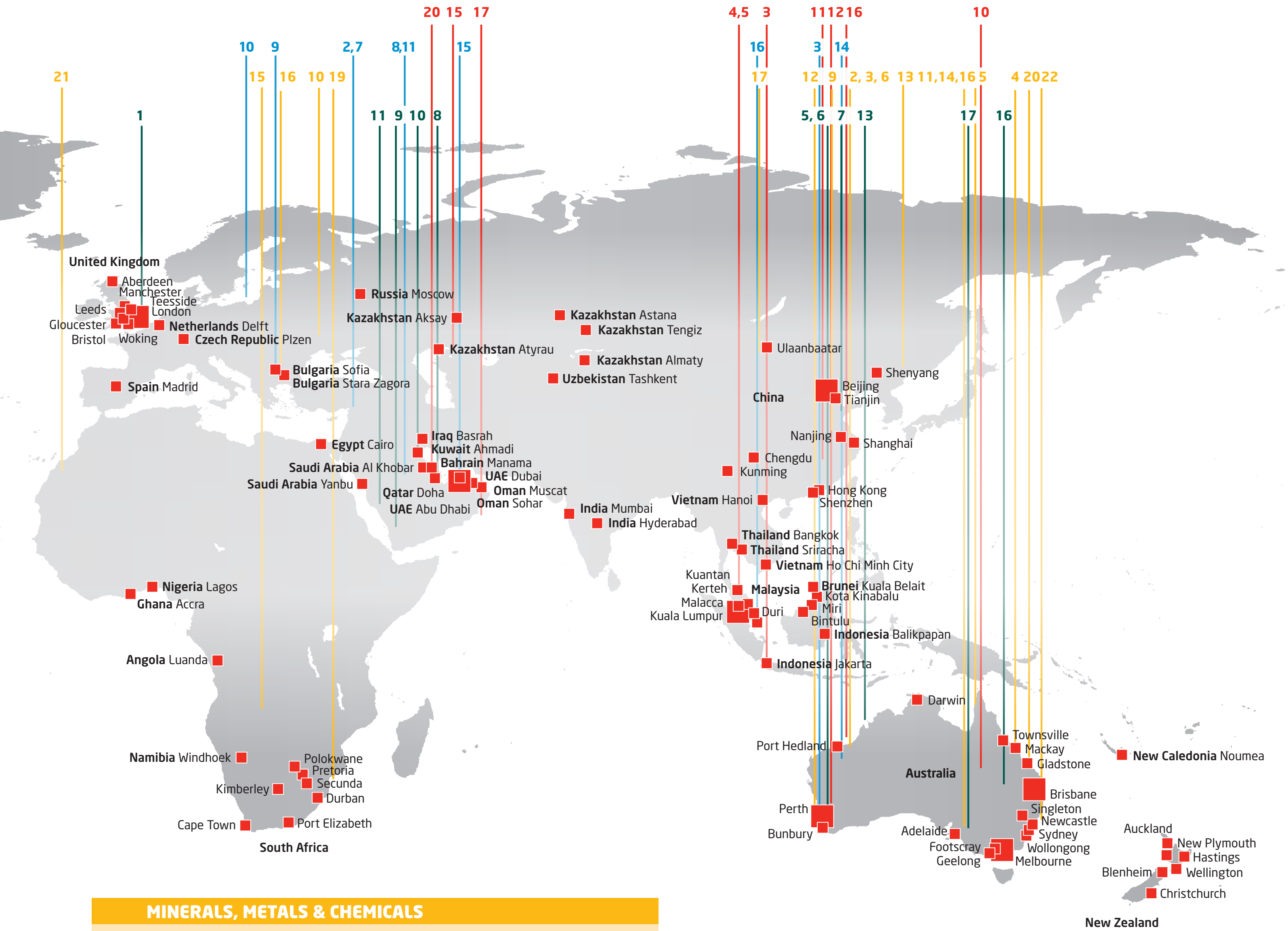


HYDROCARBONS

	LONG TERM PROJECT	
1	Imperial Oil	Nanticoke refinery *Improve* contract
2	Shell	Enterprise framework agreement for downstream facilities in North America
3	Chevron	Umbrella services agreement for program management, engineering and construction management services
4	Imperial Oil	Umbrella services agreement for engineering, procurement and construction management (EPCM)
5	ExxonMobil	ESSO production Malaysia Inc *Improve* contract
6	TransCanada	Umbrella services agreement for project management, engineering design, procurement, technical & field services support
	LARGE PROJECT	
7	SORESCO	Moin refinery expansion
8	PetroEcuador	Refineria del Pacifico refining and petrochemical complex
9	ExxonMobil	Point Thomson initial production system EPCM project
10	Arrow Energy	Surat coal bed methane upstream development
11	Chinese National Offshore Oil Company	LNG cold energy air separation unit
12	Hess	Front end engineering design for Equus deepwater gas project
13	ExxonMobil	Hebron offshore platform engineering, procurement and construction (EPC)
14	TransCanada	Fabrication and construction of Hardisty facility terminal
15	Tengizchevroil	Future growth program/ wellhead pressure management
16	Chevron	Wheatstone LNG integrated project management team
17	Oman Oil	Gas plant Block 60
18	MEG Energy	Christina Lake steam assisted gravity drainage (SAGD) project
19	Suncor Energy	Firebag SAGD facility
20	Kuwait Gulf Oil Company / Saudi Arabian Chevron Inc.	Umbrella services agreement EPCM

POWER

	LONG TERM PROJECT	
1	American Electric Power	Rockport power station air quality control
2	Pacific Gas & Electric	Master service agreement for engineering and technical services
3	Verve Energy	Muja / Kwinana Maintenance Alliance
4	Bruce Power	6300 MW sustaining projects
5	Ontario Power Generation	Darlington refurbishment
6	Entergy	Fossil fuel engineering services
	LARGE PROJECT	
7	Akkuyu NGS Elektrik Uretim Anonim Sirketi	Akkuya nuclear power plant
8	King Abdullah City for Atomic and Renewable Energy	Nuclear power plant siting
9	Kozloduy Nuclear Power Plant	Nuclear power plant stress-tests
10	InterRAO UES	Baltic nuclear power plant
11	Saudi Electricity Company	Engineering, operations and maintenance contract for Power Plant 10
12	Odebrecht	Chaglla hydropower plant
13	Skanska	Baixada Fluminense thermal power plant
14	BHP Billiton	Yarnima power station phase 1 & 2
15	LS Cable & System	Power supply upgrade
16	Tuas Power	Tembusu utility complex stage 2A and 2B



MINERALS, METALS & CHEMICALS

LONG TERM PROJECT		
1	BASF	North American engineering partner contract
2	BHP Billiton	EPCM master framework agreement
3	BHP Billiton	Sustaining capital
4	BHP Billiton Mitsubishi Alliance	Project development group sustaining capital
5	Rio Tinto Alcan	Weipa bauxite mine engineering services
6	Fortescue Metal Group	Iron ore sustaining capital services
LARGE PROJECT		
7	Anglo American	Chagres smelter development
8	Areva	JEB Mill upgrade
9	BASF	Acai / Nanjing super absorbent polymer project
10	Black Iron	Shymanivske iron ore development
11	Bungalow Joint Venture	Bungalow magnetite pre feasibility study
12	CSBP	Prill plant 2 detailed design
13	Evonik	Marco Polo isophorone and isophorone diamine EPCM
14	Eyre Iron	Fusion magnetite definitive feasibility study
15	First Quantum Minerals	Kansanshi copper smelter
16	KCM	Lead smelter detail design and project management consultancy
17	Mongolyn Alt Group	Tsagaan Suvarga copper-molybdenum concentrator
18	Rio Tinto Alcan	North America framework agreement
19	Sasol	Shondoni coal mine EPCM
20	WICET	Wiggens Island coal export terminal stage 1
21	Xstrata	Askaf definitive feasibility study
22	Orica	Project Trident feasibility studies and design
23	EBX Group	MMX Serra Azul iron ore EPCM project

INFRASTRUCTURE & ENVIRONMENT

LONG TERM PROJECT		
1	National Grid Property Holdings	Remediation and liability management services
2	BP	Remediation management North American framework contract
3	Port of Los Angeles/Long Beach	Restoration services framework agreement
4	Rio Tinto Alcan	Master service agreement for risk advisory services & catastrophic event management
5	Chevron	Environmental services panel contract
LARGE PROJECT		
6	Water Corporation	Southern seawater desalination plant stage 2
7	Chemtura	Multi-purpose manufacturing facility
8	Qatar Government	Doha Port development
9	Qatar Government	Lusail Infrastructure, conceptual and detailed design
10	Huta Marine Works	King Abdullah Port phase 1A & phase 1B
11	EMAAR Properties	Project management services for Jeddah Municipality
12	MPX/CCX	La Guajira pit to port development
13	Woodside	Browse downstream development
14	Anglo American	Coal water treatment
15	Norte Energia S.A.	Belo Monte hydroelectric plant
16	Queensland Gas Company	Queensland Curtis LNG project
17	ExxonMobil	Port Stanvac refinery
18	Port Metro Vancouver	Intermodal container projects

BUSINESS SUMMARY

HYDROCARBONS

Business Summary

WorleyParsons seeks to deliver outstanding value to hydrocarbons customers, providing a complete suite of solutions, extending from conceptual studies through mega-project execution and to ongoing asset management and enhancement programs across the full spectrum of upstream and downstream facilities.

Performance Overview

The company continued to strengthen existing and build new customer relationships, with a focus on global and national oil and gas companies. Growth was experienced in global greenfield and *Improve* markets, with an increasing focus on unconventional natural gas and offshore development opportunities. The downstream market is still continuing to recover, led by the petrochemicals sector. In the past year, WorleyParsons' has cemented its reputation as a leader in the delivery of full field solutions for unconventional oil and gas developments.

Future

The company anticipates further growth in the global greenfield and *Improve* markets, both upstream and downstream despite signs of a potential softening in the rate of growth compared to 2012. Capital expenditure in oil and gas continues to increase, supported by the emergence of the shale, oil and gas developments around the world.

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2012	5,015.1	24.0	586.5	5.8	11.7
2011	4,043.9	18.1	554.3	10.5	13.7
2010	3,425.4	(27.7)	501.8		14.7

Aggregated Revenue

MINERALS, METALS & CHEMICALS

Business Summary

From executing bankable feasibility studies to large integrated solutions, WorleyParsons has a proven track record for creating innovative solutions for customers in minerals, metals and chemicals businesses.

Performance Overview

WorleyParsons has continued to develop long term relationships with Tier one customers, resulting in growth in projects and sustaining capital works. Business activities have increased across all regions and growth industries, including iron ore, coal, copper and the chemicals sector, as well as new business areas such as potash and uranium.

Future

The Company continues to focus on globalizing Minerals, Metals & Chemicals through long-term relationships with major customers and anticipates this approach to provide growth opportunities across the developed and developing worlds, particularly in bulk commodities and chemicals.

WorleyParsons expects to continue to expand in Latin America and Africa, largely through taking advantage of opportunities in the coal, copper and iron ore sectors and pit to port developments. Continued growth in project study work in these regions will provide opportunities for pull through to execution of major projects. WorleyParsons' participation in the Chemicals sector is likely to grow as the market strengthens, particularly in China, USA and the Middle East.

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2012	895.4	39.1	131.4	27.9	14.7
2011	643.8	14.5	102.7	(2.9)	16.0
2010	562.5	(3.5)	105.8		18.8

Aggregated Revenue

POWER

Business Summary

WorleyParsons offers comprehensive capabilities across the power generation, transmission and distribution value chain, from conventional and nuclear power generation, integrated networks, through to the latest solutions including renewable energy, advanced coal and smart grid. We work with our customers on all stages of the asset lifecycle, from early planning, full-scope project delivery, facility start-up, through to asset management and operations and maintenance.

Performance Overview

WorleyParsons has focused on asset management in the developed world as well as working with customers on building new generation and networks capacity in the developing world. In the USA, Australia and Canada, the Company currently has long-term service agreements to deliver a range of support services to customers in asset optimization, operation and maintenance, energy efficiency and environmental compliance. In developing markets, we are delivering a number of projects in nuclear and conventional power generation and networks in the Middle East, Latin America, Asia and Africa. Investment in resource infrastructure particularly in Australia has delivered growth for the resource power business.

Future

Power generation and networks opportunities across the Asia, Middle East, Latin America and Africa are expected to remain. In the USA, Canada and Australia, WorleyParsons expects to continue to take advantage of significant investment in asset optimization and energy efficiency with our innovative *Improve* and EcoNomics™ solutions.

The Company expects growth in the nuclear *Improve* market as a result of the post Fukushima safety assessment of existing reactors around the world. The resource sector in Australia is providing opportunities for captive power generation projects and WorleyParsons anticipates further growth in this area as it focuses on supporting resource customers in Latin America, Sub Saharan Africa and the Middle East.

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2012	581.3	13.2	59.9	(8.3)	10.3
2011	513.7	0.8	65.3	12.2	12.7
2010	509.4	(6.8)	58.2		11.4

Aggregated Revenue

INFRASTRUCTURE & ENVIRONMENT

Business Summary

WorleyParsons' Infrastructure & Environment business is focused on providing integrated enabling services in water, environment, transport, ports and marine terminals, geosciences, master planning and restoration to mining, energy and power customers across the globe. These services are uniquely tailored to support our customers in managing the challenges and complexities of both new project developments and brownfield facilities.

Performance Overview

WorleyParsons' Infrastructure & Environment business performed strongly across all sub-sectors evidencing the success of our strategy to expand the focus of the business on supporting the resources industry in addition to the historical focus on urban infrastructure.

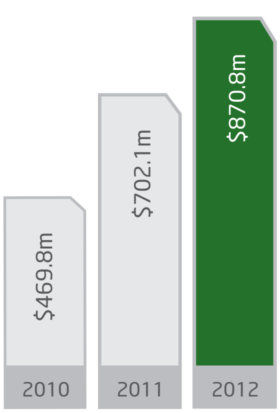
The Company's enabling services model positions us at the front-end *Select* phase through the delivery of geotechnical, environment and social licence, water security and water management services. It maximises our opportunities to continue to work with our customers into *Deliver* and *Improve* implementation phases.

Future

Infrastructure & Environment opportunities are expected to grow through the delivery of enabling services to the Hydrocarbons and Minerals, Metals & Chemicals sectors. These enabling capabilities include environment, water, geosciences, master planning, transport, port and marine terminals and restoration. The Company anticipates improved performance in the pit to port business through the migration into Latin America and Sub Saharan Africa. Expansion of restoration services globally is expected to drive growth in decommissioning and remediation opportunities in the USA, Canada, Europe and Australia.

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2012	870.8	24.0	115.3	14.2	13.2
2011	702.1	49.4	101.0	25.5	14.4
2010	469.8	34.2	80.5		17.1

Aggregated Revenue



CEO'S REPORT

WorleyParsons has delivered good earnings growth in 2012 on strong revenue growth. We continue to see an increase in the volume of projects in the unconventional oil and gas market. Our expanding global presence, particularly our increasing presence in the developing world, continues to create opportunities. We are structurally, financially and strategically well positioned for growth. We continue to build our team to meet the increasing demands of our customers.

Iain Ross
Group Managing Director - Development

Stuart Bradie
Group Managing Director - Operations

Andrew Wood
Group Managing Director - Finance/CFO

John Grill
Chief Executive Officer

David Steele
Group Managing Director - Delivery

Barry Bloch
Group Managing Director - People

Introduction – highlights

It is with a sense of continued confidence in the long-term future of the company that I write to you for the final time as Chief Executive Officer of WorleyParsons.

I would like to congratulate Andrew Wood on his appointment as my successor as Chief Executive Officer. I have the utmost confidence that Andrew and our exceptional leadership team have the skills, experience and vision for the future of the company necessary to lead the next phase of WorleyParsons' growth.

Turning to the year just passed, I am delighted that the Group has delivered good earnings growth for the year despite challenging global macroeconomic conditions and significant volatility across the industries we service. This result was underpinned by strong performances by the Hydrocarbons and Minerals, Metals & Chemicals customer sector groups, particularly in Canada, Australia and the USA. We continue to see an increase in the volume of projects in the unconventional oil and gas market, especially shale gas in the USA, oil sands in Canada and coal seam gas in Australia.

WorleyParsons' expanding global presence, particularly the increasing footprint in the developing world, continues to create opportunities. This growth is perhaps best reflected by the increase in personnel numbers with more than 5,700 additional people joining WorleyParsons during the year.

Operating out of 163 offices across 41 countries we now have 40,800 people, three quarters of whom are based outside Australia, a testament to the success of our global expansion strategy over many years.

Our focussed strategy to capitalise on opportunities in the developing world continues to deliver on its promise. The developing world continues to provide an excellent pipeline of large project opportunities as countries look to tap into their extensive undeveloped resources and expand their asset bases.

Underlying NPAT increased to $346m, up 16% on the previous year (2011: $299m). This was achieved despite an adverse exchange rate impact of $14.2 million during the period. Importantly, the Group also generated a much improved operating cash flow performance. This outcome is the result of improved global cash management processes and systems along with strong local commitment and focus on cash collection.

Margins were generally lower but particularly in the Hydrocarbons and Power customer sector groups. In our Hydrocarbons sector, margins were primarily impacted by a small number of underperforming contracts. These were finalized or provided for during the second half. The Power sector margins were impacted by continuing softness and competition in the USA market and low margin procurement activity in Brazil.

Following the significant restructure of the business last year, it is pleasing to report that our new 'local/global' business model is being extremely well received by our clients and our people. At its roots, the 'local/global' business model depends on the principles of empowerment, collaboration and putting the customer at the centre of everything we do.

We seek to constantly improve our global capabilities while retaining the personal and entrepreneurial culture which has been the hallmark of the company's success over many years. We have sought to achieve this by simplifying our systems and business processes, removing overlap across our operations and geographic locations, and developing mutually beneficial customer relationships at both a global and local level.

The tangible benefits of this approach are already being seen. Our large multinational customers are increasingly looking to contract on a global basis, usually in the form of global services agreements. These agreements provide a steady flow of work over a number of years and are often expanded to incorporate additional service requirements, thereby improving our earnings outlook.

We are growing as a result of winning larger and more complex contracts many of which we execute through close collaboration with key strategic partners and we are constantly striving to carry out these projects more efficiently and sustainably. This growth is clearly reflected in our financial performance with the majority of our revenue for the 2012 financial year being earned from our tier one customers. Despite the significant uncertainty in global markets, particularly in terms of the volatility in commodity prices, we remain optimistic that opportunities will continue to emerge for WorleyParsons.

Safety performance

With great sadness we report three work related employee fatalities this year. Two drivers, one in the Middle East and one in Kazakhstan, died in road incidents and an employee in Brazil died as a result of a bacterial infection. These deaths are tragedies for their families, friends and colleagues and further drives us as we continue to work tirelessly toward our goal of zero harm.

Travel remains one of the most hazardous activities for our people. During the period, we continued our group-wide focus on road safety and to underpin that commitment became a signatory to the UN Decade of Action for Road Safety.

The TRCFR (Total Recordable Case Frequency Rate) for our employees for the 2012 financial year was 0.12 (compared with 0.11 last financial year) and the LWCFR (Lost Workday Case Frequency Rate) was 0.03 (the same as for FY2011). We therefore continue to strengthen our focus on the safe performance of our work, particularly in our field and construction activities.

WorleyParsons Europe was awarded a Gold Award by RoSPA and we received a silver award for our HSE system on the Black Point Power Station Gas Supply Project. WorleyParsons received an award from Kuwait Oil Company for 14 million hours worked without a lost workday case.

WorleyParsons uses the United States Occupational Safety and Health Administration reporting protocol.

People

During the year, we began to see the fruits of a number of streams of work that have been implemented in recent years to further improve our people leadership and capability. For example, we now have in place the first ever global diversity and inclusion policy and have established a group-wide diversity and inclusion council. We have undertaken significant new diversity activities focused primarily on both gender and cultural diversity.

We have developed globally and strategically focused leadership development programs and re-aligned our talent management and succession planning processes to ensure we continue to deliver against measureable goals.

We continue to move a significant number of our people internationally and have finalized a global suite of mobility policies and processes to enhance the mobility experience for our people while improving our cost efficiency.

We continued to see significant recruitment activity and have successfully focused on improving the speed and volume of recruitment while retaining our unequivocal focus on quality control. We further aligned our remuneration practices across the Group to ensure that we continue to achieve both market competitiveness and internal equity.

Underpinning all of this, we have significantly reinforced the operational capabilities of our People group this year. We have a way to go to further improve our position in this area but it is gratifying to see results beginning to emerge.

Financial performance

The results, after excluding fair value gains on acquisition of associates, were:

- Aggregated revenue of $7,363 million; up 25%
- NPAT of $346 million; up 16% and in line with guidance
- EBIT of $530 million; up 12%
- EBIT margin of 7.2%; down from 8% in 2011
- Effective tax rate of 24.1%; down from 26.8% in 2011

The underlying results improved in the second half with NPAT up 28% on that delivered in the first half. However, EBIT margin fell from 7.3% in the first half to 7.1% in the second half.

These results were negatively impacted by exchange rate movements in the year to 30 June 2012 compared to FY2011. The net profit translation impact of this rate movement is approximately $14.2 million.

Operating cash flow for the period was $438 million, compared to $294 million in the previous year. Tax paid in the year was $114.1 million (FY2011: $99.1 million). The Group invested $106.3 million in the business in FY2012 (FY2011: $105.8 million) for acquisitions, property, plant and equipment and computer software.

The Group's gearing ratio at 30 June 2012 (calculated on a net debt to net debt + equity basis) was 19.9%, an improvement from the previous year's ratio of 21.5%. Interest cover (EBITDA to total interest expense) remained high at 12.4 times (FY2011: 12.0 times). The Group's cash position at 30 June 2012 was $247.3 million (FY2011: $171.2 million). The Group has available committed debt facilities of $1,444.6 million (FY2011: $1,277.3 million). The committed debt facilities have an average maturity of 3.8 years (FY2011: 4.6 years), with $138.9 million (9.6%) maturing within one year, $736.1 million (51.0%) between one and four years and $569.6 million (39.4%) beyond four years. Facility utilization at 30 June 2012 was 51.2% (FY2011: 53.2%). In addition, the Group has bank guarantees and letter of credit facilities of $787.3 million with utilization of 66.3% on these facilities at 30 June 2012.

The effective tax rate for the Group for the year ended 30 June 2012 was 24.1% (FY2011: effective rate of 26.8%) which was lower due to a refund received upon finalization of the restructure of our Canadian businesses. The contribution from associates represented 7.8% of the Group's net profit for the year (FY2011: 8.6%).

Segment performance

Hydrocarbons

The Hydrocarbons business reported aggregated revenue of $5,015 million, an increase of 24% from the previous corresponding period. Hydrocarbons' contribution to the group's aggregated revenue was 68%. Segment EBIT was $587 million with a reported segment margin of 12% (FY2011: EBIT $554 million; margin 14%). We experienced continued underperformance on a few projects during the second half, although these projects have now been finalized or provided for.

Demand for oil and gas continues to grow resulting in an increasing level of capital expenditure in major upstream developments throughout the year. There are clear signs that the petrochemicals sector, underpinned by a significant availability of low cost natural gas in the USA, will grow.

We experienced ongoing growth in *Improve* markets globally, together with a higher level of spending in onshore unconventional, LNG and offshore markets. In the USA, lower gas prices have spurred investment in new or resurgent sectors with a wave of gas monetization and petrochemical projects coming to market. Our major customers have expanded into unconventional gas markets and are seeking services from global companies like WorleyParsons. During the year we won a number of projects in shale gas in the USA, tight gas in the Middle East and coal seam gas in Australia, as well as in Canadian oil sands.

Notably, during the year our Canadian construction business, WorleyParsonsCord, was awarded a contract by MEG Energy Corp. for module construction services for its Christina Lake Steam Assisted Gravity Drainage (SAGD) project expansion and a contract to provide construction services at Suncor Energy's Firebag SAGD facility in Fort McMurray, Alberta. Both awards followed on from the completion of engineering and procurement contracts by WorleyParsons.

Outlook for Hydrocarbons

Capital expenditure in oil and gas continues to increase, supported by the emergence of unconventional oil and gas developments around the world. We anticipate further growth in the global greenfield and *Improve* markets, both upstream and downstream despite signs of a potential softening in the rate of growth compared to 2012.

The continued expansion of our global and multi-regional relationships with key customers, along with our comprehensive range of services, gives us confidence in our ability to continue to grow.

We expect margins and earnings in the Hydrocarbons customer sector to improve in FY2013.

Power

The Power business reported aggregated revenue of $581 million, an increase of 13% on the previous corresponding period. Power's contribution to the group's aggregated revenue was 8%. Segment EBIT was $60 million with a reported segment margin of 10% (FY2011: EBIT $65 million; margin 13%). This fall in earnings is contrary to our previous guidance for this customer sector. While the power markets outside the USA remained robust, Power sector margins were impacted by continuing softness and competition in the USA market as well as lower margin procurement activity in Brazil.

Investment in global power infrastructure is expected to grow based on the continuing increase in demand for power in developing economies and on the need for the developed world to improve and replace existing assets. Transmission networks are being seen as enabling assets with intelligent and smart grids driving investment.

We expect to continue to capitalize on investment in asset management and optimization, energy efficiency and alternative energy solutions in the developed world and new build opportunities across all fuel types in the developing world. We have expanded our service base in the USA, Canada and Australia and continue to pursue joint ventures with strategic partners to further enhance our offering.

The nuclear sector continues to offer growth opportunities in new build reactors in the developing world and in *Improve* opportunities as a result of tightening regulatory environments following the Fukushima disaster in Japan.

Outlook for Power

We anticipate growth in new build power generation and networks opportunities across Asia, the Middle East, Latin America and Africa. The resource sector in Australia is providing opportunities for power generation projects. In the USA, Canada and Australia, we expect to continue to take advantage of investment in asset optimization and energy efficiency with our innovative *Improve* and EcoNomics™ solutions.

Growth in the Nuclear *Improve* market is likely to continue, while resource power opportunities are expected to deliver further growth in Australia, Latin America, Sub Saharan Africa and the Middle East.

We expect an improvement in earnings in the Power customer sector in FY2013.

Segment performance (continued)

Minerals, Metals & Chemicals

WorleyParsons' Minerals, Metals & Chemicals business reported a 39% increase in aggregated revenue to $895 million. Minerals, Metals & Chemicals' contribution to the group's aggregated revenue was 12%. Segment EBIT was $131 million with a reported segment margin of 15% (FY2011: EBIT $103 million; margin 16 %).

We continued to strengthen our relationship with major global companies and as a result have experienced growth in both project and *Improve* activity, particularly in Australia and Canada. During the year, we secured major iron ore, coal, base metals and chemicals contracts with companies including BHP Billiton, Rio Tinto, Vale, Anglo American and BASF.

We continue to expand our presence in coal, copper and iron ore in both developed and developing countries, and have also experienced growth in new industries such as potash, uranium and chemicals.

The global chemicals industry provides a strong opportunity for WorleyParsons to expand the business and we have renamed the customer sector group Minerals, Metals & Chemicals to reflect our increased focus on these markets.

We also continue to focus on generating growth through strategic partnerships. The recently established Cegertec WorleyParsons joint venture in Quebec, Canada has created a key capability centre for aluminium that will support growth in major projects and *Improve*, not only in Quebec but globally. During the year, we increased our ownership of ARA WorleyParsons in Chile to 94%.

Outlook for Minerals, Metals & Chemicals

Uncertainty in the market is expected to continue in the immediate future both in terms of resource demand from prime markets such as China and the supply development intentions of our major resource clients. We continue to focus on globalizing Minerals, Metals & Chemicals through long term relationships with our major customers. We expect this approach to provide growth opportunities across the developed and developing worlds, particularly in bulk commodities and chemicals.

We look to continue to expand in Latin America and Africa, largely taking advantage of opportunities in the coal, copper and iron ore sectors and pit to port developments. Continued growth in project study work in these regions will also provide opportunities for pull through to execution of major projects. Meanwhile, our participation in the Chemicals sector is expected to grow as the market strengthens, particularly in China, USA and the Middle East.

We expect improved earnings in the Minerals, Metals & Chemicals customer sector in FY2013.

Infrastructure & Environment

The Infrastructure & Environment business delivered aggregated revenue for the year of $871 million, an increase of 24% from the $702 million reported in 2011. Infrastructure & Environment's contribution to the group's aggregated revenue was 12%. Segment EBIT was $115 million with a margin of 13% (FY2011: EBIT $101 million; margin 14%).

The Infrastructure & Environment business has experienced significant growth across all sub-sectors during the year evidencing the success of our strategy to expand the focus of the business on supporting the resources industry in addition to the historical focus on urban infrastructure.

The Water business has shifted from a municipal to an industry focus, with over 70% of revenue now being generated from the mining, energy and power sectors. We are increasingly being recognised for our leadership in the environment sector, having been selected to join a panel of experts to support Chevron and other key hydrocarbons customers.

Our Master Planning business is engaged across multiple continents in the design, delivery and management of major industrial estates. We continue to grow our project portfolio in servicing global port operators around the world such as Dubai Ports and China Harbours. We have also experienced considerable growth in the Restoration business, delivering site remediation, decommissioning, response and recovery services via several long-term master service framework agreements with global customers.

The business has seen strong growth in the developing regions of Latin America and Sub Saharan Africa. The acquisitions of KV3 in South Africa, CNEC in Brazil and increased ownership of ARA WorleyParsons in Chile have considerably enhanced our capabilities in these regions and provide a strong platform from which to expand.

Outlook for Infrastructure & Environment

Infrastructure & Environment opportunities are expected to grow through the delivery of enabling services to the Hydrocarbons and Minerals, Metals & Chemicals customer sector groups. These enabling capabilities include environment, water, geosciences, master planning, transport, port and marine terminals and restoration.

We anticipate improved performance in the pit to port sector through the migration of our capability into Latin America and Sub Saharan Africa while expansion of our Restoration services globally is expected to drive growth in decommissioning and remediation opportunities in the USA, Canada, Europe and Australia.

We expect improved earnings in the Infrastructure & Environment customer sector in FY2013.

Summary

During the year, we continued to develop the Group's delivery platform by extending our global workforce, enhancing our comprehensive service offering, strengthening client relationships and expanding into new markets.

I am delighted to be able to hand over to my successor a business that is in good shape. I have every confidence in Andrew Wood and the Executive and CEO's committees to continue to lead the group through its next growth phase.

Outlook for the group

Subject to the markets for our services remaining strong, we expect to achieve good growth in FY2013 compared to FY2012 underlying earnings.

We have a clear growth strategy in place focused on improving margins and developing our skill set and geographic footprint across our four customer sectors. This will be achieved through organic growth as well as by taking advantage of acquisition opportunities that provide value for shareholders.

We are confident that our medium and long term prospects remain positive based on our competitive position, our diversified operations and strong financial capacity.

John Grill
Chief Executive Officer

BOARD OF DIRECTORS

John Grill
Chief Executive Officer

Ron McNeilly
Chairman and
Non-Executive Director

JB McNeil
Non-Executive Director

John M Green
Non-Executive Director

Wang Xiao Bin
Non-Executive Director

Larry Benke
Non-Executive Director

Christopher Haynes, OBE
Non-Executive Director

Catherine Livingstone, AO
Non-Executive Director

Erich Fraunschiel
Non-Executive Director

Peter Janu
Company Secretary &
General Counsel Corporate

Corporate Governance

INTRODUCTION

The Board of Directors of WorleyParsons Limited (Board) strives to ensure that WorleyParsons Limited (Company) and the entities it controls (Group) meet high standards of safety, performance and governance. The Group recognizes that it has responsibilities to its shareholders, customers, personnel and suppliers as well as to the communities in which it operates.

The Board has ultimate authority and oversight of the Group and regards corporate governance as a critical element in the drive to improve the Group's performance and achieve the Group's vision of being the preferred global provider of technical, project and operational support services. Accordingly, the Board has adopted appropriate charters, codes and policies and established a number of Committees to discharge its duties.

The Corporate Governance page in the Investor Relations section of the Group's website (www.worleyparsons.com) contains most of the charters, codes and policies which are referred to in this statement. These documents are periodically reviewed and enhanced where necessary to take account of changes in the law and governance practises.

The Group's governance systems meet the requirements of the *Corporations Act 2001* (the Act), the Listing Rules of the Australian Securities Exchange (ASX Listing Rules and ASX respectively) and each of the recommendations set out in the *Corporate Governance Principles and Recommendations with 2010 Amendments* (2nd Edition) released in June 2010 by the ASX Corporate Governance Council (ASX Recommendations).

As required by the ASX Listing Rules, this statement discloses the extent to which the Company has followed the ASX Recommendations during the reporting period comprising the year ended 30 June 2012 (Reporting Period).

The following table indicates where specific ASX Recommendations are dealt with in this statement:

PRINCIPLES AND RECOMMENDATIONS		SECTION
Principle 1: **Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2.1
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.7
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1.7, 2.1
Principle 2: **Structure the board to add value**		
2.1	A majority of the board should be independent directors.	1.1, 1.2, 1.4
2.2	The chair should be an independent director.	1.1, 1.2, 1.4
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1.1, 1.2
2.4	The board should establish a nomination committee (according to the commentary set out in the ASX Recommendations, it should consist of a minimum of three members, the majority being independent and have an independent chair).	1.3, 2.3
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1.7
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	1.2, 1.3, 1.4, 1.6, 1.7, 2.3
Principle 3: **Promote ethical and responsible decision making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	1.5, 2.4, 3.1
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	3.8
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	3.8
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.	3.8
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	3.1, 3.2

PRINCIPLES AND RECOMMENDATIONS		SECTION
Principle 4: Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	2.3
4.2	The audit committee should be structured so that it: • consists of only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair who is not chair of the board; and • has at least three members.	2.3
4.3	The audit committee should have a formal charter.	2.3
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2.3
Principle 5: Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	2.4, 3.5
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	3.5
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	3.6
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	3.6
Principle 7: Recognize and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2.3, 3.3, 3.4
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	3.3
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	3.3
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	3.3
Principle 8: Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	2.3
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	2.3
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	3.7
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2.3, 3.2

The Group recognizes that responsible, sustainable corporate performance is essential to the long term success of its business and desirable to all of its stakeholders. The Group's Corporate Responsibility Statement can be found on page 28 of the Annual Report.

PART 1 – COMPOSITION AND GOVERNANCE POLICIES OF THE BOARD

Relevant policies and charters (see www.worleyparsons.com) – Board Charter

1.1 COMPOSITION PRINCIPLES

The Board's composition is determined in accordance with the following principles, the Company's Constitution and relevant governance requirements:

- the Board should comprise at least three members and maintain a majority of independent and/or non-executive directors;
- the positions of Chairman and Chief Executive Officer (CEO) must be held by separate persons;
- the Chairman must always be a non-executive director;
- the Board should comprise directors with an appropriate range and mix of skills, experience, expertise and diversity;
- the performance of the Board and its members should be reviewed annually and objectively; and
- all directors (except the CEO) must submit themselves for re-election at regular intervals, and at least every three years.

1.2 MEMBERSHIP

The membership of the Board complies with the composition principles outlined above. The directors of the Company during the Reporting Period were:

NAME	POSITION
Ron McNeilly	Non-Executive Director
Larry Benke	Non-Executive Director
Erich Fraunschiel	Non-Executive Director
John M Green	Non-Executive Director
John Grill	Chief Executive Officer and Executive Director
Eric Gwee	Non-Executive Director (until 25 October 2011)
Christopher Haynes, OBE	Non-Executive Director (from 1 January 2012)
Catherine Livingstone, AO	Non-Executive Director
JB McNeil	Non-Executive Director
Wang Xiao Bin	Non-Executive Director (from 1 December 2011)
William Hall	Alternate Director to Larry Benke (until 25 October 2011)

Details of each director's qualifications, special responsibilities, skills, expertise and experience (including the period of office held by each director) are contained in the profiles included on pages 34 and 35 in the Directors' Report.

During the Reporting Period:

- Mr Gwee retired as a director on 25 October 2011;
- Mr Hall retired as an alternate director to Larry Benke on 25 October 2011;
- Ms Wang was appointed as a director on 1 December 2011;
- Dr Haynes was appointed as a director on 1 January 2012; and
- all other directors served as directors for the entire Reporting Period.

1.3 APPOINTMENT, INDUCTION AND TRAINING

The Board's Nominations Committee sets and reviews the criteria for new director appointments having regard to the overall composition of the Board.

In considering the nominations and appointments of directors, the Board seeks to ensure that its membership is such that each director:

- is a person of integrity who will observe the Group's Code of Conduct;
- has sufficient abilities and time available to perform their role effectively;
- brings an independent and questioning mind to their role;
- enhances the breadth and depth of skills and knowledge of the Board as a whole; and
- enhances the experience and diversity of the Board as a whole.

While recognizing that each director will not necessarily have experience in each of the following areas, the Board seeks to ensure that its membership includes directors with experience in engineering, relevant customer sectors, general management and finance. In addition, the Board is seeking ways in which it can further its diversity.

Each non-executive director receives a letter formalizing their appointment and that letter outlines the key terms and conditions of their appointment. Executive directors each have a written position description and a service contract.

Director induction processes are incorporated into the Board program. Directors are encouraged, and are given the opportunity, to broaden their knowledge of the Group's business by visiting offices in different locations and to remain abreast of developments impacting the business.

1.4 DIRECTOR INDEPENDENCE

The Board recognizes that, while various principles and factors are relevant in determining independence, true independence is a matter of judgment having regard to the particular circumstances. Accordingly, when the Board exercises its judgment in determining independence, it has regard to relationships between a director and the Group or between a director and third parties that may compromise the director's independence.

The Nominations Committee monitors and undertakes an annual assessment of each non-executive director's independence. This assessment applies the ASX Recommendations, the Act and current corporate governance practise and adopts the definition of independence set out in the ASX Recommendations. Further, the Nominations Committee has regard to the materiality and type of interest (e.g. as shareholder, advisor, supplier or customer).

In addition, at each Board meeting, the Board reviews each non-executive director's independence. This maintains the integrity of the Board's ongoing assessment as to the independence of each non-executive director.

The Board recognizes that the accounting standards provide a useful guide as to what is or is not material in a quantitative sense. The accounting standards define materiality as an interest of more than 10% of the relevant base (whether revenue, equity or expenses). Any interests between 5% and 10% of the base are treated as potentially material, depending on the circumstances. Any interests below 5% are treated as being immaterial. However, the Board also applies a qualitative assessment to seek to ensure that a solely quantitative approach does not result in inappropriate decisions. The Board considers whether there are any circumstances which may affect the director's interest and could, or could reasonably be perceived to, materially interfere with the director's ability to act in the Company's best interests.

The Board has considered the positions and relationships of each of the eight non-executive directors and has formed the view that seven of the eight non-executive directors in office at the conclusion of the Reporting Period are independent. The Board is of the opinion that therefore a majority of the Board is independent of the Group's management and is free of any interest that may affect its free and unfettered judgment.

Mr Fraunschiel, the Chairman of the Company's Audit and Risk Committee, is a director of Woodside Petroleum Limited (Woodside), which is a customer of the Group. Dr Haynes, the Chairman of the Company's Health, Safety and Environment Committee, is also a director of Woodside. Further, while Mr Gwee was a director of the Company, he was also a director of Singapore Power Limited (Singapore Power), which is a customer of one of the Company's Singaporean subsidiaries, WorleyParsons (DRPL) Pte Limited.

The Board considers each of Mr Fraunschiel and Dr Haynes to be independent, and Mr Gwee to have been independent, after applying the principles stated above, given the percentage of total revenue and total gross margin the Group earned both from Woodside and Singapore Power was less than the 5% threshold stated above during the Reporting Period.

In the Board's opinion, the judgment of each of Mr Fraunschiel and Dr Haynes is not impaired or conflicted even though they are directors of Woodside. The Board also notes that as a practical matter, both of those directors exercise independent judgment in the best interests of the Company without direction from Woodside and neither of them receives any remuneration other than directors' fees from either the Company or Woodside.

Further, in the Board's opinion, the judgment of Mr Gwee was not impaired or conflicted while he was a director of the Company even though he was a director of Singapore Power. Similarly, the Board also notes that as a practical matter, Mr Gwee exercised independent judgment in the best interests of the Company without direction from Singapore Power and he did not receive any remuneration other than directors' fees from either the Company or Singapore Power during that time.

Mr Benke is not regarded as independent given that he was appointed a non-executive director on the day after resigning as an executive of the Group on 30 June 2010.

1.5 NOTIFICATION OF INTERESTS AND TREATMENT OF CONFLICTS

Directors are required to notify the Chairman of any contracts, offices (including other directorships) held, interests in other companies or transactions which might involve a real or potential conflict and at each Board meeting directors declare any conflicts or changes to their independence. In the event of such a conflict, the Board acts appropriately and takes minutes of its actions. The Board Charter sets out the process that the Company applies if a conflict arises for one or more of its directors. In particular, a director who has a conflict with respect to a matter will not, without the Chairman's approval, receive relevant Board papers, be present during any discussion or vote on that matter.

Neither Mr Fraunschiel nor Dr Haynes has received any relevant Board papers, been present during any discussion nor voted on any matter concerning Woodside. In addition, for the period of time while he was a director of the Company, Mr Gwee did not receive any relevant Board papers, nor was he present during any discussion and nor did he vote on any matter concerning Singapore Power.

1.6 INDEPENDENT ADVICE

Each director is entitled to take independent professional advice at the Company's expense, with the prior approval of the Chairman.

1.7 PERFORMANCE REVIEW

The Group encourages excellence from all its personnel and the directors recognize that the performance of all personnel, including directors, is enhanced by a structured performance review process.

Review of Board performance

The Nominations Committee oversees the conduct of a review of Board performance, policies and practice every 12 months.

The review includes:

- comparing performance against agreed relevant criteria; and
- examining the Board's effectiveness and composition.

The relevant criteria against which the performance of the Board is assessed include the following:

- monitoring of business performance;
- regulatory compliance;
- strategy formulation; and
- succession planning.

In addition, informal reviews are conducted as necessary and any director may suggest that the Board conduct an additional formal review earlier than the regular annual review.

From time to time, the Board engages external consultants to undertake an independent review of the Board and individual directors' performance and effectiveness.

A Board and Board Committee evaluation took place during the Reporting Period in accordance with this process. This evaluation was conducted by the Chairman in the form of individual interviews with each non-executive director. The interviews covered matters such as their individual contribution, Board and Board Committee performance and the functioning of the Board and Board Committee processes. The outcomes of the one-on-one interviews were discussed with the Board which also had further discussions concerning Board and Board Committee performance.

In addition, the Nominations Committee evaluates the performance of individual directors as those directors become eligible for election and re-election.

Review of the performance of senior management

The Board establishes performance criteria for the CEO and conducts a performance review of the CEO at least annually. The Board is advised on these matters by the Nominations Committee.

In turn, the CEO conducts annual performance reviews of senior executives, which inform senior executives' remuneration packages, and reports on their performance to the Remuneration Committee.

Each senior executive, including the CEO, has a written position description and a service contract.

The relevant criteria against which the performance of the CEO and the senior executives is assessed include:

- financial criteria relevant to the individual's responsibilities and influence; and
- personal performance indicators referable to achieving the objectives of their role.

The performance and remuneration of the CEO and the senior executives were reviewed in this manner during the Reporting Period.

PART 2 – OPERATION AND RESPONSIBILITIES OF THE BOARD AND BOARD COMMITTEES

Relevant policies and charters (see www.worleyparsons.com)

- Board Charter
- Audit and Risk Committee Charter
- Nominations Committee Charter
- Remuneration Committee Charter
- Health, Safety and Environment Committee Charter
- Continuous Disclosure Policy

2.1 BOARD RESPONSIBILITIES AND DELEGATION TO SENIOR MANAGEMENT

The Board's responsibilities and those matters delegated to senior executives are set out in the Board Charter.

The Board is responsible for approving the Group's strategic direction and objectives. It monitors all aspects of the Group's performance. The Board works with senior executives to formulate strategic direction, to set goals, budgets, plans and policies and to identify and mitigate risk.

Directors' deliberations in Board meetings and the application of the Group's policies facilitate the Board's critical and objective review of management's performance and enable the Board to align senior executives' activities with shareholder expectations.

The Board has given the CEO a written delegation to manage the Group's operations and it states that he must exercise his delegation always wholly for the benefit of the Company and in accordance with the Group's Code of Conduct and other Group policies. The CEO has given a written delegation to his direct reports and similarly, his direct reports must exercise their delegation always wholly for the benefit of the Company and in accordance with the Group's Code of Conduct and other Group policies. This gives the CEO and his management team a framework within which to drive the Group's strategic direction and meet the goals determined by the Board.

2.2 BOARD MEETINGS

The Board meets in person at least six times a year, with additional meetings and briefings held as required, usually by telephone. Senior executives are invited to attend Board meetings on a regular basis, even if they are not Board members. This provides a direct line of communication between the directors and management. Non-executive directors also meet at least six times a year without management. Details of the Board and Committee meetings held during the Reporting Period and attendances at those meetings are set out below:

	BOARD		AUDIT AND RISK COMMITTEE		NOMINATIONS COMMITTEE		REMUNERATION COMMITTEE	
DIRECTOR	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
Ron McNeilly	6	6			6	6	6	6
Larry Benke	6	5			6	6		
Erich Fraunschiel	6	6	6	6	6	6		
John M Green	6	6			6	6	6	6
John Grill	6	6						
Eric Gwee	2	2			2	2	2	2
Christopher Haynes, OBE	3	3			3	3		
Catherine Livingstone, AO	6	5	6	5	6	5		
JB McNeil	6	6	6	6	6	6	4	4
Wang Xiao Bin	4	4	4	4	4	4		

In addition to the above meetings, five special purpose meetings of standing Board Committees were held during the Reporting Period. The Board also met informally during the Reporting Period by way of a Board briefing on eight occasions. The Audit and Risk Committee met informally during the year by way of an Audit and Risk Committee briefing on one occasion.

All non-executive directors who are not members of the standing Board Committees are invited to, and generally attend, the standing Board Committee meetings.

2.3 BOARD COMMITTEES

The Board has established four standing Committees to ensure that it is well equipped to discharge its responsibilities and to assist the Board in carrying out its responsibilities: the Audit and Risk Committee; the Nominations Committee; the Remuneration Committee; and the Health, Safety and Environment Committee. Each of the Committees has a formal charter in place.

Each Committee is comprised of:

- a non-executive director as Chairman;
- only non-executive directors, the majority of whom are independent; and
- at least three members.

Senior executives may attend Committee meetings upon invitation from the relevant Chairman.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in overseeing the integrity of the Group's financial reporting, risk management framework and internal controls. The Committee has an important role in supervising and monitoring the progress of both the Internal Audit and Risk Management functions. In addition, it manages the Group's relationship with the external auditor, including the auditor's appointment, removal and evaluation and approval of the auditor's engagement terms, fees and audit plan.

The Audit and Risk Committee also reviews and makes recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management processes. This includes considering the effectiveness of risk management processes, compliance and internal control systems.

The Chairman of the Committee is an independent director who is not the Chairman of the Board. The following directors were members of the Audit and Risk Committee during the Reporting Period:

NAME	DURATION
Erich Fraunschiel (Chairman)	Whole Reporting Period
Catherine Livingstone, AO	Whole Reporting Period
JB McNeil	Whole Reporting Period
Wang Xiao Bin	From 1 December 2011

Details of the qualifications of the members of the Audit and Risk Committee are set out in the Directors' Report on pages 34 and 35. Details of the Audit and Risk Committee meetings held and attendances at those meetings are set out in this statement on page 22.

The Audit and Risk Committee is responsible for establishing procedures for the selection and nomination to the Board of the external auditor. Those procedures involve obtaining detailed written submissions from the proposed external auditor, including a detailed resumé for the proposed senior audit engagement partner. The Committee then interviews that partner and seeks references from third parties as to their suitability before making any recommendation to the Board in that regard.

The Committee is also responsible for establishing procedures for the rotation of the external audit engagement partner. The Committee monitors that partner during their period of appointment and may recommend to the Board that that partner rotate earlier than is required by law if the Committee is of the view that this is appropriate in all the circumstances.

The Committee, on behalf of the Board, also monitors the integrity of the external audit function by not permitting:

- the partner managing the audit for the external auditor to serve for more than five consecutive years; and/or
- the external auditor to be retained for non-audit work where such retainer may detract, or be perceived to detract, from the auditor's independence or impartiality.

Fees paid to the external auditor for non-audit work are disclosed in the financial statements.

Nominations Committee

The Nominations Committee assists and advises the Board on matters relating to Board composition and performance, including director independence, and the CEO's appointment, performance review and remuneration. The Committee reviews, assesses and advises the Board in relation to the necessary and desirable competencies of directors. It also oversees director selection and appointment.

All non-executive directors are members of the Nominations Committee.

NAME	DURATION
Ron McNeilly (Chairman)	Whole Reporting Period
Larry Benke	Whole Reporting Period
Erich Fraunschiel	Whole Reporting Period
John M Green	Whole Reporting Period
Eric Gwee	Until 25 October 2011
Christopher Haynes, OBE	From 1 January 2012
Catherine Livingstone, AO	Whole Reporting Period
JB McNeil	Whole Reporting Period
Wang Xiao Bin	From 1 December 2011

Details of the Nominations Committee meetings held and attendances at those meetings are set out in this statement on page 22.

The Nominations Committee and the Board consider the composition of the Board at least twice annually: when assessing the Board's performance and when considering director election and re-election. In addition, it also considers Board composition before appointing any new director.

In considering whether the Board will support the re-election of incumbent directors, the Nominations Committee considers the skills, experience, expertise, diversity and contribution made to the Board by the incumbent director and the contribution that the director is likely to make if re-elected. If the incumbent director has already served as a director for at least three terms, the Nominations Committee will consider the desirability for Board renewal and Board composition at that time and the incumbent director's skills, experience, expertise, diversity and contribution.

Following this assessment, the Nominations Committee will make a recommendation to the Board as to whether or not the Board should support the re-election of the incumbent director.

When considering appointing new directors, the Nominations Committee assesses the range of skills, experience, expertise, diversity and other attributes from which the Board would benefit and the extent to which current directors possess such attributes. This assessment allows the Nominations Committee to provide the Board with a recommendation concerning the attributes for a new director, such that they balance those of existing directors. The Board considers the Nominations Committee's recommendation and determines the attributes for which it is searching.

Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by directors) as appropriate. Following this assessment, the Nominations Committee will make a recommendation to the Board concerning the proposed appointment.

If the Board decides to continue the process, as a final step, all directors will meet with the proposed director. The Board will then make its final decision with regard to the appointment.

Remuneration Committee

The Remuneration Committee assists and advises the Board on matters relating to Board remuneration, and the performance and remuneration of the CEO's direct reports. The Committee is responsible for ensuring that the Group has and observes coherent remuneration policies and practises which enable it to:

- attract and retain executives, directors and other personnel who will create value for shareholders;
- generate sustained business performance; and
- support the Group's objectives, goals and values.

Further details on the operation of the Committee are set out in the Remuneration Report at page 40 of the Annual Report.

The following directors were members of the Remuneration Committee during the Reporting Period:

NAME	DURATION
John M Green (Chairman)	Whole Reporting Period
Eric Gwee	Until 25 October 2011
JB McNeil	From 26 October 2011
Ron McNeilly	Whole Reporting Period

Details of the Remuneration Committee meetings held and attendances at those meetings are set out in this statement on page 22.

Health, Safety and Environment Committee

During the Reporting Period, the Board established a Health, Safety and Environment Committee of the Board.

That Committee assists the Board to fulfil its responsibility to oversee health, safety and environmental matters arising out of the Group's activities.

It is responsible for making recommendations to the Board regarding:

- the effectiveness of the resources and processes that the Group uses to manage health, safety and environmental risks and to comply with health, safety and environmental laws;
- the Group's and management's respective performance with respect to health, safety and environment; and
- the identity of independent third parties to be appointed to verify the effectiveness of the Group's resources, process and performance with respect to health, safety and environment, along with the scope of their role and how frequently verification will be undertaken.

Dr Haynes, Mr McNeilly and Mr Benke are members of the Health, Safety and Environment Committee. Dr Haynes has been appointed Chairman of the Committee.

Meetings of the Committee will begin in the year ending 30 June 2013.

2.4 OTHER COMMITTEES

In addition to the Board Committees, a number of additional Committees assist the Board in monitoring and overseeing the Group's Code of Conduct and policies that reinforce the Board's commitment to corporate governance, strong ethical standards and integrity.

Disclosure Committee

The Continuous Disclosure Policy establishes a Disclosure Committee. The role of the Disclosure Committee is to consider matters which are potentially material and price sensitive and to determine whether those matters are required to be disclosed to the market.

The Disclosure Committee comprises the CEO or the Chief Financial Officer (CFO), the Company Secretary and at least one non-executive director. The Board will consider major disclosure matters such as results, profit guidance and major acquisitions.

Ethics Committee

The role of the Ethics Committee is to:

- assess, develop, implement and oversee Group ethics on a global basis;
- provide the oversight necessary to guide Group personnel in their efforts to adhere to ethical business practices and comply with regulatory requirements; and
- recommend to the CEO and the Executive Committee the objectives, policies and procedures that best serve the Group's interests in maintaining a business environment committed to high standards of ethics and integrity, corporate responsibility and legal compliance.

The Ethics Committee comprises senior management representatives of Risk Management, Legal, Governance, Finance, and Internal Audit. It provides a forum through which ethical issues may be reported and investigated.

PART 3 – GOVERNANCE POLICIES APPLYING TO THE GROUP

Relevant policies and charters (see www.worleyparsons.com)

- Board Charter
- Audit and Risk Committee Charter
- Nominations Committee Charter
- Remuneration Committee Charter
- Health, Safety and Environment Committee Charter
- Code of Conduct
- Securities Dealing Policy
- Continuous Disclosure Policy
- Corporate Risk Management Policy
- Diversity Policy
- Corporate Responsibility Statement

3.1 ETHICAL DECISION MAKING – THE CODE OF CONDUCT

The Board has published various policies and codes to promote the Group's approach to ethical and responsible decision making.

The Group's Code of Conduct (Code) guides the Group's personnel, including directors, as to the standards of behavior expected of them. The Code has been translated into Arabic, Bahasa Indonesian, Bahasa Malay, Bulgarian, French, Kazakh, Mandarin, Portuguese, Romanian, Russian, Spanish, Thai and Vietnamese.

While the Code seeks to prescribe standards of behavior for all Group personnel to observe, it does not, and understandably cannot, identify every ethical issue that a personnel member might face. The Code's objective is to provide a benchmark for professional behavior throughout the Group, to safeguard the Group's reputation and to make personnel members aware of the consequences of breaching the Code.

The Code deals with many ethical issues, including:

- the Group's commitment to a safe and harassment-free workplace;
- good corporate citizenship and compliance with laws;
- acting with professional integrity (including avoiding conflicts of interest); and
- protecting the Group's reputation, assets, resources, information and records.

The Group provides the Code and training in relation to it to all Group personnel when they start with the Group and provides all Group personnel with annual refresher training. All Group personnel can access the Code from the Group's intranet or request a copy from their local People group representative.

3.2 SECURITIES DEALING POLICY

The Board has approved a Securities Dealing Policy that applies to all the Group's personnel, including directors. The policy is designed to:

- explain the type of conduct in relation to dealings in securities that is prohibited under the relevant law and by the Group, including insider trading; and
- establish a procedure for buying, selling or otherwise dealing in the Company's securities that prohibits dealing by personnel and their associates during specified closed periods without prior approval from the Chairman of the Audit and Risk Committee, Chairman of the Board, CEO or Company Secretary, as appropriate. Such approval will only be granted to the directors (including the CEO), the CEO's direct reports and members of the CEO's Committee in exceptional circumstances.

The Act prohibits members of the Group's key management personnel and their closely related parties from hedging any performance rights that they have been granted under the WorleyParsons Performance Rights Plan. Under the Group's Securities Dealing Policy, all personnel and their associates are prohibited from hedging any performance rights that they hold and they are also prohibited from hedging any shares that they hold that are subject to transfer restrictions or any minimum holding requirements.

Hedging includes entering into any transaction or arrangement in financial products which operates to limit the economic risk of a security holding in the Company, including equity swaps and contracts for difference.

3.3 MANAGEMENT OF MATERIAL BUSINESS RISKS

The Group has a Corporate Risk Management Policy and Risk Management Framework. The Board requires management to design and implement a risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Risk Management Framework supports the Corporate Risk Management Policy and describes the objectives, strategies, resources and responsibilities for managing risk.

The Group's risk management approach is based on the International Standard ISO 31000:2009 *Risk management – Principles and guidelines*. This approach adopts best practice in risk management so far as it relates to the Group's requirements. The Group's Risk Management systems are mature and embedded throughout the operations via the Group's Enterprise Management System.

The Group has processes to systematically identify, assess, and report on both financial and non-financial material business risks. Part of this process requires the Internal Audit group to report to the Board as to the effectiveness of the Group's management of its material business risks and internal controls. A strategic and operational Corporate Risk Management report is prepared and analyzed by both management and the Board on a biannual basis. The Board received reports from management on the effectiveness of the Group's management of material business risks during the Reporting Period.

This process enables the Board to consider the effectiveness of the Group's management of its material business risks. The Board has also received a written assurance from the CEO and the CFO that the declarations provided by them, in accordance with section 295A of the Act and ASX Recommendation 7.3, are founded on a sound system of risk management and internal control and that the system is functioning effectively in relation to financial reporting and material business risks.

3.4 INTERNAL AUDIT

The Internal Audit function is independent of management and is overseen by the Audit and Risk Committee. It provides assurance that the Group's financial and operational risks are being managed appropriately and that its internal control framework is operating effectively. In addition to his ongoing audit reports, the Director of Internal Audit provides an annual assessment to the Audit and Risk Committee of the adequacy and effectiveness of the Group's control processes and risk management procedures in light of the nature, function and size of the Group's operations.

3.5 CONTINUOUS DISCLOSURE

The Board is committed to ensuring that the Company complies with its continuous disclosure obligations and has approved a Continuous Disclosure Policy that applies to all Group personnel, including directors. The Board seeks to promote investor confidence by ensuring that trading in the Company's shares takes place in an informed market.

The Continuous Disclosure Policy is designed to ensure that all Group personnel are aware of the Company's obligations and to ensure accountability at a senior executive level for timely disclosure of material information. This policy aims to ensure that shareholders and the market in general are kept properly informed of material price sensitive information affecting the Company, on a timely basis. The Company discharges this obligation by releasing material price sensitive information to the ASX in ASX announcements and other documents distributed to shareholders, such as the annual report.

3.6 COMMUNICATING WITH SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all material information relating to the Company by communicating to shareholders through:

- continuous disclosure reporting to the ASX;
- the annual report; and
- media releases and other investor relations publications on the Group's website.

The Board encourages the full participation of shareholders at the annual general meeting to seek to ensure a high level of accountability and discussion of the Group's performance and goals. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate.

The CEO and/or the CFO, together with other senior executives, occasionally meet with analysts and investors. Any presentations made to these persons are released to the market via the ASX and published in the Investor Relations section of the Group's website. Further, the CEO and/or CFO endeavor to respond to queries from investors and analysts for information in relation to the Group, provided the information requested is already publicly available or is not information which is price sensitive.

The external auditor attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

3.7 REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The Group seeks to attract and retain directors and senior executives with the appropriate expertise and ability to create value for shareholders.

The remuneration structure for the non-executive directors is not related to performance. Non-executive directors receive fees which reflect their skills, responsibilities and the time commitments required to discharge their duties. The Company does not pay retirement benefits to non-executive directors (other than superannuation contributions in accordance with its statutory superannuation obligations).

The remuneration structure for senior executives reflects the Group's performance culture: there is a direct correlation between the executive's reward and individual and Group performance so as to seek to ensure that the Group's remuneration policy is aligned with its long term business objectives and the interests of shareholders and other stakeholders.

Further details of the remuneration policies and practices of the Group and the remuneration paid to directors and senior executives are set out in the Remuneration Report on pages 37 to 51 of the Annual Report.

3.8 DIVERSITY AND INCLUSION

The touchstone of the Group's success is recognizing all its personnel for their performance, competence, collaboration and sense of professional accountability. The Group welcomes a very diverse population of personnel that reflects the range of countries, cultures and contexts spanned by the Group's operations. The Group consider this diversity to be one of its strengths.

The diversity of the Group's personnel includes factors such as race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, skill levels, family status, religious, political and other beliefs and work styles. The Group knows from experience that differences in ideas, backgrounds, patterns of thinking and approaches to work can generate value for the Group's stakeholders: its customers, shareholders, personnel and the communities in which it operates. It is therefore the Group's policy to appreciate the distinctiveness of all of its personnel and to harness these differences within a productive, inclusive, talent and performance based environment, in which everybody feels valued, where their skills are fully utilized, their performance is recognized, professional accountability is expected and organizational goals are met.

3.8.1 THE GROUP'S DIVERSITY AND INCLUSION POLICY

The Group's Diversity and Inclusion Policy is available on the Group's website.

The Group's approach to diversity and inclusion is based on the following objectives, being to:

- retain, promote and hire the best people the Group can, focusing on actual and potential contribution in terms of their performance, competence, collaboration and professional accountability;
- foster an inclusive culture and ensure that current and future opportunities for all Group personnel are based on competence and performance irrespective of race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, family status, religious, political and other beliefs and work styles. This includes being intolerant of behaviors that denigrate or otherwise diminish such attributes or that discriminate on the basis of such attributes;
- create ways to improve talent management, cultural diversity and inclusion – including where the under-representation of an available population group is preventing the Group from taking full advantage of the diversity of the talent pool;
- create and manage a strong and diverse talent pipeline which takes a unified and talent based approach to recruitment, training and development, performance management, retention and succession planning;
- provide a fair level of reward in order to attract and retain high caliber people – and build a culture of achievement by providing a transparent link between reward and performance; and
- be compliant with all mandatory diversity reporting requirements.

3.8.2 THE GROUP'S MEASURABLE OBJECTIVE AND CURRENT GENDER PROFILE

The Group's measurable objective for increasing gender diversity is to increase the representation of women at all levels of its organization over time. The Group's progress towards achieving that objective, along with the proportion of women employees within the Group, women in senior executive positions and women non-executive directors, is set out in the table below:

MEASURE	2012	2011
Women employees[1]	~26%	~25%
Women senior executives[2]	~11%	~11%
Women non-executive directors[3]	~25%	~12.5%

1 This includes both employees and contractors engaged by the Group.

2 Senior executives includes all members of the Group's Executive Committee and all executives reporting directly to a member of that committee, including the CEO.

3 The Company has chosen to report the percentage of women non-executive directors rather than the percentage of women board members, because it has only one executive director, the CEO, who is counted at the senior executive level.

Corporate Responsibility

INTRODUCTION

The Group acknowledges its responsibilities to the communities in which it operates. The Group aims to be recognized as an industry leader in Corporate Responsibility and to this end has embarked on a journey of continuous improvement.

For many years, the Group has engaged in a broad range of local Corporate Responsibility initiatives across its businesses. These initiatives include sponsorships, financial contributions to not-for-profit organizations, Group personnel volunteering their time, programs to reduce the Group's impact on the environment, disaster relief and engaging in pro-bono projects.

1. CORPORATE RESPONSIBILITY STATEMENT

In 2012, the Group revised and updated its Corporate Responsibility Statement to more clearly articulate the Group's commitment and aspirations of Corporate Responsibility leadership.

The Group adheres to the following commitments:

WorleyParsons is committed to working with our customers and suppliers to achieve results that grow our company, reward our shareholders and our people and contribute to our communities. We acknowledge our responsibilities to the communities in which we operate.

Governance, Ethics and Transparency

We maintain the highest standards of corporate governance and ethics, and report our governance performance annually.

We conduct our business in an open, honest and ethical manner as described in our Code of Conduct and our integrity framework, OneWay™.

We integrate corporate responsibility in our business planning and decision making and measure, monitor and report our corporate responsibility performance on a regular basis.

Our People

Our people are our greatest asset and we support them by providing a work environment that is positive and safe and by committing to their ongoing development.

We promote a diverse and inclusive workplace as outlined in our Diversity and Inclusion Policy.

We are committed to being recognized as a leader in health and safety performance and have a goal of Zero Harm.

We apply fair labor practises and comply with applicable national and local labor laws of the countries and communities we work in.

We do not employ or condone the employment of forced or child labor.

Human Rights

We will respect the basic rights of the people we deal with and will not be complicit or engage in activities that solicit or encourage human rights abuse.

Community

We are committed to making a positive impact in the communities and environments in which we operate. Our people will be involved in community based initiatives, creating benefits for both the community and our people.

Our locations will support programs and initiatives specific to their locations, and wherever possible, in conjunction with our customers. We will support local businesses, train and employ local people, and utilize other local resources wherever we can.

Fair Operating Practises and Supply Chain

We will actively strive to implement socially responsible supply chain practises and anti-corruption practises working closely with our clients and suppliers as partners.

We expect our suppliers to operate with similar values as ours and will encourage them, where necessary, to adopt similar corporate responsibility policies as our own.

Environment

We recognize the importance of operating sustainably and commit to continually identify opportunities for improving our environmental performance.

We believe that all our people are responsible for performing their work in an environmentally sustainable manner. We will continue to deliver profitable sustainability to our clients through our EcoNomics™ service offering.

2. MILESTONES

During the Reporting Period, the Group reached a number of Corporate Responsibility milestones, including:

- revising the Group's Corporate Responsibility Statement to reflect and strengthen the Group's vision to be a leader in Corporate Responsibility;
- becoming a signatory to the United Nations Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption;

THE GLOBAL COMPACT
WE SUPPORT

- enhancing the Group's website to include additional news and reports regarding Corporate Responsibility;
- initiating the tracking of contributions and volunteer hours in community and environmental activities;
- reviewing the Group's methodology for measuring water usage; and
- continuing to deliver sustainability-enhancing services to the Group's customers through the Group's EcoNomics™ service offering.

During the year ending 30 June 2013, the Group intends to:

- commence external Corporate Responsibility reporting using the internationally recognized Global Reporting Initiative framework;
- update Corporate Responsibility indicators and set target baselines for the Group;

- implement Group-wide Corporate Responsibility initiatives and examine establishing a WorleyParsons Foundation to focus funds donated by the Group and its personnel on significant development projects in less developed parts of the world and responses to natural disasters; and
- develop broader communications across locations regarding Corporate Responsibility.

3. CORPORATE RESPONSIBILITY INDICATORS

The Group measures and focuses on those areas that are important to the long term success of its business.

Contributions by Group personnel and the Group's business operations are measured in terms of dollar contributions and volunteer time contributions.

The Group again completed a response for the Carbon Disclosure Project in 2012. The Group's energy consumption and greenhouse gas emissions were measured to assist the Group to reduce its energy consumption and to reduce its greenhouse gas emissions.

The Group uses the US OSHA (United States Occupational Safety and Health Administration) reporting requirements for Total Recordable Case Frequency Rate (TRCFR) and Lost Workday Case Frequency Rate (LWCFR).

The Group's Corporate Responsibility indicators for the Reporting Period and the year ended 30 June 2011 are:

INDICATORS	2012	2011
Contributions by operations	$2.67 million	Not Available
Contributions by personnel members	$1.95 million	Not Available
Volunteer hours by personnel members	23,748 hours	Not Available
TRCFR	0.12	0.11
LWCFR	0.03	0.02

As data for greenhouse gas emissions and energy consumption is not available until the October after the end of the relevant financial year, the table below shows those indicators for the year ended 30 June 2011 and the year ended 30 June 2010.

	2011		2010	
INDICATORS	PER PERSONNEL MEMBER[1]	TOTAL[2]	PER PERSONNEL MEMBER[1]	TOTAL
Greenhouse gas emissions tCO_2-e	2.24	97,840	2.33	69,997
Energy consumption MWh	4.10	263,949	5.56	166,878

1 Personnel includes employees and contractors.

2 Totals include gas emissions from, and energy consumed by, the Exmouth Power Station, Australia.

4. ACTIVITY HIGHLIGHTS

The Group undertook various community engagement and environmental activities over the Reporting Period, including:

- providing $2.67 million of support to various Corporate Responsibility initiatives;
- raising $1.95 million of Group personnel contributions for various not-for-profit organizations;
- participating directly in over 340 community based and environmental projects across 16 countries;
- contributing $350,000 of educational sponsorships across 10 location programs in the United States, Australia, Canada, Indonesia and South Africa;
- matching $800,000 of Group personnel fundraising programs;
- supporting local community action groups through the Group's DeltaAfrik Foundation in Nigeria; "Make a Difference'" campaign in Indonesia; and "We Care" program in Canada;
- providing pro-bono project management services in Australia and Canada;
- providing ongoing support to the Australian Indigenous community by: hosting Indigenous business forums; providing sponsorship to enable Indigenous students to attend the Indigenous Australian Engineering Summer School program providing internship; and sponsoring art exhibitions and cultural festivals;
- engaging in carbon reduction activities, including car-pooling initiatives, print-on demand systems and the provision of public transportation passes to Group personnel;
- engaging in bush regeneration, tree planting and beach clean-up activities across a number of countries;
- achieving ISO 14001: Environmental Management Systems certification in six Group offices; and
- developing an internally verified greenhouse gas inventory tool that tracks internal environmental activities.

THE KENYA PROJECT, CANADA

Graduates from the New Grad Program and senior management from the Calgary office participated in the Village of Hope pro-bono project in Kenya. As part of this project, these personnel were involved in designing, purchasing, constructing and installing a solar and water distribution system for a Kenyan orphanage. They raised CAD30,000 ($28,989) and 20 personnel contributed to a total of 1,000 volunteered hours.

"The risk of fire due to kerosene lanterns, poor sanitation and water borne diseases in our village in Kenya was eliminated through the installation of solar power and water distributions system. We are very grateful of WorleyParsons for making this project happen." Sergio Bersaglio, Executive Director, Village of Hope – Africa.

Calgary graduates and Brian Faulkner, Senior Vice President, Calgary Operations on the Village of Hope Kenya site

MALARIA AND CHOLERA PREVENTION AWARENESS, NIGERIA

The Group's DeltaAfrik Charitable Foundation (DCF) in Lagos, Nigeria runs a number of programs including providing computers for schools and a malaria and cholera prevention awareness campaign that highlights the methods to prevent these diseases. The Group provided the participants with free distribution of anti-malaria drugs, practical water treatment solutions and treated mosquito nets.

"The water in this community is very dirty and salty so we all doubted it could ever become clean. DCF with the water treatment solution has demonstrated to us how to clean our water, now our women are very glad, thank you." Community leader, Ibeno, Akwa Ibom, Nigeria.

WorleyParsons DeltaAfrik personnel at a Malaria and Cholera Prevention Awareness campaign

ANTI-CHILD ABUSE PUBLICATION, TRINIDAD

WorleyParsons Trinidad contributed TTD$50,000 ($7,568) towards an educational illustrative book that the Heroes Foundation published. Its primary purpose is to bring awareness and sensitivity towards the unfortunate reality of abused children, and to equip young people with information that will give them the "confidence to confide" as needed, in an effort to lessen the frequency of these events.

"We are pleased to have WorleyParsons come on board to augment the sponsorship of the book. The additional copies that WorleyParsons' contribution has enabled will permit us collectively to be comforted by the fact that the Heroes Foundation can now positively influence the lives of even more young people, through the wider distribution of this book. This action speaks to the commitment that WorleyParsons has made towards having a positive impact on communities in Trinidad and Tobago." Philip Kentwell, High Commissioner of Trinidad and Tobago.

Mr Sean Kellman, Location Director Caribbean Operations, WorleyParsons Trinidad, Mr. Philip Julien, Founder and Chairman, the Heroes Foundation (and Improve Director, WorleyParsons Trinidad), Mr. Philip Kentwell, High Commissioner, Australia

Financial Contents

Financial Report
For the financial year ended 30 June 2012

WORLEYPARSONS LIMITED
ACN 096 090 158

Notes to the Financial Statements

Directors' Report

The directors present their report on the consolidated entity consisting of WorleyParsons Limited (Company) and the entities it controlled (Group or consolidated entity) at the end of, or during, the year ended 30 June 2012.

DIRECTORS

The following persons were directors of the Company during the financial year and, unless noted, were directors for the full financial year and until the date of this report:

Ron McNeilly (Chairman)

Larry Benke

Erich Fraunschiel

John M Green

John Grill (Chief Executive Officer)

Eric Gwee – retired as a director on 25 October 2011

Christopher Haynes, OBE – appointed as a director on 1 January 2012

Catherine Livingstone, AO

JB McNeil

Wang Xiao Bin – appointed as a director on 1 December 2011

William Hall (alternate director for Larry Benke) – retired as an alternate director on 25 October 2011.

As at the date of this report, the relevant interests of the directors in the shares and performance rights of the Company were:

DIRECTORS' NUMBER OF SHARES AND PERFORMANCE RIGHTS

DIRECTORS	NUMBER OF SHARES	NUMBER OF PERFORMANCE RIGHTS
Ron McNeilly	387,484	-
Larry Benke	1,130,195	7,812
Erich Fraunschiel	168,755	-
John M Green	891,869	-
John Grill	25,329,759	140,734[1]
Christopher Haynes, OBE	-	-
Catherine Livingstone, AO	13,000	-
JB McNeil	10,300	-
Wang Xiao Bin	4,000	-

1 Excludes cash settled performance rights.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Group consisted of providing engineering design and project delivery services, including providing maintenance and reliability support services to the following sectors:

- Hydrocarbons;
- Power;
- Minerals, Metals & Chemicals; and
- Infrastructure & Environment.

DIVIDENDS – WORLEYPARSONS LIMITED

Details of dividends paid in respect of the current financial year and previous financial year are as follows:

	2012 $'M	2011 $'M
Interim ordinary dividend for 2012 of 40.0 cents per ordinary share paid on 30 March 2012 (31.7 cents franked)	98.3	-
Final ordinary dividend for 2011 of 50.0 cents per ordinary share paid on 27 September 2011 (12.9 cents franked)	122.8	-
Interim ordinary dividend for 2011 of 36.0 cents per ordinary share paid on 29 March 2011 (36.0 cents franked)	-	88.6
Final ordinary dividend for 2010 of 40.0 cents per ordinary share paid on 28 September 2010 (18.8 cents franked)	-	98.0
Total dividends paid	221.1	186.6

Since the end of the financial year, the directors have resolved to pay a dividend of 51.0 cents per fully paid ordinary share, including exchangeable shares, partially franked at 61.3% (2011: 50.0 cents per share, partially franked at 25.7%). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $125.3 million is not recognized as a liability as at 30 June 2012.

REVIEW OF OPERATIONS

A detailed review of the Group's operations for the financial year and the results of those operations is contained in the CEO's Report.

A summary of the consolidated revenues and results in respect of the current financial year and previous financial year is as follows:

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Revenue and other income	7,408.4	5,683.2
Depreciation	(19.1)	(14.2)
Amortization	(83.9)	(81.5)
Earnings before interest and tax (EBIT)	537.9	539.9
Net interest expense	(44.1)	(41.5)
Profit before income tax expense	493.8	498.4
Income tax expense	(117.3)	(116.0)
Profit after income tax expense	376.5	382.4
Less: net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Net profit excluding net gain on revaluation of investments previously accounted for as equity accounted investments	368.9	316.7
Profit after income tax expense attributable to:		
Members of WorleyParsons Limited	353.2	364.2
Net gain on revaluation of investments previously accounted for as equity accounted associates attributable to members of WorleyParsons Limited	(7.6)	(65.7)
	345.6	298.5
Non-controlling interests	23.3	18.2
Revenue and other income	7,408.4	5,683.2
Less: procurement services revenue at nil margin	(696.2)	(426.8)
Add: share of revenue from associates	665.0	718.9
Less: net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Less: interest income	(7.0)	(6.1)
Aggregated revenue[1]	7,362.6	5,903.5

1 Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin, interest income and net gain on revaluation of investments previously accounted for as equity accounted associates. The directors of the Company believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

	AGGREGATED REVENUE		EBIT		EBIT MARGIN	
	2012 $'M	2011 $'M	2012 $'M	2011 $'M	2012 %	2011 %
Hydrocarbons	5,015.1	4,043.9	586.5	554.3	11.7	13.7
Power	581.3	513.7	59.9	65.3	10.3	12.7
Minerals, Metals & Chemicals	895.4	643.8	131.4	102.7	14.7	16.0
Infrastructure & Environment	870.8	702.1	115.3	101.0	13.2	14.4
	7,362.6	5,903.5	893.1	823.3	12.1	13.9
Global support costs			(317.5)	(299.6)		
Interest and tax for associates			(13.8)	(17.0)		
Amortization of acquired intangible assets			(31.5)	(32.5)		
EBIT excluding the net gain on revaluation of investments previously accounted for as equity accounted associates			530.3	474.2	7.2	8.0

Aggregated revenue was $7,362.6 million, an increase of 24.7% on the prior financial year. EBIT, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, of $530.3 million, was up 11.8% from the prior financial year result of $474.2 million.

The EBIT margin on aggregated revenue for the Group, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, decreased to 7.2% compared with 8.0% in 2011. After tax, the Group earned a net margin, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, on aggregated revenue of 4.7%, compared to the 2011 net margin of 5.1%.

The effective tax rate, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, was 24.1% compared with 26.8% in 2011.

The Group retains a strong cash position and low level of gearing with (net debt/net debt plus total equity) at financial year end of 19.9% (2011: 21.5%). Cash as at 30 June 2012 was $247.3 million (2011: $171.2 million). Earnings before interest taxes depreciation amortization (EBITDA) interest cover for 2012 was 12.5 times (2011: 13.4 times). EBITDA interest cover, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, for 2012 was 12.4 (2011: 12.0 times) times.

Operating cash inflow for the period was $437.5 million, compared to $293.8 million in 2011. Cash outflow from investing activities was $106.3 million (2011: $105.8 million).

EARNINGS PER SHARE

	2012 CENTS	2011 CENTS
Basic earnings per share	143.7	148.3
Basic earnings per share excluding net acquisition gains	140.6	121.5
Diluted earnings per share	142.5	147.2
Diluted earnings per share excluding net acquisition gains	139.5	120.6

Basic earnings per share, excluding net gain on revaluation of investments previously accounted for as equity accounted associates, were 140.6 cents per share, an increase of 15.7% from the previous financial year result of 121.5 cents per share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ACQUISITIONS

The Group increased its ownership interest in ARA WorleyParsons SA from 50% to 94%.

The ARA WorleyParsons SA business is located in Chile and provides consulting services in environmental engineering and project and construction management.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In July 2012, unsecured notes payable were offered by WorleyParsons Financial Services Pty Limited, WorleyParsons Canadian Finance Sub Limited and WorleyParsons US Finance Sub Limited in the United States private debt capital market. Financial close and funding are expected to occur in September 2012 of US$300 million fixed coupon notes payable that will mature in five to ten years from date of financial close.

Since the end of the financial year, the directors have resolved to pay a dividend of 51.0 cents per fully paid ordinary share, including exchangeable shares, partially franked at 61.3% (2011: 50.0 cents per share, partially franked at 25.7%). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $125.3 million is not recognized as a liability as at 30 June 2012.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years;

(b) the results of those operations in future financial years; or

(c) the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Subject to the markets for our services remaining strong, we expect to achieve good growth in FY2013 compared to FY2012 underlying earnings. We have a clear growth strategy in place focused on improving margins, and developing our skill set and geographic footprint across our four customer sectors. This will be achieved through organic growth as well as by taking advantage of acquisition opportunities that provide value for shareholders. We are confident that our medium and long term prospects remain positive based on our competitive position, our diversified operations and strong financial capacity.

ENVIRONMENTAL REGULATION

In the majority of the Group's business operations, it does not have responsibility for obtaining environmental licenses. The Group typically assists its customers, who usually own or operate plant and equipment, with the management of their environmental responsibilities, rather than having those responsibilities itself. However, the Group has environmental responsibilities in terms of compliance with environmental controls and in exercising reasonable care and skill in its design, construction management, operation and supervising activities. The risks associated with environmental issues are managed through the Group's risk management and quality assurance systems.

It is the Group's policy to comply with all environmental regulations applicable to it. The Company confirms, for the purposes of section 299(1)(f) of the *Corporations Act 2001* (Act) that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory of Australia.

In the financial year, the Group held ownership interests in the Exmouth power station asset which holds appropriate environmental licenses. Compliance with these licenses was managed through the operational systems which control and monitor the operation and maintenance of this asset.

CARBON AND ENERGY EMISSIONS AND CONSUMPTION PERFORMANCE

The Group recognizes that responsible, sustainable corporate performance is essential to the long term success of its business, and desirable to all of its stakeholders. For this reason, the Company again completed a response for the Carbon Disclosure Project (CDP) in 2012, detailing its energy consumption and measures implemented to assist both the Group to reduce its energy consumption and the Group's customers to achieve more sustainable project solutions utilizing methodologies under the Group's EcoNomics™ initiative. The data collection and analysis under the CDP have stimulated energy and carbon reduction measures in many of the Group's offices around the world.

The Company is registered under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) as the controlling corporation for the Group as prescribed by section 12 of the NGER Act. The Company lodged its National Greenhouse Energy Report (NGER Report) for the period 2010/2011 in October 2011. This NGER Report contained information in relation to the greenhouse gas emissions, energy production and energy consumption from the operation of facilities under the operational control of the Group. The

Directors' Report

Company intends to lodge its NGER Report for the Group for the period 2011/2012 in October 2012.

NON-AUDIT SERVICES

During the financial year, Ernst & Young, the Group's auditor, performed certain other services in addition to its statutory audit duties. Total non-audit services provided by the external auditor amounted to $626,001.

The Board has adopted a policy outlining the provision of non-audit services. The Board has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (the Act). The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Act for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing and auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Act is as follows:

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of WorleyParsons Limited

In relation to our audit of the financial report of WorleyParsons Limited for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Bruce Meehan
Partner
Sydney
29 August 2012

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

RON MCNEILLY BCOM, MBA, FCPA, FAICD

CHAIRMAN AND NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002, CHAIRMAN SINCE FEBRUARY 2005

Ron is Chairman of the Board and the Nominations Committee and a member of both the Remuneration Committee and the Health, Safety and Environment Committee. Ron is currently the Deputy Chairman of BlueScope Steel Limited (previously BHP Steel) and has over 30 years' experience in the resources industry. Ron joined BHP Billiton Limited in 1962 and has held positions with that company including executive director and President BHP Minerals, Chief Operating Officer, Executive General Manager and Chief Executive Officer BHP Steel, General Manager Transport, General Manager Long Products Division and General Manager Whyalla Works. Ron is a former Chairman of Ausmelt Limited and Melbourne Business School Limited and is a former director of Alumina Limited, BHP and BHP Billiton, QCT Resources and Tubemakers of Australia.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
BlueScope Steel Limited	Deputy Chairman and non-executive director	10 May 2002	n/a

LARRY BENKE BSC ENG (HONS)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2010

Larry joined the Board as a non-executive director on 1 July 2010 and is a member of the Nominations Committee and the Health, Safety and Environment Committee. He was appointed an alternate director for Bill Hall from March 2007, following the Company's acquisition of the Colt Companies, until his retirement as Managing Director Canada on 30 June 2010. Larry has extensive experience in the engineering and construction industries including roles in engineering design, project management and general management including President/CEO of the Colt Companies and Managing Director of WorleyParsons Canada. He successfully led Colt through a period of substantial growth and expansion which continued with the integration of the company into the WorleyParsons Canada business. Larry is a director of the Board of The Calgary Airport Authority, a not-for-profit responsible for the operation and development of the Calgary International and Springbank airports. He is a director of CEDA International, an Ontario Municipal Employees Retirement System owned corporation providing specialty maintenance and turnaround services to industry. Larry is also a director of Cervus Equipment Corporation, a Toronto Stock Exchange listed company in the business of acquiring and operating agricultural, industrial and construction equipment dealerships. Larry graduated from the University of Alberta in 1973 with a Bachelor of Science in Electrical Engineering (Honors).

ERICH FRAUNSCHIEL BCOM (HONS), FCPA, FAICD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MARCH 2003

Erich is Chairman of the Audit and Risk Committee and a member of the Nominations Committee. Erich is a non-executive director of Woodside Petroleum Limited. He is Chairman of Wesfarmers General Insurance Limited and Wesfarmers Insurance Pty Limited. Erich's early business career was in the petroleum marketing and management consulting industries. In 1981, he joined the Australian Industry Development Corporation where he was involved in project lending, investment banking and venture capital investment. In 1984, he joined Wesfarmers to start the company's projects and business development function. In 1988, he became General Manager of Wesfarmers' Commercial Division and from 1992 until his retirement in July 2002 was an executive director and Chief Financial Officer of Wesfarmers.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Woodside Petroleum Limited	Non-executive director	1 December 2002	n/a

JOHN M GREEN BJURIS/LLB, FAICD, SFFIN

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002

John is Chairman of the Remuneration Committee and a member of the Nominations Committee. John is a company director, a writer and the co-founder of book publisher, Pantera Press. He is the author of two novels (a financial thriller, 'Nowhere Man' and a political thriller, 'Born to Run'). John is a director of QBE Insurance Group Limited, a member of the Australian Government Takeovers Panel and a director of the Centre for Independent Studies (a public policy think tank). He was previously an investment banker at Macquarie Bank, as an executive director. His career before banking was in law, including as a partner in Freehills and Dawson Waldron.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
QBE Insurance Group Limited	Non-executive director	1 March 2010	n/a

JOHN GRILL BSC, BENG (HONS), HON DENG (SYDNEY)

CHIEF EXECUTIVE OFFICER – DIRECTOR SINCE LISTING IN NOVEMBER 2002 AND DIRECTOR OF THE COMPANY BEFORE LISTING AND ITS PREDECESSOR ENTITIES SINCE 1971

John is Chief Executive Officer of the Group. In 1971, he became Chief Executive of the entity that ultimately became WorleyParsons Limited – Wholohan Grill and Partners, after having joined Esso Australia in 1968. This specialised consulting practice acquired the business of Worley Engineering Pty Limited in Australia in 1987. Following group restructuring, in 2002 Worley Group Limited listed on the ASX. In 2004, Worley Group Limited acquired Parsons E&C Corporation, a US-based global project services company, and changed its name to WorleyParsons Limited. In March 2007, the Company then acquired the Colt Group in Canada substantially increasing the Group's capability in the upstream and downstream components of oil sands. John has personal expertise in every aspect of project delivery for projects in the resources and energy industries. He has been directly involved with most of the Group's major clients and remains closely involved at board level with the Group's joint ventures. John is on the board of Neuroscience Research Australia.

CHRISTOPHER HAYNES, OBE BSC (HONS), DPHIL, CENG, FIMECHE

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JANUARY 2012

Chris was appointed to the Board effective 1 January 2012. He is Chairman of the Health, Safety and Environment Committee and a member of the Nominations Committee. He is based in the United Kingdom and is a non-executive director of Woodside Petroleum Limited. His appointment followed a 39 year career with the Shell Group of Companies and their affiliates. He has lived in a large number of countries, working in the oil and gas exploration and production, LNG and chemicals businesses, primarily in project development and delivery and in operations. Chris was seconded to Woodside from 1999 to 2002, where he was General Manager of the North West Shelf Venture and was subsequently Managing Director of Shell's operations in Syria and of Nigeria LNG Limited. In 2008, Chris assumed responsibility for the delivery of Shell's major upstream projects worldwide. He retired from Shell in August 2011. Chris graduated from the University of Manchester with a Bachelor of Science with Honors in Mechanical Engineering and obtained a Doctor of Philosophy degree in Applied Sciences from the University of Sussex. He is a Chartered Engineer and Fellow of the Institution of Mechanical Engineers in the United Kingdom and was appointed to the Order of the British Empire in June 2009 for his services to the British oil and gas industry in Nigeria.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Woodside Petroleum Limited	Non-executive director	1 June 2011	n/a

CATHERINE LIVINGSTONE, AO BA (HONS), HON DBUS (MACQUARIE), HON DSC (MURDOCH), FCA, FAICD, FTSE

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2007

Catherine joined the Board on 1 July 2007 and is a member of the Audit and Risk Committee and the Nominations Committee. She is Chairman and a director of Telstra Corporation Limited and a director of Macquarie Bank Limited and Macquarie Group Limited. She was Chairman of CSIRO from 2001 to 2006 and has also served on the boards of Goodman Fielder Limited and Rural Press Limited. Catherine was the Managing Director of Cochlear Limited from 1994 to 2000, taking it through to an initial public offer in 1995.
In 2000, Catherine received the Chartered Accountant in Business Award for that year and in 2002 was elected a Fellow of the Australian Academy of Technological Sciences and Engineering. She was further awarded in 2003 the Centenary Medal for service to Australian Society in Business Leadership and the 2006 Macquarie University Alumni Award for Distinguished Service (Professional). In 2008, Catherine was appointed an Officer of the Order of Australia for service to the development of Australian science, technology and innovation policies to the business sector. She has a Bachelor of Arts (Hons) in Accounting, is a Chartered Accountant and was the Eisenhower Fellow for Australia in 1999.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Macquarie Bank Limited	Non-executive director	19 November 2003	n/a
Macquarie Group Limited	Non-executive director	30 August 2007	n/a
Telstra Corporation Limited	Non-executive director	30 November 2000	n/a
	Chairman	8 May 2009	n/a

JB MCNEIL BSC (MONT), MSC (CAL), SPE, ASME

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MAY 2010

JB was appointed to the Board on 1 May 2010 and is a member of the Audit and Risk Committee, the Remuneration Committee and the Nominations Committee. His appointment followed a 34 year career with ExxonMobil Corporation. He began with Exxon in 1974 and over the next two decades he was involved in a variety of engineering and operations assignments in the Middle East and in the USA. In 1994, JB was appointed Offshore Division Manager responsible for production in the South China Sea. In 1996, he was appointed Director General for the Sakhalin 1 Project in Russia and in 2001, Vice President for Deep Water Development in Angola and Equatorial Guinea. Between 2003 and 2005, JB held project development responsibilities for Russia and the Caspian region and in 2005 was appointed Vice President of Arctic Projects (Russia, Canada and Alaska). JB retired from ExxonMobil in 2008.

WANG XIAO BIN BCOM, CPA

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2011

Xiao Bin was appointed to the Board on 1 December 2011 and is a member of the Audit and Risk Committee and the Nominations Committee. She is based in Hong Kong and is an executive director and Chief Financial Officer of China Resources Power Holdings Company Limited. Prior to joining China Resources Power in July 2003, she was a Director of Corporate Finance at ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. Xiao Bin worked for Price Waterhouse in Australia in the Audit and Business Advisory Division for five years before joining ING. She is a member of CPA Australia and holds a graduate diploma in Applied Finance and Investment from Securities Institute of Australia (now Finsia) and a Bachelor of Commerce from Murdoch University in Australia.

Directors' Report

PETER JANU BEC/LLB, CA, FCIS

COMPANY SECRETARY AND GENERAL COUNSEL CORPORATE – APPOINTED OCTOBER 2008

Peter has broad experience across a range of disciplines including company secretarial, governance, legal, remuneration, project finance and corporate taxation. Peter has degrees in Law and Economics from The University of Sydney and is a Chartered Accountant and a Chartered Secretary.

INDEMNITIES AND INSURANCE

Under the Company's Constitution, the Company indemnifies each current and former officer of the Group against certain liabilities and costs incurred by them as an officer of the Group. The Company also indemnifies each current and former officer of the Group against certain liabilities and costs incurred when the officer acts as an officer of another body corporate at the Company's request and the liability or cost is incurred in that capacity. Neither indemnity extends to liabilities or costs from which the Company is prohibited from indemnifying current or former officers under the Act.

In addition, the Company has entered into Deeds of Access, Indemnity and Insurance with certain officers of the Group. Under those deeds, the Company agrees (among other things) to:

- indemnify the officer to the extent permitted by law and the Company's Constitution;
- maintain a directors' and officers' insurance policy; and
- provide officers with access to Board papers.

The Company maintains a directors' and officers' insurance policy that, subject to certain exemptions, provides insurance cover to former and current officers of the Group. During the financial year, the Company paid insurance premiums to insure those officers of the Group. The contracts of insurance prohibit the disclosure of the amounts of premiums paid and the nature of the liability covered.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Unless otherwise expressly stated, amounts referred to in this report have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order and amounts less than $50,000 that have been rounded down are represented in this report by 0.0.

REMUNERATION REPORT

The Company's directors present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* (Act) for the Company and the consolidated entity for financial year 2012 (FY2012). The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Act. This Remuneration Report forms part of the Directors' Report.

The Remuneration Report is presented in three sections:

Directors' Report

REMUNERATION SNAPSHOT

This remuneration snapshot sets out the outcomes of our review of the Remuneration Framework, along with key details regarding Executive remuneration for FY2012 that are likely to be of interest to shareholders.

GUIDING REMUNERATION PRINCIPLES

The diagram below outlines the guiding principles that underpin the Company's remuneration arrangements for Executives, and illustrates how we seek to put these into practice through our remuneration decisions and actions:

Strategic Vision

WorleyParsons will be the preferred global provider of technical, project and operational support services to our customers, using the distinctive WorleyParsons culture to create value for them and prosperity for our people and stakeholders.

Leadership	**Relationships**	**Agility**	**Performance**

Our Executive Remuneration Principles will drive the behaviors and results to help us achieve our strategy and vision.

Executive Remuneration Principles

Providing a fair level of reward in order to retain and attract high caliber employees.	Building a culture of achievement by providing a transparent link between reward and performance.	Building long term employee commitment through continued WorleyParsons share ownership.	Promoting mutually beneficial outcomes by aligning employee, customer and shareholder interests.

Putting the Remuneration Principles into Practice

Roles are benchmarked against roles in the market. We benchmark fixed pay, variable pay and pay mix. Individual remuneration reflects the individual's role, responsibilities performance, qualifications and experience.	Key performance indicators are set with Executives and reviewed with the Board. Reward subject to Company performance and individual performance.	Opportunity to earn equity through the Long Term Incentive (LTI) Plan and the Deferred Equity Short Term Incentive (STI) Plan. Having a minimum shareholding requirement.	Performance metrics are geared at focusing Executives on strong financial performance, while balancing long term interests of the Company.

LOOKING FORWARD

Review of the Executive remuneration mix

As foreshadowed at the 2011 Annual General Meeting (AGM), a comprehensive and in-depth review of our remuneration was completed during FY2012. The aim of the review was to ensure alignment of reward among Executives, customers and shareholders through a clear and transparent remuneration mix and to ensure such alignment is applied throughout all phases of the economic cycle. Several changes have been made for FY2013 and beyond and these are discussed further below.

The Board considered a variety of inputs, such as market practice, governance and compliance standards, and feedback from, and the expectations of, shareholders and Executives. In addition, both recent and anticipated legislative changes were considered.

The changes that are proposed as a result of this review include:

1. simplification of incentive programs;
2. increased period of deferral for deferred incentive;
3. equal weighting for total shareholder return (TSR) and earnings per share (EPS) hurdles for LTI;
4. increased vesting period for LTI from three to four years with no retest;
5. expanded peer group for the LTI TSR hurdle; and
6. piloting of an all employee share purchase plan.

1. Simplification of incentive programs

The Board will replace the Cash STI, Deferred Equity STI and Discretionary STI Plans with a new Combined Incentive Program (Incentive Plan). The LTI Plan will be retained in addition to the Incentive Plan.

Details of the new incentive programs can be found on pages 43 and 44.

2. Increased period of deferral for deferred incentive

The cash component of the Incentive Plan will remain payable at the conclusion of the performance period in which an Executive earned the incentive.

Delivery of the performance rights (rights) component will be deferred for three years following the conclusion of the performance period, changed from two equal tranches vesting after 12 and 24 months.

3. Equal weighting of TSR and EPS hurdles for LTI

The LTI remains subject to two specific performance hurdles, being TSR and EPS. To balance the outlook of Executives on creating shareholder wealth and delivering long term Company performance, the TSR and EPS performance hurdles will be equally weighted. Previously, the LTI plan had a TSR weighting of 60%.

4. Increased vesting period for LTI from three to four years with no retest

The vesting period for awards made under the LTI Plan will be increased from three to four years to drive longer term sustainable results, further aligning interests of Executives with those of shareholders. The Board believes that retesting is no longer required as the volatility of the TSR outcome is reduced by expanding the peer group.

5. Expanded peer group for the LTI TSR hurdle

The peer group for the TSR hurdle will be expanded to reduce the volatility of the outcome. The new peer group is listed on page 44.

The Board believes a specific TSR peer group is appropriate (rather than an ASX Index) in order to measure performance against those companies that compete with the Company for customers, people and projects, and who are subject to similar challenges, opportunities and market sentiment.

6. Piloting of an all employee share purchase plan

The Board believes that an employee share purchase plan will increase employees' commitment to the Company and align participants to shareholder interests. The Board has approved the piloting of such a plan in three countries in FY2013, with a view to implementing it globally if the pilot is successful. Under the plan, for every five shares purchased by an employee and held for three years, the Company will match an additional share to a maximum value of $1,000 per annum, per employee.

Legislative and regulatory developments

On 21 February 2012, the Australian Government announced its in-principle response to the research and recommendations commissioned from the Corporations and Markets Advisory Committee. The Company's remuneration arrangements are consistent with the Government supported recommendations to the extent the detail is currently available.

Consistent with the proposed reforms, the Company maintains a clawback provision within the Incentive Plan and the LTI Plan. The deferral was introduced prior to the Government's recommendations; however, as mentioned above, the Company has now also extended the deferral periods for incentive awards.

EXECUTIVES

Set out below is a list of the Executives of the Company whose remuneration details are outlined in this Remuneration Report. Except where noted, these Executives were employed for all of FY2012 in the positions noted below. The use of the term "Executives" throughout this report refers to the Executives listed below.

NAME	POSITION	COUNTRY OF RESIDENCE
EXECUTIVE DIRECTORS		
John Grill[1]	Chief Executive Officer (CEO)	Australia
William Hall	Executive Director (retired as an alternative director on 25 October 2011)	United States
GROUP MANAGING DIRECTORS		
Barry Bloch	Group Managing Director – People	Australia
Stuart Bradie	Group Managing Director – Operations	United Kingdom
Iain Ross	Group Managing Director – Development	United Kingdom
David Steele	Group Managing Director – Delivery	Malaysia
Andrew Wood[2]	Group Managing Director – Finance/CFO	Australia

1 Mr Grill will retire as CEO on 23 October 2012.
2 Mr Wood will be appointed as CEO and an Executive director on 23 October 2012.

These Executives, in addition to the non-executive directors (NEDs) listed on page 50 of the Annual Report, comprised the key management personnel (KMP) of the Company for FY2012, as defined under the Australian Accounting Standards.

ACTUAL REMUNERATION OUTCOMES

The actual remuneration outcomes for FY2012 for Executives reflect their individual performance and the business conditions faced by, and performance outcomes achieved by, the Company. Outcome details for individual executives can be found on pages 46 and 47. In particular:

- in assessing the outcome for STI, the Board exercised its discretion to base the STI on the underlying Group net profit after tax (NPAT), which in the Board's opinion reflects the Company's operating results, instead of reported Group NPAT. This reduced the STI outcome available to Executives. In FY2012 underlying Group NPAT was $345.6 million compared to reported Group NPAT of $353.2 million. In FY2011 underlying Group NPAT was $298.5 million compared to reported Group NPAT of $364.2 million;
- for performance rights granted in FY2010, achievement against the LTI Plan performance hurdles for the three year period ended 30 June 2012 will result in 42% vesting. Executives have the choice to retain rights under the TSR measure to be retested for the four year period ending 30 June 2013. No rights subject to the EPS measure will vest and they will lapse on 30 September 2012;
- for performance rights granted in FY2009, achievement against the LTI Plan performance hurdles for the three year period ended 30 June 2011 resulted in nil vesting and rights under the EPS measure lapsed on 30 September 2011. All Executives elected to retain rights under the TSR measure to be retested for the four year period ended 30 June 2012. The retested outcome will result in a 90% vesting of rights under the TSR measure.

REMUNERATION DECISIONS

The diagram below illustrates the process by which remuneration and nomination decisions are made within the Company, and explains the roles played by various stakeholders who are involved in setting remuneration:

Board
- Ensures remuneration policies and structures are competitive, fair, and aligned with the long term interests of the Company.
- Sets and approves remuneration structures.
- Approves non-executive director, and CEO and other Executive remuneration.

Nominations Committee

Reviews and assesses the CEO's performance.

Advises the Board on the CEO's remuneration, including:
- amount;
- structure; and
- applicable performance targets.

Remuneration Committee

Assists/advises the Board in relation to:
- remuneration structuring and policies;
- non-executive director remuneration;
- performance assessment and remuneration for Executives; and
- where required, engaging independent advisors for advice on remuneration structure and quantum for KMP including the CEO.

Management

CEO recommends pay increases, and incentive outcomes for the Executives.

At the request of the Nominations and/or Remuneration Committee, management:
- provides information relevant to remuneration decisions; and
- where appropriate, liaises with independent advisors to assist the Nominations and/or Remuneration Committee with factual information (subject to prior Board approval of the provider).

All remuneration decisions relating to Executives are made by the Board. However, where appropriate, management is included in Committee and Board discussions.

External market data and external consultants
- Market data sourced from published reports and independent surveys.
- Where required, external consultants engaged by the Board and Committees to provide advice or information.
- Any advice or recommendations provided by external consultants are used as a guide. They do not substitute for the Board and Committee decision-making process.

During the year, PwC provided factual information in reports on market practice in support of the remuneration framework review. Aon Hewitt provided data in relation to the pay review for Executives and the review of NED fees. Outcomes relating to total shareholder return were provided by Orient Capital. There were no remuneration recommendations made by consultants in relation to KMP.

Putting policy into practice
In setting our remuneration policies and structures, we take into account a number of relevant factors so that our remuneration framework helps to achieve our vision and values.

Key factors are:

1. the remuneration mix for Executives;
2. executive minimum shareholding requirement; and
3. Securities Dealing Policy.

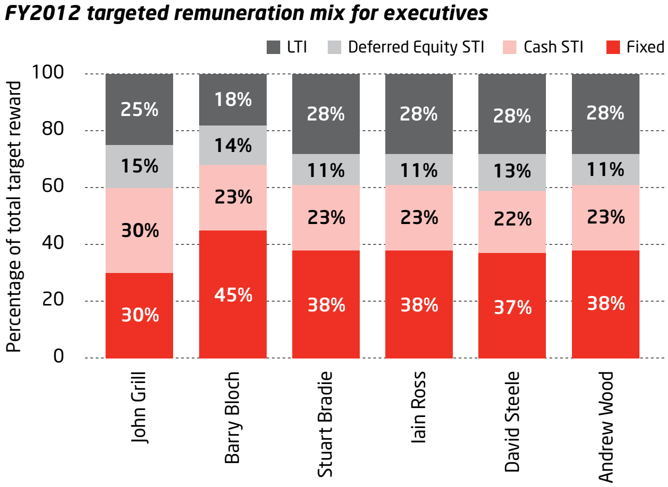
1. Remuneration mix for Executives
Executive remuneration is structured to recognize both an individual's responsibilities, qualifications and experience, as well as to drive performance over the short and long term. Executive remuneration comprises the following:

- fixed pay, which consists of cash (or base) salary, superannuation/ retirement contributions and any salary sacrificed components; and
- variable incentive remuneration, which may be comprised of cash or equity and is dependent on the satisfaction of corporate, business unit and individual performance targets.

Allowances and benefits are for specific purposes and are excluded in determining the mix.

The FY2012 targeted mix of the remuneration components described above for each of the Executives is outlined below:

FY2012 targeted remuneration mix for executives



The target at risk remuneration shown in the graph above refers to the incentive that would be payable if all performance conditions are satisfied and assumes the full vesting of STI and LTI. The elements of the remuneration shown above that are at risk are Cash STI, Deferred Equity STI and LTI. Actual incentive remuneration paid to the Executives can vary for individuals depending on the extent that they meet or exceed performance requirements.

Further details in relation to our incentive arrangements, including the specific performance conditions imposed and the outcomes of those arrangements (based on the Company's performance over FY2012 and prior years), are set out in the next section "Executive Remuneration in Detail".

2. Executive minimum shareholding requirement
The Executive minimum shareholding requirement applies to Executives to reinforce our objective of aligning their interests with the interests of shareholders, and to foster an increased focus on building long term shareholder value.

To satisfy the requirement, Executives must retain equity delivered via incentive plans until they hold shares equivalent in value to two times fixed pay (four times fixed pay for the CEO) and must subsequently maintain that multiple.

Compliance with the requirement is assessed as at 30 June each year. The table below provides a summary of the position of each Executive against the requirement as at 30 June 2012:

	WEIGHTED NUMBER OF SHARES HELD AT 30 JUNE 2012[1]	VALUE OF SHARES HELD AT 30 JUNE 2012[2] $	ANNUAL FIXED PAY AT 30 JUNE 2012[3] $	PERCENTAGE OF MINIMUM SHAREHOLDING REQUIREMENT ACHIEVED
EXECUTIVE DIRECTOR				
John Grill	25,433,946	641,342,382	2,100,000	> 100%
GROUP MANAGING DIRECTORS				
Barry Bloch[4]	5,116	129,005	675,000	10%
Stuart Bradie	90,300	2,277,005	760,534	> 100%
Iain Ross	527,929	13,312,258	704,885	> 100%
David Steele	132,965	3,352,845	750,000	> 100%
Andrew Wood	233,663	5,892,046	834,000	> 100%

1 Includes shares held in the Company as provided in note 33(A) to the financial statements plus a 50% weighting of unvested performance rights provided in note 33(B) to the financial statements. Excludes shares held by each Executive's personal related parties.
2 Calculated as the weighted number of shares held at 30 June 2012 multiplied by the volume weighted average price of the Company's shares for the five trading days commencing 2 July 2012.
3 The Australian dollar equivalent of annual fixed pay as at 30 June 2012.
4 Mr Bloch commenced employment as the Group Managing Director – People on 1 May 2011.

3. Securities dealing policy
Under the Company's Securities Dealing Policy, directors and Executives are not permitted to hedge unvested performance rights or shares acquired on exercise of performance rights that are subject to restrictions.

EXECUTIVE REMUNERATION IN DETAIL

REMUNERATION STRUCTURE

Fixed pay
Fixed pay consists of cash (or base) salary, superannuation/retirement contributions and any salary sacrificed components. It is set relative to market, with the level of individual fixed pay aligned with the Executive's responsibilities, performance, qualifications and experience.

STI program
By linking pay to performance via incentive plans, the Company increases the focus on total reward and provides motivation to Executives to achieve outcomes beyond the standard expected in the normal course of ongoing employment.

The target value of the Cash STI and Deferred Equity STI awards for Executives is shown in the chart on this page. FY2012 was the final year in which they also had the ability to earn an additional STI above this in recognition of exceptional performance under the Discretionary STI Plan. The minimum potential value of STI is zero where applicable gate-opener hurdles have not been met.

The Deferred Equity STI Plan first operated in FY2011. In FY2011, the Board, at its discretion, decided to use the underlying Group NPAT rather than reported Group NPAT. As this meant the threshold (95% of NPAT) was not achieved, no rights were issued under this plan. In FY2012, the Company achieved an underlying NPAT outcome of 102% which will result in the first allocation made under the Deferred Equity STI Plan. The value of the awards to be deferred to a future period can be viewed in the actual remuneration outcomes table on pages 46 and 47. This reflects both the Company achievement against Group NPAT and individual performance against an Executive's KPIs.

Outlined below is a summary of the three components of the Company's Executive STI program for FY2012 being Cash STI, Deferred Equity STI and Discretionary STI:

Overview of the STI program

STI ELEMENT	CASH STI PLAN	DEFERRED EQUITY STI PLAN[1]	DISCRETIONARY STI PLAN
Gate-opener	The actual performance is greater than 90% of the budgeted Group NPAT approved by the Board.	Group NPAT performance must exceed the prior year's actual reported results, representing year-on-year growth; and Group NPAT performance must be greater than 95% of the budgeted Group NPAT approved by the Board.	Same as for the Cash STI Plan.
Maximum payout	Maximum payout is possible at 105% of budget.	Maximum payout is possible at 110% of budget.	Up to 60% of target Cash STI may be awarded in deferred rights where an Executive has achieved exceptional performance.
Vesting	Pro-rated percentage from zero to 100% where the actual Group NPAT is between 90% and 105% of budget.	Pro-rated percentage from zero to 100% where the actual Group NPAT is between 95% and 110% of budget.	Up to 100% subject to performance.
Deferral threshold	n/a	A minimum deferral threshold of $50,000 applies. Awards that are below this amount will be paid as a cash lump sum at the conclusion of the performance period.	
STI delivery	Payment of the award will be made as a gross cash amount.	Payment of the award will be through a Deferred Equity STI entitlement, in the form of rights granted under the WorleyParsons Performance Rights Plan.	
Payment timing	Payment will be made at the conclusion of the performance period.	Following the conclusion of the 12 month performance period, the equity entitlement will be deferred in two equal tranches. 50% will vest after 12 months and the remaining 50% after a further 12 months.	
Forfeiture conditions	n/a	Should the accounts be restated during the deferral period or where an individual's behavior is fraudulent, dishonest or in breach of their obligations to the Company, the award may be forfeited. The performance outcomes that resulted in the award will be reviewed to ensure that the award is still appropriate at the time of vesting.	
Dividends	n/a	Dividend Equivalent Payment (DEP) plus interest will be paid in cash to participants on the respective vesting of the two tranches.	
Tenure	To be eligible for an STI payment, generally Executives must have been employed for at least three months of the financial year and remain in employment at the date of payment.		

1 The first allocation under the Deferred Equity STI Plan was in FY2012 as the targets set for FY2011 were not achieved.

1. Cash STI Plan

Performance targets are agreed at the start of the financial year. A summary of the KPIs, along with the weightings for Executives for FY2012, is outlined below:

FINANCIAL KPIs (60% weighting)

The weighting of actual KPIs varies depending on the specific role of the individual and includes the following:

KPIs	METHOD OF ASSESSMENT
Group NPAT applicable to all Executives.	Group NPAT is based upon audited financial statements, to ensure the performance assessment for financial KPIs is aligned with business performance and the creation of value for shareholders. The results are adjusted at Board discretion, to exclude abnormal items.
Cash collection for participants with operational or financial accountability.	Cash collection is measured via days sales outstanding.
Development of strategic and tactical responses to changed economic and business landscapes.	Strategic goals are measured by other regularly reported financial and non-financial metrics e.g. growth in targeted business units[1].

NON-FINANCIAL KPIs (40% weighting)

These may vary with Executive responsibility, but usually include KPIs as shown below. To the extent possible, performance is assessed against quantifiable, objective measures.

KPIs	METHOD OF ASSESSMENT
Health, safety and environment performance.	Reduction in the number of reportable injuries and environmental incidents, and the completion of advanced safety audits.
Leadership, people management and development.	Reduction in turnover.
Successful implementation of the business plan and/or strategic priorities for the business unit, location or function.	Targeted business growth, customer retention and acquisition[1].

1 The specific goals for Executives relating to strategic imperatives are considered commercially sensitive.

Details of the STI payments made to Executives in respect of FY2012 are set out on pages 46 and 47.

2. Deferred Equity STI Plan
Deferred Equity STI vests in two equal tranches. The first tranche will vest 12 months following the end of the performance period, with the remaining tranche vesting after a further 12 months.

Where rights cannot be readily issued to participants in certain overseas jurisdictions due to differing securities laws and taxation treatments, the Deferred Equity STI rules allow equivalent cash payments to be made (on similar conditions to those that apply to the Deferred Equity STI grants).

Given the CEO's significant shareholding in the Company, it is appropriate that John Grill receive his Deferred Equity STI for FY2012 as a deferred cash payment. To ensure continued alignment with shareholders' interests, the size of the payment will vary depending on the Company's share price at the time of vesting. The payment will be subject to the same terms and conditions as the Deferred Equity STI grants outlined above, except that at the time of vesting rather than receiving fully paid ordinary shares in the Company at a nil exercise price, John Grill will receive their cash equivalent value.

3. Discretionary STI
Under the terms of the Discretionary STI Plan, Executives have the ability to earn an additional 60% of their target Cash STI, in recognition of exceptional performance.

NEW COMBINED INCENTIVE PLAN FROM FY2013

As a result of the extensive review of the remuneration framework, the Board has decided to simplify the STI program. From FY2013, the Cash STI Plan, the Deferred Equity STI Plan and the Discretionary STI Plan as outlined above will be replaced by the Combined Incentive Plan, an outline of which is as follows:

INCENTIVE ELEMENT	CASH PORTION (TWO THIRDS OF THE AWARD)	EQUITY PORTION (ONE THIRD OF THE AWARD)	COMMENT/RATIONALE
Gate-opener	The actual performance is greater than 90% of the budgeted NPAT approved by the Board.		No change for the cash portion. A single metric is less complex to understand.
Maximum payout	Maximum payout is possible at 110% of budget.		Outperformance potential replaces the Discretionary STI Plan.
Deferral threshold	n/a	The Board has removed the $50,000 minimum quantum for deferral.	
STI delivery and payment timing	Payment of the award will be made as a gross cash amount at the end of the performance period.	Payment of the award will be through equity deferred for three years in the form of rights granted under the WorleyParsons Performance Rights Plan.	No change to the cash portion. The equity portion has an increased deferral period providing greater ability for clawback.
Forfeiture conditions	n/a	Should the accounts be restated during the deferral period or where an individual's behavior is fraudulent, dishonest or in breach of their obligations to the Company, the award may be forfeited. The performance outcomes that resulted in the award will be reviewed to ensure that the award is still appropriate at the time of vesting. In addition, the Executive must maintain a satisfactory performance rating.	No change.
Dividends	n/a	n/a	Dividends will not be paid on unvested equity.
Tenure	To be eligible for an incentive payment, generally participants must have been employed for at least three months of the financial year and remain in employment at the date of payment.		No change.

LTI Plan

There are two specific performance targets, each assessed independently to earn LTI. These two performance hurdles align an Executive's interests with shareholder returns whilst driving long term Company performance. The measures are as follows:

- TSR relative to peer group (which applies to 60% of potential LTI for FY2012); and
- EPS growth (which applies to 40% of potential LTI for FY2012).

The Board believes a relative TSR hurdle is appropriate to reflect returns to shareholders versus a group of companies with similar business profile, with which we compete for capital and executive talent. Allocations from FY2013 will have equal weight on the two hurdles.

The Board has determined that the number of securities issued under the LTI Plan to Executives and all other participants should be capped at 5% of the issued share capital of the Company over a five year time horizon. Currently, the number of securities issued and held pursuant to the LTI Plan represents 2.85% of the Company's issued share capital (FY2011: 3.02%).

LTI grants for FY2012

LTI grants are delivered to Executives as rights that are issued under the WorleyParsons Performance Rights Plan. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). The number of rights issued is based on the Executive's target LTI with reference to the underlying share price when issued. Rights vest and are automatically exercised after a three year period, subject to minimum performance hurdles being satisfied.

Where rights cannot be readily issued in certain overseas jurisdictions due to differing securities laws and taxation treatments, the LTI Plan rules ensure a participant can still be rewarded for their contribution, whilst catering for the local restrictions on the issue of securities.

Rights granted under the LTI Plan carry no voting or dividend entitlements. In addition, other than in relation to bonus issues and capital reorganizations (when the number of rights may be adjusted by the Board in accordance with the ASX Listing Rules, so as to ensure no advantage or disadvantage to the Executive), the rights carry no entitlement to participate in new share issues made by the Company.

Details of the rights granted to Executives as the LTI component of their remuneration in FY2012 are outlined on page 49.

Given the CEO's significant shareholding in the Company, it is appropriate that John Grill receive his LTI for FY2012 as a deferred cash payment. To ensure continued alignment of his interests with those of shareholders, the size of the payment will vary depending on the Company's share price at the time of vesting. The payment will be subject to the same terms and conditions as the equity settled rights outlined above, except that at the time of vesting rather than receiving fully paid ordinary shares in the Company at a nil exercise price, John Grill will receive their cash equivalent value.

Relative TSR performance hurdle
(applies to 60% of potential LTI for FY2012, 50% for FY2013)

The TSR measure represents the change in the value of the Company's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value of the share. Relative TSR has been chosen as a performance hurdle because, in the opinion of the Board, it provides the most direct measure of shareholder return.

Executives will only derive value from the TSR component of the LTI Plan if the Company's TSR performance is at least at the median of the companies in the peer comparison group. For LTI grants made in FY2012, the peer comparison group comprises AECOM, Aker Solutions, AMEC, Fluor Corporation, Foster Wheeler, Jacobs Engineering Group, KBR, SNC-Lavalin, URS Corporation and Wood Group. In FY2013, this peer group will be expanded, with the companies added shown below in bold:

AUSTRALIA AND ASIA	UNITED STATES AND CANADA	EUROPE AND UNITED KINGDOM
WorleyParsons	AECOM	Aker Solutions
Cardno	Fluor Corporation	AMEC
Downer EDI	Foster Wheeler	Wood Group
JGC Corporation	Jacobs Engineering Group	**Arcadis**
Leighton Holdings	KBR	**Atkins**
Monadelphous Group	SNC-Lavalin	**Balfour Beatty**
UGL	URS Corporation	**Fugro**
	Chicago Bridge & Iron Company[1]	**Saipem**
	McDermott International	**Serco Group**
	Stantec	**Technip**
	Tetra Tech	**Tecnicas Reunidas**
	The Shaw Group[1]	

1 Chicago Bridge & Iron Company and the Shaw Group have announced a merger agreement between the two companies which will be finalized early 2013, subject to regulatory and shareholder approval.

The Board has discretion to adjust the comparison group to take into account events including, but not limited to, takeovers or mergers that might occur during the performance period.

The vesting schedule of the rights subject to the relative TSR hurdle is outlined below:

RELATIVE TSR PERCENTILE RANKING	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET
Less than 50th percentile	0%
At 50th percentile	30%
Greater than the 50th percentile but less than the 75th percentile	Pro-rated vesting between more than 30% and less than 60%
At 75th percentile or greater	60% (i.e. maximum available under the plan)

The initial test date of the rights subject to the relative TSR hurdle is at the end of year three. At the end of year three, participants can either:

- accept the vesting outcome achieved (based on the schedule set out above); or
- elect to have their rights retested at the end of year four (in which case the same vesting schedule applies but the retest period covers the entire four year period from the date the rights were granted).

Executives are not permitted to "double dip", so by electing to have their rights retested at the end of year four they forfeit any entitlement to rights which otherwise would have vested at the end of year three.

From FY2013, with an expanded peer group and four year performance period, it is expected there will be less volatility. As a result, a retest under the TSR measure will not be provided for performance rights granted from FY2013.

EPS performance hurdle
(applies to 40% of potential LTI for FY2012, 50% for FY2013)

Basic EPS is determined by dividing the Group's NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year. Growth in EPS will be measured by comparing the EPS in the year of issue and the measurement year. EPS has been chosen as a performance hurdle because it provides a clear line of sight between Executive performance and Company performance. It is also a well-recognized and understood measure of performance both within and outside the organization. The Group's NPAT may be adjusted by the Board, where appropriate, to better reflect operating performance as was the case in FY2011.

Executives will only derive value from the EPS component of the grants made in FY2012 if the Company achieves average compound growth in EPS of at least 4% per annum above the increase in the Consumer Price Index (CPI) over the three year performance period.

The vesting schedule of the rights subject to the EPS hurdle is as follows:

AVERAGE COMPOUND GROWTH IN EPS OVER THE PERFORMANCE PERIOD	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE EPS HURDLE IS MET
Less than 4% pa above the increase in CPI	0%
4% pa above the increase in CPI	20%
More than 4% pa above the increase in CPI but less than 8% pa above the increase in CPI	An additional 5% of rights will vest for each additional 1% pa plus CPI increase
8% pa or greater above the increase in CPI	40% (i.e. maximum available under the plan)

Exercise of rights and allocation of shares
To the extent that the performance hurdles have been satisfied, rights are automatically exercised (unless an Executive elects otherwise) and participants acquire shares in the Company at a nil exercise price.

Shares allocated to participants upon exercise of rights rank equally with all other ordinary shares on issue. Whilst the shares allocated to participants remain subject to transfer restrictions, participants can apply to have the restrictions lifted. Upon release of the restrictions, participants will have unencumbered ownership of the shares, subject to compliance with the Company's Securities Dealing Policy and minimum shareholding requirement.

Cessation of employment and change of control
Where an Executive leaves the Group, the Board may exercise its discretion and allow a proportion of any unvested rights to remain in the plan, and subsequently vest and be exercised in the ordinary course, having regard to such factors as it determines relevant. Such factors would include performance against applicable performance hurdles, as well as the performance and contribution that the relevant Executive has made. In instances of fraudulent or dishonest behavior, the Board will generally deem all unvested rights held by the Executive to have lapsed on cessation and may also deem any vested but unexercised rights to be forfeited.

In the event of a change of control of the Company (e.g. where a third party unconditionally acquires more than 50% of the issued share capital of the Company), the Board will exercise its discretion to determine whether any or all unvested rights vest, having regard to pro-rata performance against applicable performance hurdles up to the date of the change of control.

COMPANY PERFORMANCE OVER A FIVE YEAR PERIOD

The table below contains a snapshot of the Company's performance against annual financial KPIs and shows how the Company's performance has impacted on remuneration outcomes for Executives under the Company's STI and LTI programs.

	FINANCIAL YEAR ENDED 30 JUNE	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	ANNUALIZED GROWTH OVER FIVE YEARS
TSR portion of LTI	Closing share price ($)	34.00	37.86	23.81	22.21	28.24	25.10	(5.89%)
	Dividends paid[1] (cents per share)	60.5	85.5	93.0	75.5	86.0	91.0	8.5%
	1 year TSR for the Company (%)	69.7	15.9	(34.8)	(1.6)	37.4	(6.8)	
	1 year TSR for median of peer group (%)	42.0	32.0	(34.8)	(9.9)	40.8	(21.9)	
	3 year vesting outcome of LTI (%)	100	100	100	82	Nil	70	
EPS portion of LTI	Basic EPS (cents per share)	101.8	142.5	161.1	118.5	148.3	143.7	7.1%
	Underlying EPS (cents per share)[2]	n/a	n/a	n/a	n/a	121.5	140.6	6.7%
	3 year vesting outcome of LTI (%)	100	100	100	Nil	Nil	Nil	
Combined Incentive	EBIT ($'m)	319.1	520.0	605.3	427.4	539.9	537.9	11.0%
	NPAT ($'m)	224.8	343.9	390.5	291.1	364.2	353.2	9.5%
	Underlying NPAT ($'m)[3]	n/a	n/a	n/a	n/a	298.5	345.6	9.0%
	Average % of maximum STI awarded to Executives (%)	94.6	91.8	53.2	0.0	27.1	47.0	

1 The FY2012 final dividend has been announced and is scheduled to be paid on 28 September 2012.
2 Underlying EPS which in the Board's opinion reflects the Company's operating results, has been used for calculating the outcomes under the vesting period ended 30 June 2011.
3 Underlying NPAT which in the Board's opinion reflects the Company's operating results, has been used for calculating the outcomes under the FY2011 STI payments. This excludes fair value gains on acquisitions of $7.6 million and $65.7 million for FY2012 and FY2011 respectively.

REMUNERATION OUTCOMES

Total remuneration
Details of remuneration for Executives are provided in the following table in accordance with accounting standards. Additional columns have been provided under Actual Remuneration Outcomes. This provides a comparison between the accounting standards, actual remuneration awarded during the year and actual remuneration received during the year.

Accounting standards require the value of equity based payments to be amortised over the relevant period of performance (or vesting period). For those interested in the value of equity based payments awarded during the year, the value is determined as a percentage of Fixed Pay that we aim to deliver. This can be found in the Deferred STI and LTI columns under remuneration awarded section. Those interested in the full value that was received during the year, the value is determined as the number of performance rights granted times the share price at the end of the period of performance, found under the remuneration received section.

STATUTORY REMUNERATION OUTCOMES

		SHORT TERM EMPLOYEE BENEFITS					POST-EMPLOYMENT BENEFITS	OTHER LONG TERM BENEFITS	SHARE BASED PAYMENTS					
		CASH SALARY $	CASH ALLOWANCES[1] $	CASH STI[2] $	NON-MONETARY BENEFITS[3] $	**TOTAL SHORT TERM CASH AND BENEFITS[5] $**	SUPER-ANNUATION $	LONG SERVICE LEAVE $	STI EQUITY SETTLED[4] $	LTI EQUITY SETTLED[4] $	**TOTAL REMUNERATION IN ACCORDANCE WITH ACCOUNTING STANDARDS $**	SHARE BASED PAYMENTS % OF TOTAL REMUNERATION	VARIABLE PAY % OF TOTAL REMUNERATION	% OF MAXIMUM STI AWARD FORFEITED
EXECUTIVE DIRECTORS														
John Grill	FY2012	2,092,241	-	1,530,000	13,635	**3,635,876**	15,836	34,812	260,000	874,926	**4,821,450**	23.5%	55.3%	51.2%
	FY2011	1,706,593	-	1,100,000	14,129	**2,820,722**	50,144	29,010	-	568,055	**3,467,931**	16.4%	48.1%	70.1%
William Hall[9]	FY2012	229,630	-	116,041	11,660	**357,331**	-	-	-	85,868	**443,199**	19.4%	45.6%	56.9%
	FY2011	734,851	-	300,000	36,564	**1,071,415**	11,522	-	-	219,604	**1,302,541**	16.9%	39.9%	61.8%
David Housego[10]	FY2011	686,125	-	205,000	14,408	**905,533**	43,271	11,094	-	139,615	**1,099,513**	12.7%	31.3%	78.2%
GROUP MANAGING DIRECTORS														
Barry Bloch[11]	FY2012	661,760	-	242,000	12,489	**916,249**	15,845	11,189	43,333	32,902	**1,019,518**	7.5%	31.2%	53.4%
	FY2011	111,659	-	-	1,882	**113,541**	2,572	1,844	-	-	**117,957**	-	-	100.0%
Stuart Bradie	FY2012	769,639	284,870	324,000	707,108	**2,085,617**	76,964	-	54,583	324,979	**2,542,143**	14.9%	27.7%	53.1%
	FY2011	722,797	180,699	251,000	434,477	**1,588,973**	72,280	-	-	225,062	**1,886,315**	11.9%	25.2%	73.3%
Iain Ross	FY2012	714,021	178,505	285,000	209,247	**1,386,773**	71,402	-	41,667	307,639	**1,807,481**	19.3%	35.1%	57.2%
	FY2011	677,806	157,372	208,000	169,628	**1,212,806**	58,281	2,212	-	216,286	**1,489,585**	14.5%	28.5%	75.4%
David Steele	FY2012	750,000	75,000	327,000	219,595	**1,371,595**	-	-	55,833	212,443	**1,639,871**	16.4%	36.3%	52.7%
	FY2011	625,078	111,508	189,000	214,824	**1,140,410**	-	-	-	126,064	**1,266,474**	10.0%	24.9%	76.7%
Andrew Wood	FY2012	821,372	50,192	369,000	23,821	**1,264,385**	15,836	13,825	62,917	311,219	**1,668,182**	22.4%	44.5%	50.5%
	FY2011	677,650	130,000	235,000	11,321	**1,053,971**	50,143	12,018	-	210,974	**1,327,106**	15.9%	33.6%	75.1%
Total remuneration	FY2012	6,038,663	588,567	3,193,041	1,197,555	**11,017,826**	195,883	59,826	518,333	2,149,976	**13,941,844**			
	FY2011	5,942,559	579,579	2,488,000	897,233	**9,907,371**	288,213	56,178	-	1,705,660	**11,957,422**			

These footnotes apply to the table on pages 46 and 47.

1 This includes assignment uplifts and one off market adjustments.
2 The FY2012 amount relates to the FY2012 award under the Cash STI Plan, which is scheduled to be paid in September 2012.
3 Non-monetary benefits include benefits such as expatriate benefits (i.e. housing, home leave etc), health insurance, car parking, company cars or car allowances, fringe benefits tax, tax advisory services, life insurance and club memberships. In some cases, these are at the election of the Executives i.e. they are salary sacrificed.
4 This remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments is determined based on the fair value at grant date and is expensed progressively over the vesting period. The amount included as remuneration is not indicative of the benefit (if any) that individual Executives may ultimately realize should the equity instruments vest.
5 This is the total value of short term employee cash and benefits received during the reporting period.
6 This is the total of superannuation and long service leave benefits received during the reporting period.
7 Remuneration awarded during reporting period but deferred for future periods includes equity awards granted under the STI and LTI Plans which may vest and become available to Executives in future periods. A grant value based on fixed pay (as defined on page 41) multiplied by the STI and/or LTI payout percentage approved by the Board has been included; this is not indicative of the benefit (if any) that individual Executives may ultimately realize should the equity instruments vest.
8 Remuneration received in reporting period from previous periods includes equity awards granted under the STI and LTI Plans in previous years which vested during the reporting period. The STI and LTI value reflects the actual value realized by the Executive rather than the accounting value. In FY2011, all Executives elected to retest the TSR portion of rights granted in FY2009 over the four year period to 30 June 2012. The FY2012 value has been determined based on the number of performance rights granted in FY2010 and FY2009 that vested for the period ended 30 June 2012 and the closing share price at this date.
9 Mr Hall retired as an alternative director on 25 October 2011. Share based payments are disclosed to the extent they relate to William Hall's occupation in the capacity of a director.
10 Mr Housego retired from his directorship on 23 February 2011 and from his Executive role on 2 June 2011. The Board exercised its discretion to allow STI and LTI held at the time of his retirement to be retained following his retirement, pro-rated for his period of contribution to results, and to be measurable and payable in accordance with the original plan vesting schedules.
11 Mr Bloch commenced employment as the Group Managing Director – People on 1 May 2011.

ACTUAL REMUNERATION OUTCOMES

		AWARDED AND RECEIVED DURING REPORTING PERIOD		AWARDED DURING REPORTING PERIOD			RECEIVED DURING REPORTING PERIOD	
				DEFERRED FOR FUTURE PERIODS[7]			DEFERRED FROM PREVIOUS PERIODS[8]	
		SHORT TERM CASH AND BENEFITS $	OTHER BENEFITS[6] $	DEFERRED STI $	LTI $	**TOTAL REMUNERATION AWARDED DURING REPORTING PERIOD $**	LTI $	**TOTAL REMUNERATION RECEIVED DURING REPORTING PERIOD $**
EXECUTIVE DIRECTORS								
John Grill	FY2012	3,635,876	50,648	624,000	1,785,000	**6,095,524**	1,064,591	**4,751,115**
	FY2011	2,820,722	79,154	-	1,487,500	**4,387,376**	-	**2,899,876**
William Hall[9]	FY2012	357,331	-	-	-	**357,331**	419,421	**776,752**
	FY2011	1,071,415	11,522	-	543,476	**1,626,413**	-	**1,082,937**
David Housego[10]	FY2011	905,533	54,365	-	-	**959,898**	-	**959,898**
GROUP MANAGING DIRECTORS								
Barry Bloch[11]	FY2012	916,249	27,034	104,000	270,000	**1,317,283**	-	**943,283**
	FY2011	113,541	4,416	-	-	**117,957**	-	**117,957**
Stuart Bradie	FY2012	2,085,617	76,964	131,000	567,256	**2,860,837**	416,785	**2,579,366**
	FY2011	1,588,973	72,280	-	607,727	**2,268,980**	-	**1,661,253**
Iain Ross	FY2012	1,386,773	71,402	100,000	525,749	**2,083,924**	418,241	**1,876,416**
	FY2011	1,212,806	60,493	-	563,809	**1,837,108**	-	**1,273,299**
David Steele	FY2012	1,371,595	-	134,000	562,500	**2,068,095**	232,677	**1,604,272**
	FY2011	1,140,410	-	-	343,750	**1,484,160**	-	**1,140,410**
Andrew Wood	FY2012	1,264,385	29,661	151,000	625,500	**2,070,546**	403,809	**1,697,855**
	FY2011	1,053,971	62,161	-	543,750	**1,659,882**	-	**1,116,132**
Total remuneration	FY2012	11,017,826	255,709	1,244,000	4,336,005	**16,853,540**	2,955,524	**14,229,059**
	FY2011	9,907,371	344,391	-	4,090,012	**14,341,774**	-	**10,251,762**

STI outcomes

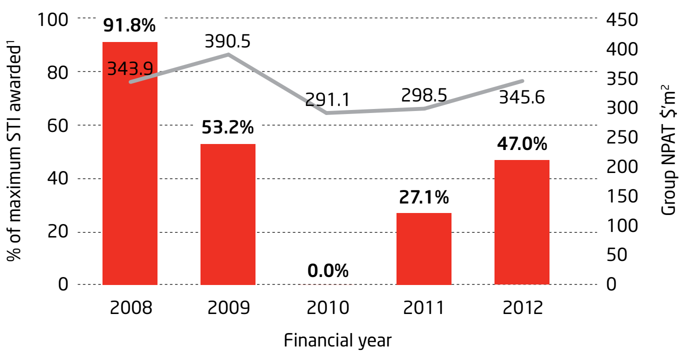
As outlined in the description of the STI Plan on page 41, reward outcomes for Executives are linked primarily to performance against annual financial KPIs, although non-financial (including individual) KPIs are also relevant.

In the above table, the increased Company performance results for FY2012 are reflected in the increase to variable pay earned by Executives during FY2012. The challenging environment in FY2011 was reflected in low STI awards and a nil LTI vesting outcome.

Based on the underlying NPAT provided above and performance against individual KPIs, the resulting STI payments are detailed in the table on pages 46 and 47.

The graph below illustrates the average percentage of maximum STI awarded to Executives over the past five years compared to Group NPAT and demonstrates a strong alignment between Company performance and STI outcomes for Executives:

Average % of maximum STI awarded to Executives compared to Group NPAT

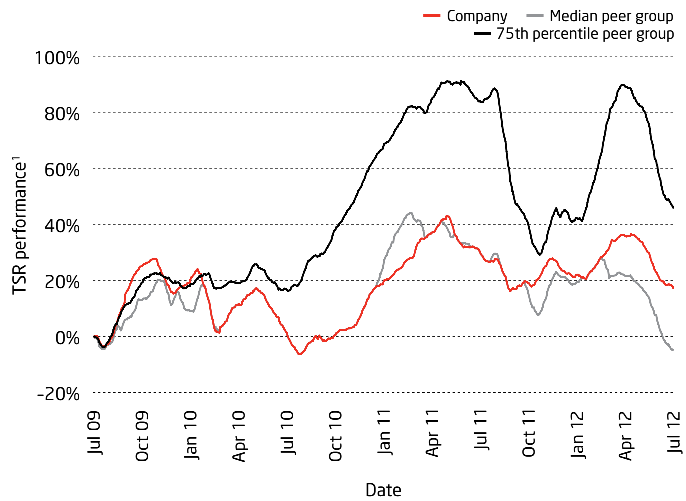


1 The average percentage of maximum STI for any financial year relates to amounts paid in September following that year end, with the exception of a portion of Iain Ross' 2009 STI which was deferred for 12 months.
2 Group NPAT is the reported Group NPAT, except for FY2011 and FY2012 where the lower underlying FY2011 and FY2012 Group NPAT figures were used.

LTI outcomes

The graph below tracks the Company's TSR over the last three years against the median TSR of the peer group used for the LTI Plan:

TSR performance measured over the last three years



1 In determining TSR outcomes previously, the one day closing share price was used. This has been changed to be a one month average closing share price to assist in reducing single day share price volatility.

This graph illustrates that growth in the Company's TSR was above median, which may result in 70% vesting for Executives for TSR related LTI granted in FY2010. As full vesting was not achieved, Executives may elect to retain their TSR performance rights to be retested and measured for the four year period ending 30 June 2013. Executives who elect not to retest will receive vesting of their TSR related LTI on 30 September 2012.

Over the same three year period, the Company's underlying EPS was below the minimum required to trigger vesting against the EPS performance hurdle for LTI granted in FY2010. EPS performance rights will lapse on 30 September 2012. No retest applies to this measure.

No rights granted to Executives under the LTI Plan in FY2009 vested during FY2011. All rights subject to the EPS hurdle lapsed on 30 September 2011, and rights subject to the TSR hurdle were retained and retested this year over a four year performance period in line with Executive elections. The retested outcome will result in 90% vesting for Executives for TSR related LTI granted in FY2009.

The table below shows the history of Executives' grants that have vested to date:

Summary of vested rights

GRANT	PERFORMANCE PERIOD	TSR PERCENTILE ACHIEVED[1]	RETESTED TSR PERCENTILE ACHIEVED[2]	CHANGE IN EPS ACHIEVED[3]	% OF TOTAL LTI GRANT VESTED/EXERCISED	VESTING DATE	VALUE PER RIGHT VESTED/EXERCISED[4] $
EQUITY SETTLED							
FY2007	01 Jul 06 – 30 Jun 09	81st	n/a	33.3%	100%	30 Sep 09	28.40
FY2008	01 Jul 07 – 30 Jun 10	66th	68th	5.8%	49%	30 Sep 10	21.51
FY2009[5]	01 Jul 08 – 30 Jun 11	30th	70th	(5.2%)	54%	30 Sep 12	n/a
FY2010[6]	01 Jul 09 – 30 Jun 12	60th	n/a	(4.4%)	42%	30 Sep 12	n/a

1 Represents the Company's relative TSR ranking over the initial three year performance period compared to the comparator group (being the ASX 50 to 150 ranked companies at the start of the performance period for FY2007 and FY2008, and for FY2009 and FY2010 the peer group listed on page 44).
2 Represents the Company's retested relative TSR ranking over a four year performance period compared to the comparator group (being the ASX 50 to 150 ranked companies at the start of the performance period for FY2007 and FY2008, and for FY2009 and FY2010 the peer group listed on page 44) over the initial three year performance period.
3 Change in EPS achieved is calculated as the compound annual growth rate of EPS over the performance period.
4 This amount is based on the volume weighted average price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights vest (as there is no exercise price payable in respect of equity or cash settled rights).
5 Equity granted in FY2009 under the TSR measure is due to vest on 30 September 2012 based on the retested outcome over a four year performance period up to 30 June 2012.
6 Equity granted in FY2010 under the TSR measure is due to vest on 30 September 2012. Executives may elect to retain TSR performance rights to be measured for the four year performance period up to 30 June 2013.

Details of vested and outstanding rights over the last five years

	DATE OF GRANT	NUMBER OF RIGHTS GRANTED[1]	FAIR VALUE PER RIGHT (AT GRANT DATE)[2] $	FAIR VALUE OF GRANT (AT GRANT DATE)[3] $	VESTING DATE/ FIRST EXERCISE DATE[4]	EXPIRY DATE	NUMBER OF RIGHTS VESTED AND EXERCISED	VALUE OF RIGHTS VESTED AND EXERCISED[5] $	NUMBER OF RIGHTS LAPSED[6]	VALUE OF RIGHTS LAPSED[7] $	% OF RIGHTS LAPSED
EXECUTIVE DIRECTORS											
John Grill	17 Oct 11	67,639	17.69	1,196,534	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	69,450	16.93	1,175,789	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	45,293	19.27	872,796	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	43,317	19.11	827,788	30 Sep 12	30 Sep 15	–	–	17,326	457,233	40.0%
	02 Oct 07	32,546	30.48	992,002	30 Sep 10	02 Oct 14	15,973	343,579	16,573	356,485	50.9%
William Hall[8]	15 Oct 10	25,375	16.93	429,599	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	18,665	19.27	359,675	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	16,428	19.11	313,939	30 Sep 12	30 Sep 15	–	–	6,571	173,409	40.0%
	02 Oct 07	14,847	30.48	452,537	30 Sep 10	02 Oct 14	7,287	156,743	7,560	162,616	50.9%
GROUP MANAGING DIRECTORS											
Barry Bloch	17 Oct 11	10,231	17.69	180,9 86	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
Stuart Bradie	17 Oct 11	21,495	17.69	380,247	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	28,374	16.93	480,372	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	19,361	19.27	373,086	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	15,692	19.11	299,874	30 Sep 12	30 Sep 15	–	–	6,276	165,624	40.0%
	02 Oct 07	12,109	30.48	369,082	30 Sep 10	02 Oct 14	5,943	127,834	6,166	132,631	50.9%
Iain Ross	17 Oct 11	19,922	17.69	352,420	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	26,324	16.93	445,665	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	19,316	19.27	372,219	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	15,834	19.11	302,588	30 Sep 12	30 Sep 15	–	–	6,333	167,128	40.0%
	02 Oct 07	10,727	30.48	326,959	30 Sep 10	02 Oct 14	5,265	113,250	5,462	117,488	50.9%
David Steele	17 Oct 11	21,315	17.69	377,062	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	16,049	16.93	271,710	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	10,746	19.27	207,075	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	8,809	19.11	168,340	30 Sep 12	30 Sep 15	–	–	3,523	92,972	40.0%
	02 Oct 07	6,536	30.48	199,217	30 Sep 10	02 Oct 14	3,208	69,004	3,328	71,585	50.9%
Andrew Wood	17 Oct 11	23,702	17.69	419,288	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	25,387	16.93	429,802	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	18,650	19.27	359,386	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	15,288	19.11	292,154	30 Sep 12	30 Sep 15	–	–	6,115	161,375	40.0%
	02 Oct 07	11,883	30.48	362,194	30 Sep 10	02 Oct 14	5,832	125,446	6,051	130,157	50.9%
NON-EXECUTIVE DIRECTOR											
Larry Benke[9]	09 Oct 09	11,214	19.27	216,094	30 Sep 12	30 Sep 16	–	–	7,476	159,687	66.7%
	03 Oct 08	10,183	19.11	194,597	30 Sep 12	30 Sep 15	–	–	6,109	144,145	60.0%
	02 Oct 07	9,105	30.48	277,520	30 Sep 10	02 Oct 14	4,468	96,107	4,637	99,742	50.9%
Total vested		97,753		2,979,511			47,976	1,031,963			
Total outstanding		624,059		11,299,085			–	–			
Total		721,812		14,278,596			47,976	1,031,963	109,506	2,592,275	

1 The service and performance criteria for the rights are discussed under the heading LTI Plan on page 44. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option).
2 Fair value per right at grant date is independently determined using an appropriate option pricing model in accordance with AASB 2 Share-based Payment that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. This amount represents the actual cost to the Company. A Monte Carlo simulation is used for the relative TSR portion and a Black-Scholes model is used for the EPS portion.
3 Total fair value at grant is calculated by multiplying the fair value per right by the number of rights granted. This does not represent the actual value the Executive will derive from the grant, which will depend on the achievement of performance hurdles measured over the vesting period. The maximum value of the rights granted has been estimated based on the fair value per right. The minimum total value of the rights granted, if the applicable performance hurdles are not met, is nil.
4 This is the date at which rights first become exercisable subject to meeting performance hurdles. Once vested, rights are exercisable up until the expiry date. Rights granted on 3 October 2008 were retained for retesting over a four year period (to 30 September 2012).
5 This amount is based on the volume weighted average price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights vest (as there is no exercise price payable in respect of equity or cash settled rights).
6 The number of rights lapsed represents rights lapsed due to performance hurdles not being met and/or rights lapsed on cessation of employment.
7 This amount is based on the volume weighted average price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights lapse. Based on the measurement of the relevant performance hurdles, this total value may be an accumulation of values for rights lapsed over multiple periods.
8 Performance rights issued to William Hall are disclosed to the extent they were granted and received during his occupation in the capacity of a director.
9 Mr Benke received rights as part of his employment with the Company prior to his retirement as an employee on 30 June 2010 and commencement as a non-executive director on 1 July 2010. Board approval was received for retention of a pro-rated number of rights under the original terms of the grant including performance measures and vesting dates. This is consistent with the Company's practice in relation to unvested LTI held by retiring employees. Full details are disclosed on page 45. Rights lapsed on Mr Benke's retirement have been valued based on the volume weighted average price of the Company's shares for the 10 trading days up to and including his retirement date on 30 June 2010.

Directors' Report

EMPLOYMENT ARRANGEMENTS

The key aspects of Executive contracts are outlined below:

	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS
EXECUTIVE DIRECTOR			
John Grill	Retiring on 23 October 2012	12 months	n/a
GROUP MANAGING DIRECTORS			
Barry Bloch	Unlimited	12 months	6 months
Stuart Bradie	Unlimited	12 months	6 months
Iain Ross	Unlimited	12 months	6 months
David Steele	Unlimited	12 months	6 months
Andrew Wood	Unlimited	12 months	6 months[1]

1 Mr Wood, in his new role as CEO from 23 October 2012, will have a notice period of 12 months.

The contracts include the components of remuneration which are to be paid to Executives, and provide for annual review, but do not prescribe how remuneration levels are to be modified from year to year.

In the event of termination, all Executives are generally entitled to receive their statutory leave entitlements and superannuation benefits. In relation to incentive plans upon termination, where an Executive resigns, STI is paid only if the Executive is employed on the date of payment. The Board retains discretion to make pro-rated STI payments in special circumstances such as retirement.

In accordance with the plan rules, the Board retains discretion on the treatment of both vested and unvested LTI in all instances of separation as outlined in the LTI Plan discussion on page 45. This applies to all LTI, whether equity or cash settled.

In exercising such discretion in the STI and LTI Plans, the Board typically allows retention of awards on a pro-rata basis and subject to the original performance requirements and timing. The Company did not pay sign-on payments to any Executives during FY2012.

At the October 2010 AGM, the Board sought and received approval from shareholders, where discretion was applied for the retention of LTI following cessation of employment for the value of LTI to be disregarded when calculating the relevant participant's cap for the purposes of section 200F(2)(b) or section 200G(1)(c) of the Act.

NON-EXECUTIVE DIRECTOR REMUNERATION

NON-EXECUTIVE DIRECTORS

This section outlines the remuneration arrangements in place for the Company's NEDs. All directors held office for the whole of FY2012, except where otherwise stated. The non-executive directors for FY2012 are listed below:

NAME	POSITION	COUNTRY OF RESIDENCE
Ron McNeilly	Chairman	Australia
Larry Benke	Director	Canada
Erich Fraunschiel	Director	Australia
John M Green	Director	Australia
Eric Gwee[1]	Director	Singapore
Christopher Haynes, OBE[2]	Director	United Kingdom
Catherine Livingstone, AO	Director	Australia
JB McNeil	Director	United States
Wang Xiao Bin[3]	Director	Hong Kong

1 Mr Gwee retired as a director on 25 October 2011.
2 Dr Haynes commenced as a director on 1 January 2012.
3 Ms Wang commenced as a director on 1 December 2011.

REMUNERATION POLICY

The principles of fairness and shareholder alignment are reflected through the Company's commitment to setting NED fees at a level which remain market competitive, whilst ensuring they reflect the caliber of directors required to address the significant strategic and operational challenges faced by the Company. NED fees have been comprehensively reviewed on both an Australian and global basis and will increase for FY2013.

The aggregate amount of fees (which include Board and Committee fees) that may be paid to NEDs in any year is capped at the level approved by shareholders. The current maximum aggregate amount of $2.6 million per annum was approved by shareholders at the 2011 AGM. Of the aggregate annual fee pool, 76% ($1.974 million) was utilized during FY2012 (88% ($1.763 million) for FY2011 for the then $2.0 million limit).

NEDs do not receive performance related payments.

REMUNERATION STRUCTURE

Board and Committee fees

Board and Committee fees for FY2012 and FY2013 are set out below. These amounts are inclusive of superannuation contributions made on behalf of NEDs in accordance with the Company's statutory obligations.

ROLE	FY2012 FEES	FY2013 FEES
Chairman[1]	$495,000	$520,000
Other non-executive director	$185,000	$194,000
Chairman of Audit and Risk Committee	$45,000	$47,000
Member of Audit and Risk Committee	$25,000	$26,000
Chairman of Remuneration Committee	$35,000	$37,000
Member of Remuneration Committee	$20,000	$21,000
Chairman of Health, Safety and Environment Committee	n/a	$30,000
Member of Health, Safety and Environment Committee	n/a	$12,000
Chairman/Member of Nominations Committee	Nil	Nil

1 The Chairman of the Board does not receive additional fees for Committees of which the Chairman may be a member.

Other benefits

NEDs are eligible to receive travel allowances of $5,000 for attendance at overseas meetings (effective 1 July 2009). NEDs are also entitled to be reimbursed for all business related expenses, including travel, incurred in the discharge of their obligations.

Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations. The Company does not pay retirement benefits to NEDs in addition to its statutory obligations.

From time to time, the Board may determine special fees for additional duties undertaken by directors.

NED minimum shareholding requirement

A minimum shareholding requirement exists to provide alignment between director and shareholder interests. To comply with this requirement, each non-executive director must build a holding of the Company's ordinary shares equivalent to that director's annual fee. Directors are expected to comply with this requirement within their first full term of three years as a director.

All NEDs complied with the minimum shareholding requirement as at 30 June 2012 with the exception of Wang Xiao Bin and Christopher Haynes, both of whom commenced during FY2012, and have three years to comply.

Particulars of directors' beneficial interests in shares of the Company as at 30 June 2012 are set out in note 33 to the financial statements.

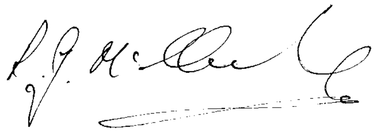
REMUNERATION OUTCOMES

Remuneration of the NEDs for FY2012 and FY2011 is set out below:

	SHORT TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	
	FEES $	ALLOWANCES $	SUPERANNUATION[1] $	TOTAL $
Ron McNeilly				
FY2012	465,252	10,000	29,738	504,990
FY2011	388,516	5,000	28,509	422,025
Larry Benke				
FY2012	184,996	30,000	–	214,996
FY2011	175,000	20,000	–	195,000
Grahame Campbell[2]				
FY2011	59,099	5,000	5,066	69,165
Erich Fraunschiel				
FY2012	214,221	10,000	15,775	239,996
FY2011	194,801	5,000	15,199	215,000
John M Green				
FY2012	194,221	10,000	25,775	229,996
FY2011	165,031	5,000	50,444	220,475
Eric Gwee[3]				
FY2012	65,026	5,000	–	70,026
FY2011	187,000	35,000	–	222,000
Christopher Haynes, OBE[4]				
FY2012	92,498	15,000	–	107,498
Catherine Livingstone, AO				
FY2012	194,221	5,000	15,775	214,996
FY2011	177,301	5,000	15,199	197,500
JB McNeil				
FY2012	223,652	30,000	–	253,652
FY2011	186,667	35,000	–	221,667
Wang Xiao Bin[5]				
FY2012	113,296	15,000	9,202	137,498
Total remuneration				
FY2012	1,747,383	130,000	96,265	1,973,648
FY2011	1,533,415	115,000	114,417	1,762,832

1 Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations. The superannuation figures also include additional (i.e. non-statutory) salary sacrificed contributions to superannuation and pension plans, as nominated by NEDs.
2 Mr Campbell retired as a director on 26 October 2010.
3 Mr Gwee retired as a director on 25 October 2011.
4 Dr Haynes commenced as a director on 1 January 2012.
5 Ms Wang commenced as a director on 1 December 2011.

This Directors' Report is made in accordance with a resolution of the directors.



RON McNEILLY

Chairman

Sydney, 29 August 2012

Statement of Financial Performance For the financial year ended 30 June 2012

		CONSOLIDATED	
	NOTES	2012 $'M	2011 $'M
REVENUE			
Services revenue		7,389.5	5,605.1
Interest income		7.0	6.1
Other income	5	11.9	72.0
Revenue and other income		**7,408.4**	**5,683.2**
EXPENSES			
Staff costs		(4,114.2)	(2,999.2)
Contract related reimbursable costs		(2,032.3)	(1,519.8)
Office and administration costs		(492.0)	(430.1)
Depreciation	9	(19.1)	(14.2)
Amortization		(83.9)	(81.5)
Borrowing costs		(51.1)	(47.6)
Other		(149.6)	(123.9)
Total expenses		**(6,942.2)**	**(5,216.3)**
Share of net profits of associates accounted for using the equity method	24(C)	27.6	31.5
Profit before income tax expense		**493.8**	**498.4**
Income tax expense	6(A)	(117.3)	(116.0)
Profit after income tax expense		**376.5**	**382.4**
Profit after income tax expense attributable to:			
Members of WorleyParsons Limited		**353.2**	**364.2**
Non-controlling interests		**23.3**	**18.2**
Basic earnings per share (cents)	21	143.7	148.3
Diluted earnings per share (cents)	21	142.5	147.2

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income For the financial year ended 30 June 2012

	CONSOLIDATED	
	2012 $'M	2011 $'M
Profit after income tax expense	**376.5**	**382.4**
Net movement in foreign currency translation reserve	(34.6)	(169.3)
Net movement in hedge reserve	1.2	(1.5)
Total comprehensive income, net of tax	**343.1**	**211.6**
Total comprehensive income, net of tax, attributable to:		
Members of WorleyParsons Limited	319.9	195.1
Non-controlling interests	23.2	16.5

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position As at 30 June 2012

		CONSOLIDATED	
	NOTES	2012 $'M	2011 $'M
ASSETS			
Current assets			
Cash and cash equivalents	7	247.3	171.2
Trade receivables	8	1,725.9	1,361.7
Other receivables	8	183.4	149.8
Inventories		1.4	1.3
Prepayments		89.5	77.5
Derivatives	35	0.6	0.6
Finance lease receivable	27	1.5	1.4
Total current assets		**2,249.6**	**1,763.5**
Non-current assets			
Property, plant and equipment	9	135.7	108.1
Intangible assets	10	1,704.8	1,696.8
Equity accounted associates	24(B)	104.1	86.3
Derivatives	35	16.0	-
Finance lease receivable	27	28.5	30.0
Deferred tax assets	11	132.6	123.9
Other non-current assets		20.0	7.5
Total non-current assets		**2,141.7**	**2,052.6**
TOTAL ASSETS		**4,391.3**	**3,816.1**
LIABILITIES			
Current liabilities			
Trade and other payables	12	976.4	740.6
Interest bearing loans and borrowings	13	3.7	43.7
Income tax payable		15.7	11.7
Provisions	14	499.6	359.3
Derivatives	36	4.0	0.9
Total current liabilities		**1,499.4**	**1,156.2**
Non-current liabilities			
Interest bearing loans and borrowings	15	733.1	631.8
Deferred tax liabilities	16	112.6	99.1
Provisions	17	66.3	57.1
Derivatives	36	0.0	15.1
Total non-current liabilities		**912.0**	**803.1**
TOTAL LIABILITIES		**2,411.4**	**1,959.3**
NET ASSETS		**1,979.9**	**1,856.8**
EQUITY			
Issued capital	18	1,221.3	1,219.6
Reserves	19	(267.7)	(249.8)
Retained profits	20	1,003.8	871.7
Parent Entity interest		1,957.4	1,841.5
Non-controlling interests		22.5	15.3
TOTAL EQUITY		**1,979.9**	**1,856.8**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the financial year ended 30 June 2012

	CONSOLIDATED								
	ISSUED CAPITAL $'M	RETAINED PROFITS $'M	FOREIGN CURRENCY TRANSLATION RESERVE $'M	HEDGE RESERVE $'M	PERFORMANCE RIGHTS RESERVE $'M	ACQUISITION RESERVE $'M	MEMBERS OF THE PARENT ENTITY $'M	NON-CONTROLLING INTERESTS $'M	TOTAL $'M
As at 1 July 2011	**1,219.6**	**871.7**	**(261.0)**	**(3.1)**	**23.9**	**(9.6)**	**1,841.5**	**15.3**	**1,856.8**
Profit after income tax expense	–	353.2	–	–	–	–	353.2	23.3	376.5
Other comprehensive income	–	–	(34.5)	1.2	–	–	(33.3)	(0.1)	(33.4)
Total comprehensive income, net of tax	**–**	**353.2**	**(34.5)**	**1.2**	**–**	**–**	**319.9**	**23.2**	**343.1**
Transactions with owners									
Performance rights transactions	1.7	–	–	–	15.4	–	17.1	–	17.1
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	–	3.2	3.2
Dividends paid	–	(221.1)	–	–	–	–	(221.1)	(19.2)	(240.3)
As at 30 June 2012	**1,221.3**	**1,003.8**	**(295.5)**	**(1.9)**	**39.3**	**(9.6)**	**1,957.4**	**22.5**	**1,979.9**
As at 1 July 2010	**1,208.3**	**694.1**	**(93.4)**	**(1.6)**	**22.7**	**–**	**1,830.1**	**8.9**	**1,839.0**
Profit after income tax expense	–	364.2	–	–	–	–	364.2	18.2	382.4
Other comprehensive income	–	–	(167.6)	(1.5)	–	–	(169.1)	(1.7)	(170.8)
Total comprehensive income, net of tax	**–**	**364.2**	**(167.6)**	**(1.5)**	**–**	**–**	**195.1**	**16.5**	**211.6**
Transactions with owners									
Performance rights transactions	11.3	–	–	–	1.2	–	12.5	–	12.5
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	–	8.0	8.0
Non-controlling interests	–	–	–	–	–	(9.6)	(9.6)	0.6	(9.0)
Dividends paid	–	(186.6)	–	–	–	–	(186.6)	(18.7)	(205.3)
As at 30 June 2011	**1,219.6**	**871.7**	**(261.0)**	**(3.1)**	**23.9**	**(9.6)**	**1,841.5**	**15.3**	**1,856.8**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows For the financial year ended 30 June 2012

	NOTES	CONSOLIDATED 2012 $'M	2011 $'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		6,853.6	5,388.2
Payments to suppliers and employees (inclusive of goods and services tax)		(6,286.7)	(4,999.1)
		566.9	389.1
Dividends received from associates		23.0	29.4
Interest received		7.0	6.1
Borrowing costs paid		(45.3)	(31.7)
Income taxes paid		(114.1)	(99.1)
Net cash inflow from operating activities	26	**437.5**	**293.8**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of equity accounted investment		(21.5)	-
Payments for acquisition of controlled entities	23(D)	(28.9)	(92.3)
Cash balances in controlled entities acquired, net of bank overdraft	23(D)	2.7	28.9
Payments for purchase of property, plant and equipment and computer software		(59.0)	(42.5)
Proceeds from sale of property, plant and equipment		0.4	0.1
Net cash outflow from investing activities		**(106.3)**	**(105.8)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(2,252.9)	(1,573.8)
Proceeds from borrowings		2,267.9	1,642.1
Costs of bank facilities and proceeds from finance leases		(6.4)	(7.1)
Net loans (from)/to related parties		(20.7)	8.2
Dividends paid to the Company's shareholders	22(B)	(221.1)	(186.6)
Dividends paid to non-controlling interests		(18.4)	(18.7)
Net cash outflow from financing activities		**(251.6)**	**(135.9)**
Net increase in cash		**79.6**	**52.1**
Cash and cash equivalents at the beginning of the financial year		166.1	130.2
Effects of exchange rate changes on cash		1.6	(16.2)
Cash and cash equivalents at the end of the financial year	7	**247.3**	**166.1**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of WorleyParsons Limited (Company or Parent Entity) for the financial year ended 30 June 2012 was authorized for issue in accordance with a resolution of the directors on 29 August 2012.

WorleyParsons Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: WOR).

The nature of the operations and principal activities of the Company is described in note 34.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

(i) Basis of preparation

This general purpose financial report has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The Group is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order. Amounts shown as 0.0 represent amounts less than $50,000 which have been rounded down.

(ii) Statement of compliance

The consolidated financial report complies with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board.

(iii) Historical cost convention

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(iv) Critical accounting estimates

In the application of AAS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 judgments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made:

- revenue recognition, refer note 2(G);
- goodwill and intangible assets with identifiable useful lives, refer notes 2(M) and 10;
- warranty and other provisions, refer notes 2(P), 14 and 17;
- share based payments, refer note 2(C), 18 and 33; and
- recovery of deferred taxes, refer notes 2(D) and 6(D).

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(v) Adoption of new accounting standards

The Group has adopted the applicable new and amended accounting standards from 1 July 2011:

- revised AASB 124 Related Party Disclosures;
- AASB 1054 Australian Additional Disclosures;
- AASB 2009-12 and AASB 2010-5 Amendments to Australian Accounting Standards;
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets; and
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project.

Adoption of these standards did not have any material effect on the financial position or performance of the Group.

(vi) New standards not yet applicable

The following new and amended accounting standards and interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2012:

Effective 1 July 2015:

AASB 9 Financial Instruments and AASB 2009-11 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

This standard is not applicable until 1 January 2015 but is available for early adoption.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

This standard requires entities to group items presented in other comprehensive income into those that might be reclassified subsequently to profit or loss and those that will not.

Effective 1 July 2013:

AASB 10 Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities and is applicable to accounting periods beginning on or after 1 January 2013 and will be effective for the Group from 1 July 2013. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG 112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The Group has commenced assessment of its relationships with other entities to determine if control may exist under the new definitions. No such situations have been identified to date.

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. AASB 11 uses the principle of control in AASB 10 Consolidated Financial Statements to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities using proportionate consolidation. This standard is applicable to accounting periods beginning on or after 1 January 2013 and will be effective for the Group from 1 July 2013 and may result in a change in the accounting for the joint arrangements held by the Group. Management is in the process of assessing the full impact of the change to the accounting standards. The change is expected to result in changes in some line items in the statement of financial performance and statement of financial position; however, no material impact is expected on profit after income tax attributable to members or on net assets.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 is applicable to accounting periods beginning on or after 1 January 2013 and includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. There will be no impact on any of the amounts recognized in the Group's financial statements.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. This standard does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. AASB 13 is applicable to accounting periods beginning on or after 1 January 2013; however, adoption of this standard is not expected to have any impact on the Group's financial statements.

AASB 119 Employee Benefits

The revised standard changes the definition of short term employee benefits. The distinction between short term and other long term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. This standard is applicable to accounting periods beginning on or after 1 January 2013 and will result in a change in the Group's classification of provision for employee benefits, and therefore may change its measurement.

AASB 1053 Application of Tiers of Australian Accounting Standards

This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. AASB 1053 is applicable to accounting periods beginning on or after 1 July 2013; however, adoption of this standard is not expected to have any impact on the Group's financial statements.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by WorleyParsons Limited as at 30 June 2012 and the results of all controlled entities for the financial year then ended. WorleyParsons Limited and its controlled entities together are referred to in this financial report as the consolidated entity or the Group. Investments in associates and joint ventures are equity accounted and are not part of the consolidated group (refer note (B)(iv) below).

The impact of all transactions between entities in the consolidated entity are eliminated in full. Non-controlling interests in the results and equity of controlled entities are shown separately in the statement of financial performance, statement of comprehensive income and statement of financial position.

(i) Controlled entities

Where control of an entity is obtained during a financial year, its results are included in the statement of financial performance and the statement of comprehensive income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(ii) Jointly controlled operations and assets

The proportionate interests in the assets, liabilities and expenses of jointly controlled operations and jointly controlled assets have been incorporated in the financial statements under the appropriate headings. Details of the jointly controlled operations have been set out in note 25.

(iii) Equity accounted investments

(a) Joint ventures

The interest in joint ventures is carried at the lower of the equity accounted amount and the recoverable amount in the consolidated financial statements. The share of profits or losses of the entities is recognized in the statement of financial performance and the statement of comprehensive income, and the share of movements in reserves is recognized in the statement of financial position.

Profits or losses on transactions establishing joint ventures and transactions with the joint ventures are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realized by the joint ventures on consumption or sale.

Details of the joint ventures have been set out in note 24.

(b) Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under this method, the consolidated entity's share of the post-acquisition profits or losses after tax of associates is recognized in the statement of financial performance and the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognized in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. Details of the associates are set out in note 24.

(iv) Non-controlling interests

Non-controlling interests not held by the Company are allocated their share of net profit after tax in the statement of financial performance and of total comprehensive income net of tax in the statement of comprehensive income, and are presented within equity in the statement of financial position, separately from Parent Entity interest.

(C) EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits or liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by the employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, is used.

Employee benefits expenses arising in respect of wages and salaries, non-monetary benefits, leave entitlements and other types of entitlements are charged against profits on a net basis in their respective categories.

Equity based compensation scheme – performance rights

Performance rights (rights) over the ordinary shares of WorleyParsons Limited are granted to executive directors and other executives of the consolidated entity for nil consideration in accordance with performance guidelines approved by the Board. The fair values of the rights are amortized on a straight line basis over their performance period. For share settled rights, the fair value of the rights is the share price at grant date adjusted for the impact of performance hurdles and other vesting or exercise criteria attached to the right. For cash settled rights, the fair value of the rights is recalculated at the end of each reporting period and amortized on a straight line basis over their vesting period. The accounting estimates and assumptions relating to rights would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Fair value per right at grant date is independently determined using an appropriate option pricing model in accordance with AASB 2 Share-based Payment that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. This amount represents the actual cost to the Company.

A Monte Carlo simulation is applied to fair value the TSR element. In accordance with the rules of the performance rights plan, the model simulates the Company's TSR and compares it against the peer group over the three-year period of each grant. The model takes into account the historic dividends, share price volatilities and co-variances of the Company and each comparator company to produce a predicted distribution of relative share performance. This is applied to the grant to give an expected value of the TSR element. For the EPS and "continuing employment condition" the Black-Scholes model is utilized.

Total fair value at grant is calculated by multiplying the fair value per right by the number of rights granted. This does not represent the actual value the executive will derive from the grant, which will depend on the achievement of performance hurdles measured over the vesting period. The maximum value of the rights granted has been estimated based on the fair value per right. The minimum total value of the rights granted, if the applicable performance hurdles are not met, is nil.

Deferred short term incentive plan
Deferred short term incentives are granted to executive directors and other executives of the consolidated entity in accordance with guidelines approved by the Board. These incentives are delivered in the form of a grant of rights under the Performance Rights Plan, except where the value of the incentive is less than the established threshold.

The rights awarded under the plan are deferred and will vest in two equal tranches. The Group accounts for these deferred awards as equity settled share based payments. Incentives granted which are less than the established threshold are accounted for as an employee benefit in accordance with the Group accounting policies.

(D) TAXES

(i) Income tax
The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses as well as any adjustments required between prior periods current tax expense and income tax returns and any relevant withholding taxes.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognized in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax amounts relating to items recognized directly in equity are also recognized in equity and not in the statement of financial performance.

(ii) Tax consolidation
WorleyParsons Limited and its wholly owned Australian entities elected to form a tax consolidated group from 1 July 2003. On formation of the tax consolidated group, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, WorleyParsons Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate WorleyParsons Limited for any current tax liability assumed and are compensated by WorleyParsons Limited for any current tax loss, deferred tax assets and tax credits that are transferred to WorleyParsons Limited under the tax consolidation legislation. The tax consolidated current tax liability or current year tax loss and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052 Tax Consolidation Accounting. The Group uses an allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group are determined as if the Group is a stand-alone taxpayer but modified as necessary to recognize membership of a tax consolidated group. The funding amounts are determined by reference to the amounts recognized in the wholly owned entities' financial statements which are determined having regard to membership of the tax consolidated group. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognized as current inter-company receivables or payables.

(iii) Goods and services tax (GST)
Revenues, expenses and assets are recognized net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as an operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(E) FOREIGN CURRENCY TRANSLATION

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

(ii) Translation of foreign currency transactions
Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates at balance date. Exchange gains and losses are brought to account in determining the profit and loss for the financial year.

(iii) Specific hedges
Hedging is undertaken to avoid or minimize potential adverse financial effects of movements in foreign currency exchange rates. Gains or losses arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent exchange gains or losses resulting from those transactions, are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale. Note 3 provides specific details on the calculation of these gains or losses.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the foreign currency translation reserve.

At each balance date, the Group measures the effectiveness of its cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in the profit and loss.

(F) ACQUISITION OF ASSETS AND BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken or assumed at the date of acquisition. Transaction costs directly attributable to the acquisition are expensed as incurred. Where equity instruments are issued in a business combination, the value of the instruments is their market price as determined by market valuation at the acquisition date. Transaction costs arising on the issue of equity instruments are recognized directly in equity.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognized as a gain in the statement of financial performance, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(G) REVENUE RECOGNITION

Amounts disclosed as revenue are net of trade allowances, duties and taxes paid. Revenue is recognized and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:

(i) Engineering design and project services

Contract revenue and expenses are recognized in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a contract, the excess of total costs over revenue is recognized as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognized as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred. Incentive payments on contracts are recognized as part of total contract revenue where it is probable that specified performance standards are met or exceeded and the amount of the incentive payment can be reliably measured.

Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned.

For fixed price contracts, the stage of completion is measured by reference to labor hours incurred to date as a percentage of estimated total labor hours for each contract.

(ii) Sale of goods – procurement services revenue

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(iii) Interest

Interest income is recognized as it accrues using the effective interest rate method.

(iv) Dividends

Revenue is recognized when the Group's right to receive the payment is established.

(H) TRADE AND OTHER RECEIVABLES

All trade and other receivables are recognized at the original amounts less an allowance for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect debts. The recoverable amount of trade and other receivables is reviewed on an ongoing basis.

Unbilled contract revenue is stated at the aggregate of contract costs incurred to date plus recognized profits less recognized losses and progress billings. Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's activities in general.

(I) INVENTORIES

(i) Raw materials and finished goods

Raw materials and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Consumables and stores

Consumables and stores are stated at the lower of cost and net realizable value and charged to specific contracts when used.

(iii) Work in progress

Work in progress is valued at the lower of cost and net realizable value. Cost comprises staff salary costs and direct expenses together with an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less further costs expected to be incurred to completion.

(J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. The expected useful lives for plant and equipment range from three to 10 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The cost of improvements to or on leasehold properties is amortized over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

(K) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested at least twice a year for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(L) LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) The Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as an expense in the statement of financial performance.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and rewards of ownership of the leased item, are recognized as an expense on a straight line basis. Lease incentives are recognized in the statement of financial performance as an integral part of the total lease expense.

(ii) The Group as a lessor

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee or a third party are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognized.

Income on finance leases is recognized on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the finance lease.

Leases where the Company retains substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease rental revenue is recognized on a straight line basis.

(M) INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity or an associate. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates is included in investments in associates. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortized; instead, it is tested at least twice a year for any impairment in the carrying amount or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of units. The groups of cash generating units to which goodwill is allocated are the operating segments determined in accordance with AASB 8 Operating Segments, as set out in note 34. These segments represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the groups of cash generating units to which the goodwill relates. When the recoverable amount of the groups of cash generating units is less than the carrying amount, an impairment loss is recognized.

Impairment losses recognized for goodwill are not subsequently reversed.

(ii) Identifiable intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is recognized in the profit and loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortization period or method, as appropriate, which is a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the statement of financial performance on a straight line basis over the following periods:

• customer contracts and relationships	3-15 years
• trade names	5-10 years
• computer software	5 years
• favorable property leases	3-10 years
• other	3-10 years.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(N) TRADE AND OTHER PAYABLES

Liabilities for trade and other payables amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(O) INTEREST BEARING LOANS AND BORROWINGS

Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of financial performance over the period of the loan using the effective interest rate method.

(P) PROVISIONS AND DEFERRED REVENUE

Provisions are recognized when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(i) Deferred revenue

The Group at times receives payment for services prior to revenue being recognized in the financial statements. Revenue is classified as deferred due to the criteria required for its recognition not being met as at the reporting date, in line with the accounting policy set out in note 2(G) above.

(ii) Expected losses on contracts
Where the outcome for a services contract is expected to result in an overall loss over the life of the contract, this loss is provided for when it first becomes known that a loss will be incurred.

(iii) Insurance
Provision for insurance liabilities is recognized in line with actuarial calculations of unsettled insurance claims, net of insurance recoveries. The provision is based on the aggregate amount of individual claims incurred but not reported that are lower in value than the insurance deductible of the consolidated entity. It is based on the estimated cost of settling claims and consideration is given to the ultimate claim size, future inflation as well as the levels of compensation awarded through the courts.

(iv) Warranties
Provision is made for the estimated liability on all products and services still under warranty at balance date. This provision is estimated having regard to prior service warranty experience. In calculating the liability at balance date, amounts were not discounted to their present value as the effect of discounting was not material.

In determining the level of provision required for warranties, the Group has made judgments in respect of the expected performance and the costs of fulfilling the warranty. Historical experience and current knowledge have been used in determining this provision.

(v) Deferred consideration
Deferred consideration acquired in a business combination is initially measured at fair value at the date of acquisition. Subsequently, it is measured in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(vi) Dividends payable
Provision is made for the amount of any dividends declared, determined or publicly recommended by the directors before or at the end of the financial year but not distributed at balance date.

(vii) Restructurings
Provisions for restructurings are recognized when the consolidated entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

(Q) REPAIRS AND MAINTENANCE

Repairs, minor renewals and improvements, and the purchase of minor items of tools and equipment are charged to expense as incurred. Major renewals and improvements are capitalized to the respective asset and depreciated.

(R) BORROWING COSTS

Borrowing costs are recognized as expenses in the period in which they are incurred, except when they are included in the costs of qualifying assets. Borrowing costs include:

(i) interest on bank overdrafts, and short term and long term borrowings;

(ii) amortization of discounts or premiums relating to borrowings; and

(iii) finance lease charges.

(S) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities on the statement of financial position.

Where cash and cash equivalents held by the Group are subject to external restrictions, the nature of the restrictions and value of cash subject to these restrictions are disclosed in note 7.

(T) ISSUED CAPITAL

Issued and paid up capital is recognized at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognized directly in equity as a reduction of the share proceeds received.

(U) EARNINGS PER SHARE

(i) Basic earnings per share
Basic earnings per share is determined by dividing the profit attributable to members of WorleyParsons Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share is calculated as profit attributable to members of WorleyParsons Limited adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(V) SEGMENT REPORTING

(i) Identification of reportable segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Group Managing Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments identified by management are based on the customer sector groups: Hydrocarbons, Power, Minerals, Metals & Chemicals and Infrastructure & Environment.

Discrete pre-tax financial information about each of these customer sector groups is reported to the chief operating decision makers on a monthly basis.

The Group's operations are organized and managed separately according to the nature of the services they provide, with each segment serving different markets. The Group provides engineering design, project services, and maintenance and reliability support services to a number of markets. The consolidated entity's activities also include infrastructure developments within the Power sector.

(ii) Accounting policies and inter-segment transactions
Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables and plant and equipment. Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis and are eliminated on consolidation.

The accounting policies used by the Group in reporting segments internally are the same as those contained in these financial statements and are consistent with those used in the prior period.

Segment result includes the allocation of overhead that can be directly attributed to an individual business segment. The following items and associated assets and liabilities are not allocated to segments as they are not considered part of the core operations of any segment:

- income tax expense;
- interest and tax for associates;
- amortization of intangible assets;
- gains and losses on the sale or revaluation of investments;
- certain general and administration expenditure (performance rights and corporate expenses); and
- net borrowing costs.

(W) ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying value and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortized. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

The assets and liabilities are presented separately on the face of the statement of financial position.

(X) DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions used in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognized as the result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction of proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of plant, equipment, fixtures and fittings is based on quoted market prices for similar items.

(ii) Investments in equity and debt securities

The fair value of held-to-maturity investments, financial assets at fair value through profit and loss, and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(iii) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps and cross currency swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

(iv) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

3. FINANCIAL RISK MANAGEMENT

(A) OVERVIEW

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, finance leases, cash and short term deposits and derivatives. The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Quantitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Committee assists the Board in overseeing the integrity of the Group's financial reporting risk management framework and internal controls.

Risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

(B) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The profiles of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Geographically and on a customer basis, there is no concentration of credit risk.

The Group has a credit policy under which each new customer is analyzed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references.

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance comprises only those components that are individually significant.

(ii) Guarantees

Details of outstanding guarantees are provided in note 30A. The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

3. FINANCIAL RISK MANAGEMENT (continued)

(D) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risk. Generally, the Group seeks to apply hedge accounting in order to reduce volatility in profit and loss.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The Group uses forward exchange contracts, foreign currency options and foreign currency swaps to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations for the Group resulting in an economic hedge. Interest is primarily AUD, CAD and USD.

(ii) Interest rate risk

The Group enters into interest rate swaps to manage interest rate risk. The Group adopts a policy of ensuring that the majority of its exposure to interest rates on borrowings is on a fixed rate basis.

(E) CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board also determines the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board monitors this through the gearing ratio (net debt/net debt plus total equity), the size of available banking facilities and the assessment of the outlook for the Group operations. The target for the Group's gearing ratio is between 25% and 35%. The gearing ratio at 30 June 2012 and 2011 was as follows:

	CONSOLIDATED	
	2012 $'M	2011 $'M
Total interest bearing loans and borrowings[1]	739.8	679.8
Less: cash and cash equivalents	247.3	171.2
Net debt	492.5	508.6
Total equity	1,979.9	1,856.8
Gearing	**19.9%**	**21.5%**

1 Excluding capitalized borrowing costs.

There were no changes in the Group's approach to capital management during the financial year.

Neither the Group nor any of its subsidiaries is subject to externally imposed capital requirements.

4. EXPENSES AND LOSSES/(GAINS)

Profit before income tax expense includes the following specific expenses and losses/(gains):

	CONSOLIDATED	
	2012 $'M	2011 $'M
EXPENSES AND LOSSES		
Operating lease rentals – minimum lease payments	172.2	165.6
Superannuation and other retirement benefits	129.0	111.0
Performance rights expense	17.1	12.5
MOVEMENTS IN PROVISIONS		
Employee benefits	247.8	170.0
Warranties	2.8	0.7
Insurance	0.2	(3.1)
Deferred consideration	–	(0.1)
Other	36.9	57.2

5. OTHER INCOME

	CONSOLIDATED	
	2012 $'M	2011 $'M
Net gain on revaluation of investments previously accounted for as equity accounted associates	7.6	65.7
Other	4.3	6.3
Other income	**11.9**	**72.0**

The Group has acquired additional interests in an entity which had previously been accounted for as an equity accounted associate.

This acquisition resulted in a change in the nature of the investment from equity accounted associate to subsidiary of the Company. As part of the accounting for the acquisition, the original investment held in this entity was remeasured to fair value and a fair value gain of $7.6 million was recognized in the statement of financial performance.

During the year ended 30 June 2011, the Group acquired additional interests in a number of entities which had previously been accounted for as equity accounted associates. A net fair value gain of $65.7 million was recognized in the statement of financial performance.

Refer note 23(D) for details of these acquisitions.

	2012 $'M	2011 $'M
	CONSOLIDATED	

6. INCOME TAX

(A) INCOME TAX EXPENSE

	2012 $'M	2011 $'M
Current tax	117.7	136.3
Deferred tax	12.5	(16.5)
Over provision in previous financial periods	(12.9)	(3.8)
Income tax expense	**117.3**	**116.0**
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	4.2	(26.5)
Increase in deferred tax liabilities	8.3	10.0
Deferred tax	**12.5**	**(16.5)**

(B) RECONCILIATION OF PRIMA FACIE TAX PAYABLE TO INCOME TAX EXPENSE

	2012 $'M	2011 $'M
Profit before income tax expense	493.8	498.4
At the Group's statutory income tax rate of 30% (2011: 30%)	148.1	149.5
Tax effect of amounts which are non-deductible/ (non-taxable) in calculating taxable income:		
Non-deductible performance rights	5.3	3.9
Non-taxable gain on acquisitions	(2.3)	(19.7)
Share of net profits of associates accounted for using the equity method	(8.2)	(9.5)
Tax losses not previously recognized	(0.4)	(1.2)
Over provision in previous financial periods	(12.9)	(3.8)
Difference in overseas tax rate*	(14.3)	(8.5)
Other	2.0	5.3
Income tax expense	**117.3**	**116.0**

* Represents income tax expense for foreign tax rate differential and international withholding taxes.

(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

Aggregate amount of tax arising in the reporting period and not recognized in profit after income tax expense but directly credited to equity:

	2012 $'M	2011 $'M
Deferred tax – credited directly to equity	2.5	2.5

(D) TAX LOSSES

The Group has tax losses for which no deferred tax asset is recognized on the statement of financial position:

	2012 $'M	2011 $'M
Unused tax losses for which no deferred tax asset has been recognized	28.3	33.6
Potential tax benefit at 30%	8.5	10.1

The benefit for tax losses will only be recognized if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realized; or

(ii) the losses are transferred to an eligible entity in the consolidated entity; and

(iii) the consolidated entity continues to comply with conditions for deductibility imposed by tax legislation; and

(iv) no changes in legislation adversely affect the consolidated entity in realizing the benefit from the deductions for the losses.

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	NOTES	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Cash and cash equivalents		247.3	171.2

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	NOTES	2012 $'M	2011 $'M
Cash at bank and on hand		247.3	171.2
Cash and cash equivalents		247.3	171.2
Bank overdraft	13	–	(5.1)
Balance per statement of cash flows		**247.3**	**166.1**

PROCUREMENT AND RESTRICTED CASH AND CASH EQUIVALENTS

Included within cash and cash equivalents is $51.4 million (2011: $10.1 million) which has been identified as for procurement services or restricted, but available for use under certain circumstances by the Group.

Procurement cash is held in relation to procurement activities undertaken by the Group on behalf of its customers (refer note 28). Restricted cash is held in relation to guarantees (refer note 30(A)) and financing activities.

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES

	NOTES	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Trade receivables		941.5	798.5
Unbilled contract revenue		782.2	573.2
Retentions		27.1	15.7
Allowance for doubtful debts		(24.9)	(25.7)
		1,725.9	**1,361.7**
Allowance for doubtful debts			
Balance at the beginning of the financial year		25.7	42.2
Net charge/(credit) to the statement of financial performance		4.3	(11.8)
Provision from entities acquired		–	3.1
Amounts written off against the opening provision balance		(3.1)	(2.8)
Differences arising on translation of foreign operations		(2.0)	(5.0)
Balance at the end of the financial year		**24.9**	**25.7**

The Group's exposure to credit, currency and interest rate risk for trade receivables and unbilled contract revenue is disclosed respectively in notes 35, 37 and 38.

OTHER RECEIVABLES

	NOTES	2012 $'M	2011 $'M
Other receivables		111.5	118.4
Amounts owing by associates and related parties	32(B)	71.9	31.4
		183.4	**149.8**

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At cost	1.6	1.8
Accumulated depreciation	(0.1)	(0.2)
	1.5	**1.6**
Leasehold improvements		
At cost	144.2	110.2
Accumulated amortization	(65.3)	(49.2)
	78.9	**61.0**
Plant and equipment		
At cost	140.8	106.4
Accumulated depreciation	(94.0)	(70.9)
	46.8	**35.5**
Computer equipment		
At cost	63.2	56.9
Accumulated depreciation	(54.7)	(46.9)
	8.5	**10.0**
Total property, plant and equipment	**135.7**	**108.1**

RECONCILIATIONS

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED LAND AND BUILDINGS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	COMPUTER EQUIPMENT $'M	TOTAL $'M
Balance at 1 July 2011	1.6	61.0	35.5	10.0	108.1
Additions due to the acquisition of entities	–	0.1	2.3	–	2.4
Additions	0.0	37.7	23.8	4.0	65.5
Disposals	(0.1)	(0.2)	(0.6)	(0.4)	(1.3)
Depreciation	(0.0)	–	(14.1)	(5.0)	(19.1)
Amortization	–	(20.8)	–	–	(20.8)
Differences arising on translation of foreign operations	0.0	1.1	(0.1)	(0.1)	0.9
Balance at 30 June 2012	**1.5**	**78.9**	**46.8**	**8.5**	**135.7**
Balance at 1 July 2010	1.9	64.9	39.2	10.0	116.0
Additions due to the acquisition of entities	–	0.8	4.6	3.4	8.8
Additions	–	24.7	7.0	3.2	34.9
Disposals	–	(3.0)	(3.2)	(0.2)	(6.4)
Depreciation	(0.0)	–	(9.2)	(5.0)	(14.2)
Amortization	–	(19.3)	–	–	(19.3)
Differences arising on translation of foreign operations	(0.3)	(7.1)	(2.9)	(1.4)	(11.7)
Balance at 30 June 2011	**1.6**	**61.0**	**35.5**	**10.0**	**108.1**

	CONSOLIDATED	
	2012 $'M	2011 $'M

10. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	2012 $'M	2011 $'M
Goodwill		
At cost	1,570.3	1,530.8
Accumulated impairment	(1.6)	(1.6)
	1,568.7	**1,529.2**
Customer contracts and relationships		
At cost	127.2	129.0
Accumulated amortization	(91.3)	(67.1)
	35.9	**61.9**
Trade names		
At cost	69.9	70.1
Accumulated amortization	(51.9)	(45.1)
	18.0	**25.0**
Computer software		
At cost	191.1	159.5
Accumulated amortization	(109.7)	(81.3)
	81.4	**78.2**
Favorable property leases		
At cost	9.1	9.1
Accumulated amortization	(9.1)	(7.8)
	-	**1.3**
Other		
At cost	3.2	3.3
Accumulated amortization	(2.4)	(2.1)
	0.8	**1.2**
Total intangible assets	**1,704.8**	**1,696.8**

RECONCILIATIONS

Reconciliations of intangible assets at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED						
	GOODWILL $'M	CUSTOMER CONTRACTS AND RELATIONSHIPS $'M	TRADE NAMES $'M	COMPUTER SOFTWARE $'M	FAVORABLE PROPERTY LEASES $'M	OTHER $'M	TOTAL $'M
Balance at 1 July 2011	1,529.2	61.9	25.0	78.2	1.3	1.2	1,696.8
Additions due to the acquisition of entities	37.0	-	-	0.0	-	-	37.0
Additions	-	-	-	34.8	-	-	34.8
Amortization	-	(22.8)	(7.1)	(31.6)	(1.3)	(0.3)	(63.1)
Differences arising on translation of foreign operations	2.5	(3.2)	0.1	-	0.0	(0.1)	(0.7)
Balance at 30 June 2012	**1,568.7**	**35.9**	**18.0**	**81.4**	**-**	**0.8**	**1,704.8**
Balance at 1 July 2010	1,586.7	69.7	35.6	84.0	3.5	1.7	1,781.2
Additions due to the acquisition of entities	140.2	17.1	-	-	-	-	157.3
Additions	-	-	-	24.7	-	-	24.7
Amortization	-	(20.0)	(9.3)	(30.5)	(1.9)	(0.5)	(62.2)
Differences arising on translation of foreign operations	(197.7)	(4.9)	(1.3)	-	(0.3)	0.0	(204.2)
Balance at 30 June 2011	**1,529.2**	**61.9**	**25.0**	**78.2**	**1.3**	**1.2**	**1,696.8**

Impairment testing

Identifiable intangible assets with finite lives are carried at cost less accumulated amortization and adjusted for any accumulated impairment loss. The assets are assessed at each reporting date as to whether there is any indication that the asset may be impaired. Goodwill is an intangible asset with an indefinite life which is tested at least twice a year for impairment. The recoverable amount test is based on the higher of value in use and fair value less costs to sell. These calculations use cash flow projections based on financial forecasts of how the business is expected to operate based on current performance and the business environment but taking into account expected future changes.

The groups of cash generating units to which goodwill is allocated are the operating segments determined in accordance with AASB 8 Operating Segments.

10. NON-CURRENT ASSETS – INTANGIBLE ASSETS (continued)

The goodwill allocated to the groups of cash generating units (CGUs) and the key assumptions used for impairment testing are as follows:

2012	GOODWILL $'M	PRE-TAX DISCOUNT % PA
Hydrocarbons	1,186.7	12.8
Power	150.1	13.0
Minerals, Metals & Chemicals	74.8	14.5
Infrastructure & Environment	157.1	15.4
	1,568.7	

2011	GOODWILL $'M	PRE-TAX DISCOUNT % PA
Hydrocarbons	1,177.2	12.8
Power	131.5	13.4
Minerals, Metals & Chemicals	50.3	13.5
Infrastructure & Environment	170.2	16.1
	1,529.2	

The first five years forecast cash flows are based on management's estimates of the short and long term prospects for the industry and previous experience. The growth rate beyond five years is assumed to be 3% per annum.

The calculation of value in use for the CGUs is most sensitive to the following assumptions:

- growth rates used in years 1 to 5;
- change in discount rates; and
- long term growth rate.

Goodwill is not impaired at reporting date and there are no known probable changes in estimates that would lead to an impairment. The business segments form the basis of the CGUs.

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
11. NON-CURRENT ASSETS – DEFERRED TAX ASSETS		
The balance comprises differences attributable to:		
Allowance for doubtful debts	5.9	2.8
Employee benefits provisions	56.1	48.1
Warranty provisions	0.7	2.0
Project provisions	5.0	0.6
Other provisions	18.2	7.1
Fixed assets	9.8	9.1
Sundry accruals	14.3	10.0
Recognized tax losses	2.2	1.8
Unused foreign tax credits	4.4	20.0
Unrealized foreign exchange losses	4.4	18.4
Lease incentives	5.0	-
Other	6.6	4.0
Deferred tax assets	**132.6**	**123.9**
Balance at the beginning of the financial year	123.9	108.9
Acquisition of controlled entities	1.2	-
(Charged)/credited to the statement of financial performance	(4.2)	26.5
Credited to equity	6.7	2.6
Differences arising on translation of foreign operations	5.0	(14.1)
Balance at the end of the financial year	**132.6**	**123.9**

	NOTES	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
12. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES			
Trade payables		346.7	219.6
Accruals		372.0	308.0
Payables to associates and related parties	32(B)	10.2	7.5
Billings in advance		73.6	59.4
Accrued staff costs		173.9	146.1
		976.4	**740.6**

The Group's exposure to currency and interest rate risk for trade and other payables is disclosed in notes 37 and 38.

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
13. CURRENT LIABILITIES – INTEREST BEARING LOANS AND BORROWINGS		
Bank overdraft	-	5.1
Notes payable	-	37.3
Secured bank loan	1.4	1.3
Unsecured bank loans	2.3	-
	3.7	**43.7**

BANK OVERDRAFT

The bank overdraft facilities can be drawn at any time subject to the terms and conditions set out in the facility agreement.

NOTES PAYABLE

Unsecured notes payable were issued in the United States private debt capital market in May 2007, April 2008 and March 2011 (refer note 15).

SECURED BANK LOAN

Refer note 15 for terms and conditions.

UNSECURED BANK LOANS

Refer note 15 for terms and conditions.

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
14. CURRENT LIABILITIES – PROVISIONS		
Employee benefits	289.5	215.8
Deferred revenue and projects	163.7	89.3
Insurance	19.2	20.7
Warranties	13.8	15.0
Deferred consideration	-	10.7
Other	13.4	7.8
	499.6	**359.3**

Refer note 17 for accounting policies.

RECONCILIATIONS

Reconciliations of the carrying amounts of each class of current provision at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED					
	EMPLOYEE BENEFITS $'M	DEFERRED REVENUE AND PROJECT PROVISIONS $'M	INSURANCE $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Carrying amount at 1 July 2011	215.8	89.3	20.7	15.0	10.7	7.8
Provision from entities acquired	7.7	0.0	0.0	-	0.0	-
Additional provisions	238.8	149.6	3.1	8.2	-	8.6
Release of unused provision	(3.0)	(2.6)	(2.9)	(5.4)	0.0	-
Amounts utilized	(173.3)	(70.1)	(2.8)	(4.4)	(10.7)	(2.7)
Differences arising from translation of foreign operations	3.5	(2.5)	1.1	0.4	-	(0.3)
Carrying amount at 30 June 2012	**289.5**	**163.7**	**19.2**	**13.8**	**-**	**13.4**
Carrying amount at 1 July 2010	174.8	76.1	28.6	16.2	10.7	9.6
Provision from entities acquired	15.3	1.2	-	-	-	1.9
Additional provisions	163.7	53.0	0.7	8.2	1.6	4.5
Release of unused provision	(0.3)	-	(3.3)	(6.3)	(0.1)	(0.3)
Amounts utilized	(118.3)	(31.6)	(0.5)	(1.2)	(0.9)	(6.4)
Differences arising from translation of foreign operations	(19.4)	(9.4)	(4.8)	(1.9)	(0.6)	(1.5)
Carrying amount at 30 June 2011	**215.8**	**89.3**	**20.7**	**15.0**	**10.7**	**7.8**

15. NON-CURRENT LIABILITIES – INTEREST BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2012 $'M	2011 $'M
Notes payable	658.9	617.2
Secured bank loan	17.4	18.9
Unsecured bank loans	59.8	-
Capitalized borrowing costs	(3.0)	(4.3)
	733.1	**631.8**

NOTES PAYABLE

Unsecured notes payable were issued in the United States private debt capital market in May 2007, April 2008 and March 2011.

The issue in March 2011 comprised US$175.0 million maturing in March 2021 with a fixed coupon of 5.56% per annum, US$22.0 million maturing in March 2018 with a fixed coupon of 4.86% per annum and US$10.0 million maturing in 2016 with a fixed coupon of 4.16% per annum.

The issue in April 2008 comprised US$144.5 million maturing in April 2018 with a fixed coupon of 6.5% per annum.

The issue in May 2007 comprised US$140.5 million maturing in May 2014 with a fixed coupon of 5.61% per annum and US$169.5 million maturing in May 2017 with a fixed coupon of 5.75% per annum. US$40.0 million matured in May 2012.

In accordance with the Group's financial risk management policy, cross currency swaps have been entered into, swapping US$296.5 million of notes payable into C$294.4 million. This represents 84.4% of the notes issued in 2008 and 2011.

SECURED BANK LOAN

The secured bank loan of $18.8 million (current: $1.4 million; non-current: $17.4 million) is a floating facility with an Interest Rate Swap. This bank loan is secured by the assets of Exmouth Power Station Pty Limited which have a carrying value of $33.7 million. The terms of the loan facility preclude the assets from being used as a security for other debt within the Group. The loan facility requires the assets to be insured.

UNSECURED BANK LOANS

Unsecured bank loans are floating interest rate debt facilities. These facilities, denominated in various currencies, are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

16. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED	
	2012 $'M	2011 $'M
The balance comprises temporary differences attributable to:		
Amounts recognized in the statement of financial performance:		
Identifiable intangible assets and goodwill	42.9	47.1
Unbilled contract revenue	53.3	31.1
Fixed assets	7.2	7.0
Unrealized foreign exchange gains	3.7	6.4
Prepayments	0.6	0.7
Other	0.5	6.7
	108.2	99.0
Amounts recognized directly in equity:		
Other	4.4	0.1
Deferred tax liabilities	**112.6**	**99.1**
Balance at the beginning of the financial year	99.1	95.8
Acquisition of controlled entities	0.0	3.9
Charged to the statement of financial performance	8.3	10.0
Charged to equity	4.4	0.1
Differences arising on translation of foreign operations	0.8	(10.7)
Balance at the end of the financial year	**112.6**	**99.1**

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
17. NON-CURRENT LIABILITIES – PROVISIONS		
Employee benefits	37.9	28.4
Warranties	0.7	-
Deferred consideration	12.2	12.2
Other	15.5	16.5
	66.3	**57.1**

NATURE AND TIMING OF PROVISIONS

Employee benefits: Refer note 2(C) for the relevant accounting policy and a discussion of the significant estimation and assumptions applied in the measurement of this provision.

Deferred revenue and project provisions: The Group at times recovers payment for services prior to revenue being recognized in the financial statements. It is expected that this revenue will be earned within two years of the balance date.

Warranties: Provision is made for the estimated liability on all products and services under warranty at balance date. It is expected that these costs will be incurred within two years of the balance date.

Deferred consideration: Where settlement of any part of the consideration for a business combination is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

RECONCILIATIONS

Reconciliations of the carrying amounts of each class of non-current provision at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED EMPLOYEE BENEFITS $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Carrying amount at 1 July 2011	28.4	-	12.2	16.5
Provision from entities acquired	-	-	-	-
Additional provisions	15.8	0.7	-	4.6
Release of unused provision	(3.8)	-	-	(5.0)
Amounts utilized	(3.4)	-	-	-
Differences arising from translation of foreign operations	0.9	0.0	-	(0.6)
Carrying amount at 30 June 2012	**37.9**	**0.7**	**12.2**	**15.5**
Carrying amount at 1 July 2010	9.6	-	-	3.8
Provision from entities acquired	14.7	-	-	-
Additional provisions	6.6	-	12.2	14.2
Release of unused provision	-	-	-	-
Amounts utilized	(2.4)	-	-	(0.7)
Differences arising from translation of foreign operations	(0.1)	-	-	(0.8)
Carrying amount at 30 June 2011	**28.4**	**-**	**12.2**	**16.5**

	CONSOLIDATED 2012 NUMBER OF SHARES	2012 $'M	2011 NUMBER OF SHARES	2011 $'M
18. ISSUED CAPITAL				
Ordinary shares, fully paid[1,2]	245,735,305	1,221.3	245,699,306	1,219.6
Special voting share	1	-	1	-
	245,735,306	**1,221.3**	**245,699,307**	**1,219.6**

1 Included in ordinary shares are 3,847,859 (2011: 4,295,003) exchangeable shares. The issuance of the exchangeable shares and the attached special voting share replicate the economic effect of issuing ordinary shares in the Company. Accordingly, for accounting purposes, exchangeable shares are treated in the same single class of issued capital as ordinary shares. In addition, the Australian Securities Exchange (ASX) treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules.

2 The WorleyParsons Limited Plans Trust holds 267,173 (2011: 267,173) shares in the Company, which has been consolidated and eliminated in accordance with the accounting standards.

(A) MOVEMENTS IN SHARES

	2012 NUMBER OF SHARES	2012 $'M	2011 NUMBER OF SHARES	2011 $'M
Balance at the beginning of the financial year	245,699,307	1,219.6	245,425,980	1,208.3
Ordinary shares issued on redemption of exchangeable shares	447,144	12.0	1,866,366	50.0
Exchangeable shares exchanged for ordinary shares	(447,144)	(12.0)	(1,866,366)	(50.0)
Issuance of shares upon exercise of performance rights	35,999	1.7	273,327	11.3
	245,735,306	**1,221.3**	**245,699,307**	**1,219.6**

(B) TERMS AND CONDITIONS OF ISSUED CAPITAL

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Exchangeable shares

The exchangeable shares were issued by WorleyParsons Canada SPV Limited as part of the consideration for the acquisition of the Colt Group. Exchangeable shares may be exchanged into ordinary shares of the Company on a one-for-one basis (subject to adjustments) at any time by the exchangeable shareholders.

Exchangeable shares have the right to receive the same cash dividends or cash distributions as declared on the ordinary shares into which they are convertible. In the event of the winding up of the Company, the exchangeable shares would convert to ordinary shares, which would participate in the proceeds from the sale of all surplus assets pro-rata with other ordinary shares.

The exchangeable shares, through a voting trust which holds a special voting share in the Company, entitle their holders to vote at the Company's general meetings as though they hold ordinary shares. During the financial year ended 30 June 2012, 447,144 (2011: 1,866,366) exchangeable shares were exchanged.

Special voting share

The special voting share was issued to Computershare Trust Company of Canada Limited (Trustee) as part of the consideration for the acquisition of the Colt Group. The special voting share does not have the right to receive dividends as declared, and in the event of the winding up of the Company is unable to participate in the proceeds from the sale of all surplus assets. The special voting share has a right to vote together as one class of share with the holders of ordinary shares in the circumstances in which shareholders have a right to vote, subject to the Company's Constitution and applicable law. The Trustee must vote in the manner instructed by an exchangeable shareholder in respect of the number of votes that would attach to the ordinary shares to be received by that exchangeable shareholder on exchange of its exchangeable shares. The special voting share has an aggregate number of votes equal to the number of votes attached to ordinary shares into which the exchangeable shares are retracted or redeemed.

(C) PERFORMANCE RIGHTS

The policy in respect of performance rights is outlined in note 2(C).

	NUMBER OF PERFORMANCE RIGHTS 2012	2011
Balance at the beginning of the financial year	3,298,344	2,676,556
Rights granted	993,730	1,446,979
Rights exercised	(35,999)	(273,327)
Rights lapsed or expired	(634,616)	(551,864)
Balance at the end of the financial year	**3,621,459**	**3,298,344**
Exercisable at the end of the financial year	3,106	5,347
Weighted average exercise price	$nil	$nil

The outstanding balance as at 30 June 2012 is represented by:

- 961,361 performance rights, vesting on 30 September 2014 and expiring on 17 October 2018;
- 1,315,196 performance rights, vesting on 30 September 2013 and expiring on 15 October 2017;
- 852,940 performance rights, vesting on 30 September 2012 and expiring on 30 September 2016;
- 488,856 performance rights, vesting on 30 September 2012 and expiring on 30 September 2015;
- 2,255 performance rights, vested on 30 September 2011 and expiring on 2 October 2014; and
- 851 performance rights, vested on 30 September 2009 and expiring on 1 February 2014.

The performance rights are exercisable upon meeting the conditions set out in note 33(B).

19. RESERVES

	CONSOLIDATED 2012 $'M	2011 $'M
Foreign currency translation reserve	(295.5)	(261.0)
Hedge reserve	(1.9)	(3.1)
Performance rights reserve	39.3	23.9
Acquisition reserve	(9.6)	(9.6)
	(267.7)	**(249.8)**

(A) FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled entities and associates, and the net investments hedged in their entities.

	2012 $'M	2011 $'M
Balance at the beginning of the financial year	(261.0)	(93.4)
Foreign exchange movement on translation of foreign controlled entities and associates	(24.9)	(159.3)
Net investments hedged	(13.7)	(11.8)
Income tax on net investments hedged	4.1	3.5
Balance at the end of the financial year	**(295.5)**	**(261.0)**

(B) HEDGE RESERVE

The hedge reserve is used to record gains or losses on hedging instruments used in the cash flow hedges that are recognized directly in equity, as described in note 2(E)(iii). Amounts are recognized in the statement of financial performance when the associated hedged transaction affects the profit and loss.

	CONSOLIDATED 2012 $'M	2011 $'M
Balance at the beginning of the financial year	(3.1)	(1.6)
Net (loss)/gain on foreign exchange hedges	(0.9)	0.5
Income tax on net (loss)/gain on foreign exchange hedges	0.2	(0.1)
Fair value gain/(loss) on mark to market of cross currency hedge	11.6	(6.1)
Income tax on fair value (loss)/gain on mark to market of cross currency hedge	(8.5)	4.0
(Loss)/gain on interest rate hedges net of tax	(1.2)	0.2
Balance at the end of the financial year	**(1.9)**	**(3.1)**

The total amount recognized in the statement of financial performance was a loss of $0.6 million (2011: $0.4 million). This amount is included in other expenses.

(C) PERFORMANCE RIGHTS RESERVE

The performance rights reserve is used to recognize the fair value of performance rights issued but not vested.

	2012 $'M	2011 $'M
Balance at the beginning of the financial year	23.9	22.7
Performance rights expense	17.1	14.5
Reversal of performance rights expense associated with rights which did not vest based on the earnings per share hurdles	-	(2.0)
Transfer to issued capital on purchase and issuance of shares to satisfy performance rights	(1.7)	(11.3)
Balance at the end of the financial year	**39.3**	**23.9**

(D) ACQUISITION RESERVE

The acquisition reserve is used to record differences between the carrying value of non-controlling interests before acquisition and the consideration paid upon acquisition of an additional shareholding, where the transaction does not result in a loss of control. The reserve is attributable to the equity of the Parent Entity.

	2012 $'M	2011 $'M
Balance at the beginning of the financial year	(9.6)	-
Consideration paid in excess of carrying value of non-controlling interests	-	(9.6)
Balance at the end of the financial year	**(9.6)**	**(9.6)**

20. RETAINED PROFITS

	NOTES	CONSOLIDATED 2012 $'M	2011 $'M
Balance at the beginning of the financial year		871.7	694.1
Profit attributable to members of WorleyParsons Limited		353.2	364.2
Dividends paid	22(B)	(221.1)	(186.6)
Balance at the end of the financial year		**1,003.8**	**871.7**

	CONSOLIDATED 2012	CONSOLIDATED 2011

21. EARNINGS PER SHARE

ATTRIBUTABLE TO MEMBERS

	2012	2011
Basic earnings per share (cents)	143.7	148.3
Basic earnings per share (cents) excluding net acquisition gains	140.6	121.5
Diluted earnings per share (cents)	142.5	147.2
Diluted earnings per share (cents) excluding net acquisition gains	139.5	120.6

The following reflects the income and security data used in the calculation of basic and diluted earnings per share:

(A) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	$'M	$'M
Earnings used in calculating basic and diluted earnings per share	353.2	364.2
Less: net gain on revaluation of investments previously accounted for as equity accounted associates (refer note 5)	(7.6)	(65.7)
Earnings used in calculating basic and diluted earnings per share excluding net acquisition gains	345.6	298.5

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	2012	2011
Weighted average number of ordinary securities used in calculating basic earnings per share	245,725,630	245,622,982
Element of performance rights which are considered dilutive	2,096,599	1,848,051
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	247,822,229	247,471,033

The weighted average number of converted, lapsed or cancelled potential ordinary shares used in calculating diluted earnings per share was 180,029 (2011: 202,871).

22. DIVIDENDS

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
(A) FINAL DIVIDEND PROPOSED		
Dividend in respect of the six months to 30 June 2012:		
51.0 cents per share (31.3 cents franked)	125.3	-
Dividend in respect of the six months to 30 June 2011:		
50.0 cents per share (12.9 cents franked)	-	122.8

The directors have resolved to pay a final dividend of 51.0 cents per share; partially franked at 61.3% (2011: 50.0 cents per share, partially franked at 25.7%). Combined with the half year (interim) dividend, the Company will make total dividend payments of 91.0 cents per share for the financial year (2011: 86.0 cents per share). The dividend will be paid on 28 September 2012 for shareholders on the register at the record date of 7 September 2012.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $125.3 million is not recognized as a liability as at 30 June 2012.

(B) DIVIDENDS PAID DURING THE FINANCIAL YEAR

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Dividend in respect of the six months to 31 December 2011: 40.0 cents per share (31.7 cents franked)	98.3	-
Dividend in respect of the six months to 30 June 2011: 50.0 cents per share (12.9 cents franked)	122.8	-
Dividend in respect of the six months to 31 December 2010: 36.0 cents per share (36.0 cents franked)	-	88.6
Dividend in respect of the six months to 30 June 2010: 40.0 cents per share (18.8 cents franked)	-	98.0
	221.1	**186.6**

(C) IMPUTATION CREDIT BALANCE OF THE PARENT ENTITY

The amount of imputation credits available for future tax distributions is:

	2012	2011
Imputation credits balance as at the end of the financial year at the corporate tax rate of 30% (2011: 30%)	34.6	26.1
Imputation credits arising from the payment of income tax provided in this financial report	(1.7)	(12.6)
Imputation credits available for distribution	32.9	13.5
Imputation debits that will arise from the payment of the final dividend	(32.9)	(13.5)
Imputation credits available for future dividends	**-**	**-**

23. INVESTMENTS IN CONTROLLED ENTITIES

In accordance with the accounting standards, the Group discloses only significant entities identified on the basis of materiality:

(A) WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES:

ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2012 %	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2011 %
Significant entities			
Worley No 2 Pty Limited[1]	Australia	100	100
WorleyParsons Canada Services Ltd[2]	Canada	100	100
WorleyParsons Engineering Pty Limited[1]	Australia	100	100
WorleyParsons Europe Limited	United Kingdom	100	100
WorleyParsons Financial Services Pty Limited[1]	Australia	100	100
WorleyParsons Group Inc	USA	100	100
WorleyParsons International Inc	USA	100	100
WorleyParsons Oman Engineering LLC	Oman	51	51
WorleyParsons Services Pty Limited[1]	Australia	100	100
Acquired during the year			
ARA WorleyParsons SA[3]	Chile	94	-

1 Entities subject to Australian Securities and Investments Commission Class Order 98/1418 relief.
2 Previously named WorleyParsons Canada Ltd.
3 Previously an equity accounted associate.

(B) PARENT ENTITY

WorleyParsons Limited Parent Entity financial statements include investments in the following entities:

ENTITY	COUNTRY OF INCORPORATION	2012 \$'M	2011 \$'M
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	94.7	94.7
WorleyParsons Canada Callco Ltd.	Canada	220.8	220.8
WorleyParsons Canada Holdings Pty Limited	Australia	197.9	197.9
WorleyParsons Financial Services Pty Limited	Australia	440.1	440.1
		953.5	**953.5**

The Parent Entity's summary financial information as required by the *Corporations Act 2001* is as follows:

	2012 \$'M	2011 \$'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	208.8	304.0
Income tax expense	(2.1)	(0.5)
Profit after income tax expense	206.7	303.5
Profit attributable to members of WorleyParsons Limited	206.7	303.5
Retained profits at the beginning of the financial year	202.6	85.7
Dividends paid	(221.1)	(186.6)
Retained profits at the end of the financial year	188.2	202.6
STATEMENT OF COMPREHENSIVE INCOME		
Profit after income tax expense	206.7	303.5
Total comprehensive income, net of tax	206.7	303.5
STATEMENT OF FINANCIAL POSITION		
Current assets	510.4	492.8
Total assets	1,464.0	1,446.3
Current liabilities	15.1	0.2
Total liabilities	15.1	0.2
Net assets	1,448.9	1,446.1
Issued capital	1,221.3	1,219.6
Performance rights reserve	39.4	23.9
Retained profits	188.2	202.6
Total equity	1,448.9	1,446.1

Details in relation to parent company guarantees are disclosed in note 30.

(C) CLOSED GROUP

Pursuant to Australian Securities and Investments Commission Class Order 98/1418, relief has been granted to Worley No 2 Pty Limited, WorleyParsons Engineering Pty Limited, WorleyParsons Financial Services Pty Limited and WorleyParsons Services Pty Limited, from the *Corporations Act 2001* requirements for preparation, audit and lodgment of their financial reports. As a condition of the Class Order, WorleyParsons Limited together with the parties noted entered into a Deed of Cross Guarantee on 26 May 2003. The effect of the deed is that WorleyParsons Limited has guaranteed to pay any deficiency in the event of the winding up of the abovementioned controlled entities. The controlled entities have also given a similar guarantee in the event that WorleyParsons Limited is wound up. The statement of financial performance and statement of financial position of the entities which are parties to the Deed of Cross Guarantee and The Worley Limited Trust (Closed Group) are as follows:

	CLOSED GROUP	
	2012 \$'M	2011 \$'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	277.8	354.1
Income tax expense	(57.9)	(46.6)
Profit after income tax expense	219.9	307.5
Profit attributable to members of WorleyParsons Limited	219.9	307.5
Retained profits at the beginning of the financial year	309.2	184.1
Dividends paid	(217.2)	(182.4)
Retained profits at the end of the financial year	311.9	309.2
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	23.8	6.1
Trade and other receivables	1,262.2	1,152.2
Other current assets	10.3	0.3
Total current assets	1,296.3	1,158.6
Non-current assets		
Property, plant and equipment	0.3	0.3
Intangible assets	64.9	64.9
Deferred tax assets	45.5	33.4
Other non-current assets	895.6	875.7
Total non-current assets	1,006.3	974.3
TOTAL ASSETS	2,302.6	2,132.9
LIABILITIES		
Current liabilities		
Trade and other payables	595.3	513.2
Provisions	14.2	2.4
Total current liabilities	609.5	515.6
Non-current liabilities		
Interest bearing loans and borrowings	57.8	-
Deferred tax liabilities	21.5	20.4
Provisions	24.4	24.4
Total non-current liabilities	103.7	44.8
TOTAL LIABILITIES	713.2	560.4
NET ASSETS	1,589.4	1,572.5
EQUITY		
Issued capital	1,221.3	1,219.6
Reserves	56.2	43.7
Retained profits	311.9	309.2
TOTAL EQUITY	1,589.4	1,572.5

23. INVESTMENTS IN CONTROLLED ENTITIES (continued)

(D) ACQUISITION OF CONTROLLED ENTITIES

Effective 16 May 2012, WorleyParsons Limitada (Chile), a subsidiary of the Company, acquired an additional 44% share in ARA WorleyParsons SA and affiliated businesses. Total cash consideration paid for this acquisition was $17.7 million.

The above acquisition's contribution to the Group's reported after-tax profit attributable to members of the Parent Entity was $0.7 million, and the reported contribution to revenue was $10.3 million. Had this acquisition taken place at 1 July 2011, the contribution to the Group's profit after income tax expense would have been $2.2 million and revenue would have been $64.3 million.

	ARA WORLEYPARSONS SA ACQUISITION
ASSETS	
Cash and cash equivalents	2.7
Trade receivables	15.3
Other receivables	4.6
Property, plant and equipment	2.4
Deferred tax assets	1.2
Other assets	1.2
Total assets	27.4
LIABILITIES	
Trade and other payables	12.5
Interest bearing loans and borrowings	1.0
Income tax payable	0.6
Provisions	7.7
Deferred tax liabilities	0.0
Total liabilities	21.8
Net assets acquired	5.6
Goodwill arising on acquisition	34.5
Adjustments to non-controlling interests	(3.2)
Total consideration, excluding acquisition costs expensed	36.9
Consideration:	
Cash consideration	17.7
Fair value of previously held equity accounted associate	19.2
Total consideration	36.9
Net cash effect:	
Cash consideration paid	17.7
Cash included in net assets acquired	(2.7)
Net cash outflow	15.0

Goodwill represents the value of the assembled workforce and any premium from synergies and future growth opportunities that cannot be recognized separately. Except as indicated, the carrying value equals the fair value of the net assets acquired.

The fair values of the acquisition balances are provisional due to the complexity and timing of the acquisitions. The review of the assets and liabilities will continue for 12 months from acquisition date.

In the prior year, Beijing MaisonWorleyParsons Engineering & Technology Co Limited and Beijing MaisonParsons Engineering & Technology Co Limited were acquired for $18.9 million. In the same period, the Group also acquired WorleyParsons SA (Proprietary) Limited and Kwezi V3 Engineers (Pty) Limited for $2.4 million and $49.8 million respectively.

The Group paid $11.2 million during the year in respect of acquisitions made in previous financial years.

The Group also acquired an additional 25% share in the following joint venture entities in Saudi Arabia in the prior year:

- Petrocon Arabia Co Limited;
- WorleyParsons Arabia Limited Company; and
- WorleyParsons Engineering Consultancies Company.

As part of this acquisition the remaining 50% share was acquired in WorleyParsons Bahrain WLL.

24. EQUITY ACCOUNTED INVESTMENTS

(A) DETAILS OF EQUITY ACCOUNTED INVESTMENTS ARE AS FOLLOWS:

In accordance with the accounting standards, the Group discloses only significant investments identified on the basis of materiality:

ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2012 %	OWNERSHIP INTEREST CONSOLIDATED 2011 %	CARRYING AMOUNT CONSOLIDATED 2012 $'M	CARRYING AMOUNT CONSOLIDATED 2011 $'M
Significant investments					
ARA WorleyParsons SA[1]	Minerals, Metals & Chemicals	-	50	-	15.1
DeltaAfrik Engineering Limited	Hydrocarbons	49	49	19.2	16.0
NANA WorleyParsons LLC	Hydrocarbons	50	50	7.9	6.7
Ranhill WorleyParsons Sdn Bhd	Hydrocarbons	49	49	28.6	24.6
Sakhneftegaz Engineering[2]	Hydrocarbons	49	49	2.8	2.8
Transfield Worley Limited	Hydrocarbons	50	50	8.1	7.7
Transfield Worley Power Services Pty Ltd	Power	50	50	12.1	2.6
Other investments				13.0	10.8
Acquired during the year					
Cegertec WorleyParsons Inc[3]	Minerals, Metals & Chemicals	50	-	12.4	-
				104.1	**86.3**

1 Acquired control during the financial year. Refer note 23.
2 Balance date is 31 December, which was the balance date when the interest/entity was acquired.
3 Acquired interest during the financial year.

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
(B) CARRYING AMOUNT OF EQUITY ACCOUNTED INVESTMENTS		
Carrying amount at the beginning of the financial year	86.3	135.6
Share of net profits of investments accounted for using the equity method	27.6	31.5
Dividends declared by equity accounted investments	(18.5)	(31.5)
Change in nature of investment and investment acquired	7.1	(33.0)
Movement in foreign currency translation reserve of equity accounted investments	1.6	(16.3)
Carrying amount at the end of the financial year	**104.1**	**86.3**

	CONSOLIDATED	
	2012 $'M	2011 $'M
(C) NET PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
Profits before income tax expense	40.7	43.8
Income tax expense	(13.1)	(12.3)
Net profits of equity accounted investments	**27.6**	**31.5**
(D) REVENUE ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
Share of revenue from equity accounted investments	665.0	718.9
(E) RESERVES ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(24.9)	(8.6)
Effect of decrease in reserve	1.6	(16.3)
Balance at the end of the financial year	**(23.3)**	**(24.9)**
(F) RETAINED PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
Balance at the beginning of the financial year	106.3	106.3
Share of net profits of investments accounted for using the equity method	27.6	31.5
Dividends declared	(18.5)	(31.5)
Balance at the end of the financial year	**115.4**	**106.3**
(G) SHARE OF EQUITY ACCOUNTED INVESTMENTS' CONTINGENT LIABILITIES		
Performance related guarantees issued	12.4	18.4
(H) SHARE OF EQUITY ACCOUNTED INVESTMENTS' EXPENDITURE COMMITMENTS		
Operating lease commitments	6.7	12.4
(I) SUMMARY OF FINANCIAL POSITION OF EQUITY ACCOUNTED INVESTMENTS		
The consolidated entity's share of aggregate assets and liabilities of equity accounted investments is:		
Current assets	189.7	152.8
Non-current assets	38.1	22.4
Current liabilities	(109.7)	(82.7)
Non-current liabilities	(21.5)	(12.3)
Net assets	96.6	80.2
Goodwill	7.5	6.1
Carrying amount at the end of the financial year	**104.1**	**86.3**

		OWNERSHIP INTEREST CONSOLIDATED	
JOINTLY CONTROLLED OPERATIONS AND ASSETS	PRINCIPAL ACTIVITY	2012 %	2011 %

25. INTERESTS IN JOINTLY CONTROLLED OPERATIONS AND ASSETS

In accordance with the accounting standards, the Group discloses only significant jointly controlled operations and assets identified on the basis of materiality:

WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A PROPORTIONATE CONSOLIDATION OF THE FOLLOWING ENTITIES:

Significant jointly controlled operation and asset			
Transfield Worley Services Joint Venture	Hydrocarbons	50	50
Jointly controlled operations and assets established during the year			
Consortium PT Rekayasa Industri – PT WorleyParsons Indonesia	Hydrocarbons	50	–

The consolidated entity's interests in the assets and liabilities employed in the jointly controlled operations and assets are included in the statement of financial position under the following classifications:

	CONSOLIDATED	
	2012 $'M	2011 $'M
ASSETS		
Current assets		
Cash and cash equivalents	17.9	23.4
Trade and other receivables	102.3	73.2
Other financial assets	2.5	–
Total current assets	**122.7**	**96.6**
Non-current assets		
Property, plant and equipment	0.4	0.1
Total non-current assets	**0.4**	**0.1**
TOTAL ASSETS	**123.1**	**96.7**
LIABILITIES		
Current liabilities		
Trade and other payables	90.4	60.6
Provisions	19.1	16.1
Total current liabilities	**109.5**	**76.7**
Non-current liabilities		
Other non-current liabilities	1.2	1.4
Total non-current liabilities	**1.2**	**1.4**
TOTAL LIABILITIES	**110.7**	**78.1**
NET ASSETS	**12.4**	**18.6**

26. NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Reconciliation of profit after income tax expense to net cash inflow from operating activities:		
Profit after income tax expense	376.5	382.4
NON-CASH ITEMS		
Depreciation	19.1	14.2
Amortization	83.9	81.5
Performance rights expense	17.1	12.5
Doubtful debts expense/(credit)	4.3	(11.8)
Share of associates' net profits in excess of dividends received	(4.7)	(2.1)
Net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Net loss on foreign exchange	5.6	4.8
Other	(0.3)	1.2
Cash flow adjusted for non-cash items	493.9	417.0
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES		
Increase in trade and other receivables	(401.4)	(314.0)
Increase in inventories	(0.1)	(0.4)
Increase in prepayments	(42.2)	(24.2)
Increase in deferred tax assets	(2.8)	(14.9)
Increase in trade and other payables	234.3	84.5
Increase in billings in advance	14.2	23.1
(Decrease)/increase in income tax payable	(1.6)	28.4
Increase in deferred tax liabilities	7.6	3.0
Increase in other provisions	135.6	91.3
Net cash inflow from operating activities	**437.5**	**293.8**

27. FINANCE LEASE RECEIVABLE

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Current finance lease receivable	1.5	1.4
Non-current finance lease receivable	28.5	30.0
Gross investment in lease receivable	**30.0**	**31.4**
Present value of minimum lease payments:		
Within one year	1.5	1.4
Later than one year and not later than five years	7.1	6.7
More than five years	21.4	23.3
Present value of minimum lease payments	30.0	31.4
Gross investment in lease receivable	**30.0**	**31.4**

The finance lease receivable relates to the power supply contract held by the Company's 100% subsidiary, Exmouth Power Station Pty Limited, which is an arrangement that contains a lease.

28. PROCUREMENT

In certain situations, the Group will enter into contracts with its customers which require the Group to procure goods and services on behalf of the customer.

Where the risks and rewards associated with the procurement activities are assumed by the Group, the revenues and expenses, and assets and liabilities are recognized on a gross basis in the statement of financial performance and statement of financial position.

The following procurement services revenues and expenses, and assets and liabilities have been recognized on a gross basis in the statement of financial performance and statement of financial position:

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
REVENUES AND EXPENSES[1]		
Procurement services revenue at margin	216.3	204.7
Procurement cost at margin	(198.4)	(166.8)
Procurement services revenue at nil margin	696.2	426.8
Procurement cost at nil margin	(696.2)	(426.8)
ASSETS AND LIABILITIES		
Cash and cash equivalents	42.9	7.6
Trade and other receivables	26.2	4.0
Trade and other payables	(15.2)	(6.8)

1 Revenue and expenses exclude procurement services revenue and expenses from associates.

	CONSOLIDATED 2012 $'M	2011 $'M

29. COMMITMENTS FOR EXPENDITURE

(A) OPERATING LEASES

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2012 $'M	2011 $'M
Within one year	179.3	165.5
Later than one year and not later than five years	458.2	441.1
Later than five years	62.6	96.2
Commitments not recognized in the financial statements	**700.1**	**702.8**

(B) OPERATING EXPENDITURE COMMITMENTS

Estimated commitments for operating expenditure in relation to software and other items are payable as follows:

	2012 $'M	2011 $'M
Within one year	20.1	39.1
Later than one year and not later than five years	22.3	29.5
Commitments not recognized in the financial statements	**42.4**	**68.6**

The Parent Entity has no commitments for expenditure.

30. CONTINGENT LIABILITIES

(A) GUARANTEES

The Company is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligation.

	CONSOLIDATED		PARENT ENTITY	
	2012 $'M	2011 $'M	2012 $'M	2011 $'M
Bank guarantees outstanding at balance date in respect of contractual performance	522.3	413.2	346.2	258.7
Commitments not recognized in the financial statements	**522.3**	**413.2**	**346.2**	**258.7**

(B) ASBESTOS

Certain subsidiaries acquired as part of the Parsons acquisition (Parsons E&C), have been, and continue to be, the subject of litigation relating to the handling of, or exposure to, asbestos. Due to the continuation and extension of the existing indemnity and asbestos claims administration arrangements between Parsons Corporation and Parsons E&C Corporation, the Group is not aware of any circumstance that is likely to lead to a residual contingent exposure for the Group in respect of asbestos liabilities.

(C) ACTUAL AND PENDING CLAIMS

The Company is subject to various actual and pending claims arising in the normal course of business. The Company has regular claims reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The directors are currently of the view that the consolidated entity is adequately provided in respect of these claims in accordance with the accounting policy set out in note 2(P).

31. REMUNERATION OF AUDITORS

	CONSOLIDATED 2012 $	2011 $
Remuneration for audit or review of the financial reports of the Parent Entity or any other entity in the Group:		
Auditor of the Parent Entity – Ernst & Young	2,539,297	2,619,406
Other auditors of controlled entities	189,713	177,700
	2,729,010	2,797,106
Amounts received for other services from Ernst & Young:		
Tax related services	211,967	237,659
Acquisition related assurance services	116,000	–
Other non-audit services	298,034	317,773
	626,001	555,432
	3,355,011	3,352,538

32. RELATED PARTIES

(A) DIRECTORS

The names of persons who were directors of the Company at any time during the financial year were as follows:

Ron McNeilly (Chairman)

Larry Benke

Erich Fraunschiel

John M Green

John Grill (Chief Executive Officer)

Eric Gwee – retired as a director on 25 October 2011

William Hall (alternate director) – retired as an alternate director on 25 October 2011

Christopher Haynes, OBE – appointed as a director on 1 January 2012.

Catherine Livingstone, AO

JB McNeil

Wang Xiao Bin – appointed as a director on 1 December 2011

(B) OTHER RELATED PARTIES

	CONSOLIDATED	
	2012 $'M	2011 $'M
Aggregate amounts included in the determination of profit before income tax expense that resulted from transactions with each class of other related parties were as follows:		
Dividend revenue from associates	18.5	31.5
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:		
Loans advanced to:		
Associates and related parties	4.4	9.0
Loan repayments from:		
Associates and related parties	3.4	1.7
Aggregate amounts, receivable from, and payable to, each class of other related parties at balance date were as follows:		
Current receivables		
Associates and related parties	71.9	31.4
Current payables		
Associates and related parties	10.2	7.5

Related entities provide specific advisory services to controlled entities in the normal course of business. These transactions are made on normal terms and conditions and at market rates.

(C) CONTROLLING ENTITIES

WorleyParsons Limited is the ultimate Australian parent company.

33. KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) PARTICULARS OF KEY MANAGEMENT PERSONNEL (KMP) INTERESTS IN SHARES

Particulars of KMP's beneficial interest in shares of the Company as at 30 June 2012 are as follows:

	NUMBER OF SHARES HELD IN WORLEYPARSONS LIMITED			
	BALANCE AT 1 JULY 2011	CHANGE IN STATUS[2]	OTHER TRANSACTIONS	BALANCE AT 30 JUNE 2012
NON-EXECUTIVE DIRECTORS				
Ron McNeilly	401,064	–	–	401,064
Larry Benke[1]	1,180,195	–	(50,000)	1,130,195
Erich Fraunschiel	168,755	–	–	168,755
John M Green	891,869	–	–	891,869
Eric Gwee[2]	36,802	(36,802)	–	–
Christopher Haynes, OBE	–	–	–	–
Catherine Livingstone, AO	13,000	–	–	13,000
JB McNeil	6,500	–	3,800	10,300
Wang Xiao Bin	–	–	4,000	4,000
Sub-total	**2,698,185**	(36,802)	(42,200)	**2,619,183**
EXECUTIVE DIRECTORS				
John Grill	25,329,759	–	–	25,329,759
William Hall[2]	49,800	(49,800)	–	–
Sub-total	**25,379,559**	(49,800)	–	**25,329,759**
OTHER				
Barry Bloch	–	–	–	–
Stuart Bradie	50,977	–	–	50,977
Iain Ross	490,397	–	–	490,397
David Steele	107,379	–	–	107,379
Andrew Wood	804,583	–	–	804,583
Sub-total	**1,453,336**	–	–	**1,453,336**
Grand total	**29,531,080**	(86,602)	(42,200)	**29,402,278**

1 Mr Benke received exchangeable shares as part of the Colt Group consideration upon acquisition in 2007.

2 Messrs Gwee and Hall retired as directors on 25 October 2011.

(B) PARTICULARS OF KMP PERFORMANCE RIGHTS

Particulars of KMP's equity settled performance rights granted as at 30 June 2012 are as follows:

	NUMBER OF PERFORMANCE RIGHTS OVER SHARES IN WORLEYPARSONS LIMITED					
	BALANCE AT 1 JULY 2011	GRANTED	EXERCISED	CHANGE IN STATUS[1]	LAPSED	BALANCE AT 30 JUNE 2012
EXECUTIVE AND NON-EXECUTIVE DIRECTORS						
John Grill[2]	158,060	67,639	-	-	(17,326)	208,373
William Hall	60,468	-	-	(53,897)	(6,571)	-
Larry Benke[3]	10,527	-	-	-	(2,715)	7,812
Sub-total	**229,055**	67,639	-	(53,897)	(26,612)	**216,185**
GROUP MANAGING DIRECTORS						
Barry Bloch	-	10,231	-	-	-	10,231
Stuart Bradie	63,427	21,495	-	-	(6,276)	78,646
Iain Ross	61,474	19,922	-	-	(6,333)	75,063
David Steele	35,604	21,315	-	-	(3,523)	53,396
Andrew Wood	59,325	23,702	-	-	(6,115)	76,912
Sub-total	**219,830**	96,665	-	-	(22,247)	**294,248**
Grand total	**448,885**	164,304	-	(53,897)	(48,859)	**510,433**

1 Mr Hall retired as an alternate director on 25 October 2011.
2 Cash settled performance rights are granted to Mr Grill as at 30 June 2012. No equity settled performance rights are granted to Mr Grill as at 30 June 2012.
3 Mr Benke was appointed as a non-executive director effective 1 July 2010. Prior to this appointment, he received allocations of performance rights under the LTI plan. Upon his retirement as an executive, the Board exercised discretion to allow a pro-rata proportion of his outstanding performance rights to remain in the plan.

All performance rights vested during the financial year were exercised in full.

Long term incentive (LTI) grants are delivered to executive directors, other KMP and other executives as performance rights (rights). During the year, two different offers were made to KMP who are also Executives and to other executive employees. The rights are issued under the WorleyParsons Performance Rights Plan and are settled in shares when vested (except rights granted to John Grill as noted above which are settled in cash).

Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). The number of rights issued is based on the target LTI with reference to the underlying share price when issued. Rights vest and are automatically exercised after a three year period, subject to minimum performance hurdles being satisfied.

The measurement of performance is based on the following:

- Total shareholder return (TSR) relative to peer group (which applies to 60% of potential long term incentive for FY2012); and
- Earnings per share (EPS) growth (which applies to 40% of potential long term incentive for FY2012).

For LTI grants made in FY2012, the peer comparison group comprises AECOM, Aker Solutions, AMEC, Fluor Corporation, Foster Wheeler, Jacobs Engineering Group, KBR, SNC-Lavalin, URS Corporation and Wood Group.

The vesting schedule of the rights subject to the relative TSR hurdle is outlined below:

RELATIVE TSR PERCENTILE RANKING	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET
Less than 50th percentile	0%
At 50th percentile	30%
Greater than the 50th percentile but less than the 75th percentile	Pro-rated vesting between more than 30% and less than 60%
At 75th percentile or greater	60% (i.e. maximum available under the plan)

The initial test date of the rights subject to the relative TSR hurdle is at the end of year three. At the end of year three, participants can either accept the vesting outcome achieved or elect to have their rights retested at the end of year four (in which case the same vesting schedule applies but the retest period covers the entire four year period from the date the rights were granted).

Executives will only derive value from the EPS component of the grants made in FY2012 if the Company achieves average compound growth in EPS of at least 4% per annum above the increase in customer pricing index (CPI) over the three year performance period.

The vesting schedule of the rights subject to the EPS hurdle is as follows:

AVERAGE COMPOUND GROWTH IN EPS OVER THE PERFORMANCE PERIOD	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE EPS HURDLE IS MET
Less than 4% pa above the increase in CPI	0%
4% pa above the increase in CPI	20%
More than 4% pa above the increase in CPI but less than 8% pa above the increase in CPI	An additional 5% of rights will vest for each additional 1% pa plus CPI increase
8% pa or greater above the increase in CPI	40% (i.e. maximum available under the plan)

Other executive employees were granted the rights vesting upon achievement of continuing employment conditions and achievement of a "meeting expectations performance" rating between 1 July 2011 and 30 June 2014.

Where a participant leaves the Group, the Board may exercise its discretion and allow a proportion of any unvested rights to remain in the plan, and subsequently vest and be exercised in the ordinary course, having regard to such factors as it determines relevant.

Weighted average remaining contractual life
The weighted average remaining contractual life for the rights outstanding as at 30 June 2012 is 1.3 years (2011: 1.4 years).

Weighted average fair value
The weighted average fair value of rights granted during the year was \$17.69 (2011: \$16.93).

Pricing model
The following table lists the inputs to the models used for the years ended 30 June 2012 and 30 June 2011:

	PERFORMANCE RIGHTS PLAN 2012 - TSR & EPS	PERFORMANCE RIGHTS PLAN 2011 - TSR & EPS
Dividend yield (%)	3.49	2.90
Expected volatility (%)	35	35
Risk-free interest rate (%)	3.23	5.22
Expected life of rights (years)	3	3
Rights exercise price ($)	-	-
Weighted average share price at measurement date ($)	27.46	26.85

The expected volatility was determined based on the historical share price volatility of the Company. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

(C) SUMMARY OF KMP REMUNERATION

	CONSOLIDATED	
	2012 $	2011 $
Short term employee benefits	11,017,826	9,907,371
Post-employment benefits	195,883	288,213
Other long term benefits	59,826	56,178
Share based payments	2,668,309	1,705,660
Total compensation	**13,941,844**	**11,957,422**

34. SEGMENT INFORMATION

(A) IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Group Managing Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments identified by management are based on the customer sector groups: Hydrocarbons; Power; Minerals, Metals & Chemicals; and Infrastructure & Environment.

Discrete pre-tax financial information about each of these customer sector groups is reported to the chief operating decision makers on a monthly basis.

The Group's operations are organized and managed separately according to the nature of the services they provide, with each segment serving different markets. The Group provides engineering design, project services, and maintenance and reliability support services to a number of markets. The consolidated entity's activities also include infrastructure developments within the Power sector.

(B) ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables and plant and equipment. Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis and are eliminated on consolidation.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2.

The segment result includes the allocation of overhead that can be directly attributed to an individual business segment.

The following items and associated assets and liabilities are not allocated to segments as they are not considered part of the core operations of any segment:

- income tax expense;
- interest and tax for associates;
- amortization of intangible assets;
- gains and losses on the sale or revaluation of investments;
- certain general and administration expenditure (performance rights and corporate expenses); and
- net borrowing costs.

(C) MAJOR CUSTOMERS

The Group has a number of customers to which it provides services. The most significant customer accounts for 11.3% (2011: 10.2%) of external revenue within the Hydrocarbons customer sector group. The next most significant customer accounts for less than 10% of external revenue.

(D) OPERATING SEGMENTS

	HYDROCARBONS		POWER		MINERALS, METALS & CHEMICALS		INFRASTRUCTURE & ENVIRONMENT		TOTAL	
	2012 $'M	2011 $'M	2012 $'M	2011 $'M	2012 $'M	2011 $'M	2012 $'M	2011 $'M	2012 $'M	2011 $'M
Revenue										
Sales to external customers	4,728.7	3,784.1	524.1	483.3	892.5	606.2	840.3	679.5	6,985.6	5,553.1
Procurement services revenue at margin	285.8	258.3	55.2	27.8	1.2	37.0	30.5	21.0	372.7	344.1
Other income	0.6	1.5	2.0	2.6	1.7	0.6	0.0	1.6	4.3	6.3
Total segment revenue[1]	**5,015.1**	**4,043.9**	**581.3**	**513.7**	**895.4**	**643.8**	**870.8**	**702.1**	**7,362.6**	**5,903.5**
Reconciliation of segment revenue to total revenue and other income per the statement of financial performance:										
Segment revenue									7,362.6	5,903.5
Procurement services revenue at nil margin									696.2	426.8
Share of revenue from associates									(665.0)	(718.9)
Net gain on revaluation of investments previously accounted for as equity accounted associates									7.6	65.7
Interest income									7.0	6.1
Total revenue and other income per the statement of financial performance									**7,408.4**	**5,683.2**
Segment result[2,3]	586.5	554.3	59.9	65.3	131.4	102.7	115.3	101.0	893.1	823.3
Segment margin	11.7%	13.7%	10.3%	12.7%	14.7%	16.0%	13.2%	14.4%	12.1%	13.9%
Reconciliation of segment result to profit after income tax expense per the statement of financial performance:										
Segment result									893.1	823.3
Global support costs[3]									(317.5)	(299.6)
Interest and tax for associates									(13.8)	(17.0)
Amortization of acquired intangible assets									(31.5)	(32.5)
EBIT excluding the net gain on revaluation of investments previously accounted for as equity accounted associates									530.3	474.2
EBIT margin on aggregated revenue for the Group, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates									7.2%	8.0%
Net gain on revaluation of investments previously accounted for as equity accounted associates									7.6	65.7
Net borrowing costs									(44.1)	(41.5)
Income tax expense									(117.3)	(116.0)
Profit after income tax expense per the statement of financial performance									**376.5**	**382.4**
Other segment information										
Depreciation and amortization expense	59.0	57.9	3.9	7.9	22.6	16.7	17.5	13.2	103.0	95.7
Share of net profits of associates accounted for using the equity method	22.6	23.3	0.9	(0.2)	3.0	8.0	1.1	0.4	27.6	31.5
Equity accounted associates	75.2	66.4	13.6	(1.1)	10.1	16.2	5.2	4.8	104.1	86.3
Purchase of non-current assets	49.6	36.1	4.8	4.6	28.0	10.7	17.9	8.2	100.3	59.6

1 Segment revenue represents aggregated revenue, which is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin, interest income and net gain on revaluation of investments previously accounted for as equity accounted associates.

2 Segment result represents earnings before interest and income tax expense (EBIT) which is the key financial measure that is presented to the chief operating decision makers.

3 Due to a change in presentation of Global support costs in the internal reports presented to the chief operating decision makers, the prior year Segment result and Global support costs have been restated to be comparable with the current year's disclosure, as required by AASB 8 Operating Segments. The impact of this change is an increase in Global support costs from $70.8 million to $299.6 million for the financial year ended 30 June 2012.

(E) GEOGRAPHIC SEGMENTS

	2012 $'M	2011 $'M
Services revenue from external customers:[1]		
Asia and China	542.2	606.7
Australia East, Pacific and New Zealand	787.8	549.6
Australia West	921.2	612.9
Canada	1,832.1	1,273.0
Europe	635.1	485.1
Latin America	207.8	134.9
Middle East, North Africa and India	812.0	803.2
Sub Saharan Africa	162.9	88.5
United States of America and Caribbean	1,488.4	1,051.2
Total revenue from external customers	**7,389.5**	**5,605.1**
Non-current assets by geographical location:[2]		
Asia and China	96.3	56.1
Australia East, Pacific and New Zealand	186.9	170.6
Australia West	85.1	82.6
Canada	969.3	992.8
Europe	87.3	85.6
Latin America	197.7	171.5
Middle East, North Africa and India	6.6	13.5
Sub Saharan Africa	70.3	77.7
United States of America and Caribbean	293.6	278.3
Total non-current assets	**1,993.1**	**1,928.7**

1 Revenue is attributed to the geographic location based on the location of the entity providing the services.
2 Excludes derivative financial instruments and deferred tax assets.

35. CREDIT RISK

The financial assets of the Group comprise cash and cash equivalents, trade and other receivables, and derivative financial instruments and off statement of financial position guarantees and letters of credit. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. Credit exposure of derivatives is considered to be any positive market value.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CARRYING AMOUNT CONSOLIDATED	
	2012 $'M	2011 $'M
Cash and cash equivalents	247.3	171.2
Trade receivables, unbilled contract revenue and retentions	1,725.9	1,361.7
Amounts owing by associates and related parties	73.9	31.4
Derivatives	16.6	0.6
	2,063.7	**1,564.9**

The ageing of the Group's trade receivables, unbilled contract revenue and retentions at the reporting date was:

	GROSS 2012 $'M	IMPAIRMENT 2012 $'M	GROSS 2011 $'M	IMPAIRMENT 2011 $'M
Unbilled contract revenue	782.2	-	573.2	-
0-30 days	649.1	(7.3)	534.8	(2.7)
Past due 31-60 days	115.5	(3.3)	113.9	(0.6)
Past due 61-90 days	56.5	(0.4)	46.2	(2.0)
Past due 91-120 days	29.5	(0.8)	34.3	(1.5)
More than 121 days	118.0	(13.1)	85.0	(18.9)
	1,750.8	**(24.9)**	**1,387.4**	**(25.7)**

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 30 days other than for specifically identified accounts. The Group's typical payment terms are 30 days from date of invoice.

The allowance amounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount is considered irrecoverable and is written off against the financial asset directly.

Counterparties with receivables neither past due nor impaired are assessed as creditworthy.

36. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they will fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has unrestricted access at balance date to the following lines of credit:

	CONSOLIDATED	
	2012 $'M	2011 $'M
SECURED FACILITIES		
Total facilities available:		
Loan facilities	18.8	20.2
	18.8	**20.2**
Facilities utilized at balance date:		
Loan facilities	18.8	20.2
	18.8	**20.2**
Facilities available at balance date:		
Loan facilities	-	-
	-	-

The maturity profile in respect of the Group's secured loan facilities is set out below:

Due within one year	1.4	1.3
Due between one and four year(s)	5.0	4.7
Due after four years	12.4	14.2
	18.8	**20.2**

	CONSOLIDATED	
	2012 $'M	2011 $'M
UNSECURED FACILITIES		
Total facilities available:		
Loan facilities	1,336.2	1,185.5
Overdraft facilities	89.6	71.6
Bank guarantees and letters of credit	787.3	681.7
	2,213.1	**1,938.8**
Facilities utilized at balance date:		
Loan facilities	721.0	654.5
Overdraft facilities	-	5.1
Bank guarantees and letters of credit	522.3	413.2
	1,243.3	**1,072.8**
Facilities available at balance date:		
Loan facilities	615.2	531.0
Overdraft facilities	89.6	66.5
Bank guarantees and letters of credit	265.0	268.5
	969.8	**866.0**

The maturity profile in respect of the Group's available unsecured loan and overdraft facilities is set out below:

Due within one year	137.5	152.8
Due between one and four year(s)	731.1	394.3
Due after four years	557.2	710.0
	1,425.8	**1,257.1**

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period from balance date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, their balances will not necessarily agree with the amounts disclosed in the statement of financial position.

	CONSOLIDATED					
	TRADE PAYABLES $'M	PAYABLES TO ASSOCIATES AND RELATED PARTIES $'M	INTEREST BEARING LOANS AND BORROWINGS $'M	EXPECTED FUTURE INTEREST PAYMENTS $'M	DERIVATIVES $'M	TOTAL FINANCIAL LIABILITIES $'M
AS AT 30 JUNE 2012						
Due within one year	346.7	10.2	3.7	0.6	4.0	365.2
Due between one and four year(s)	-	-	214.6	20.2	0.0	234.8
Due after four years	-	-	521.5	194.9	-	716.4
	346.7	**10.2**	**739.8**	**215.7**	**4.0**	**1,316.4**
AS AT 30 JUNE 2011						
Due within one year	219.6	7.5	43.7	1.5	0.9	273.2
Due between one and four year(s)	-	-	135.7	24.3	-	160.0
Due after four years	-	-	500.4	213.0	15.1	728.5
	219.6	**7.5**	**679.8**	**238.8**	**16.0**	**1,161.7**

37. CURRENCY RISK

The Group operates internationally and is therefore subject to foreign currency risk. In the ordinary course of business, the Group structures its contracts to be in the functional currency of the country where the work is performed and cost is incurred. If Group entities enter into transactions in currencies other than their respective functional currencies, in order to hedge the resulting foreign currency transaction risk, the Group utilizes derivative financial instruments (e.g. forward exchange contracts and foreign currency options).

A number of the Group controlled entities have a functional currency other than AUD. The exchange gains or losses on the net equity investment of foreign operations are reflected in the foreign currency translation reserve within Parent Entity's equity. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(A) FORWARD EXCHANGE CONTRACTS

The Group is exposed to exchange rate transaction risk on foreign currency sales, purchases, and loans to and from related entities. The most significant exchange risk is US dollar receipts by Australian and non-US entities. When required, hedging is undertaken through transactions entered into in the foreign exchange markets. Forward exchange contracts have been used for hedging purposes. Forward exchange contracts are generally accounted for as cash flow hedges.

At balance date, the details of outstanding contracts were:

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2012	2011	2012 $'M	2012 $'M	2011 $'M	2011 $'M
Maturing in the next six months to 31 December 2012:						
Buy AUD and Sell USD	0.99	-	AUD 44.9	USD (45.4)	-	-
Buy BRL and Sell USD	1.94	-	BRL 1.5	USD (0.8)	-	-
Buy CAD and Sell EUR	1.39	-	CAD 0.9	EUR (0.6)	-	-
Buy CAD and Sell KWD	3.61	-	CAD 19.0	KWD (5.3)	-	-
Buy CAD and Sell USD	1.02	-	CAD 1.6	USD (1.5)	-	-
Buy CNY and Sell USD	6.33	-	CNY 46.8	USD (7.4)	-	-
Buy GBP and Sell AUD	0.64	-	GBP 10.0	AUD (15.5)	-	-
Buy GBP and Sell SGD	0.51	-	GBP 0.2	SGD (0.4)	-	-
Buy GBP and Sell USD	0.64	1.49	GBP 2.1	USD (3.4)	GBP 0.2	USD (0.2)
Buy HKD and Sell SGD	6.10	-	HKD 20.8	SGD (3.4)	-	-
Buy IDR and Sell USD	9,287.23	-	IDR 69,600	USD (7.5)	-	-
Buy INR and Sell USD	50.73	-	INR 149.7	USD (3.0)	-	-
Buy JPY and Sell AUD	83.88	-	JPY 7.7	AUD (0.1)	-	-
Buy QAR and Sell ZAR	0.45	-	QAR 1.6	ZAR (3.6)	-	-
Buy SGD and Sell AUD	1.26	-	SGD 14.4	AUD (11.4)	-	-
Buy SGD and Sell USD	1.27	-	SGD 8.9	USD (7.0)	-	-
Buy USD and Sell EUR	1.29	-	USD 5.8	EUR (4.5)	-	-
Buy USD and Sell ZAR	0.12	-	USD 0.1	ZAR (1.1)	-	-
Maturing in the next 6-12 months to 30 June 2013:						
Buy BRL and Sell USD	1.96	-	BRL 2.4	USD (1.2)	-	-
Buy CAD and Sell USD	1.03	-	CAD 0.5	USD (0.5)	-	-
Buy CNY and Sell USD	6.34	-	CNY 16.5	USD (2.6)	-	-
Buy GBP and Sell USD	0.64	1.48	GBP 1.5	USD (2.4)	GBP 0.1	USD (0.2)
Buy HKD and Sell SGD	6.11	-	HKD 5.6	SGD (0.9)	-	-
Buy SGD and Sell USD	1.27	-	SGD 2.5	USD (2.0)	-	-
Buy USD and Sell EUR	1.3	-	USD 1.3	EUR (1.0)	-	-
Maturing in the next 12-18 months to 31 December 2013:						
Buy BRL and Sell USD	1.98	-	BRL 0.2	USD (0.1)	-	-
Buy GBP and Sell USD	0.64	-	GBP 0.7	USD (1.2)	-	-

As these contracts are hedging anticipated future receipts and sales to the extent that they satisfy hedge accounting criteria, any unrealized gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognized in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedged transaction is still expected to occur as designated.

The gains and losses deferred in the statement of financial position were:

	CONSOLIDATED	
	2012 $'M	2011 $'M
Effective hedge – unrealized gains	0.6	0.5
Effective hedge – unrealized losses	(1.6)	(0.6)
Net unrealized gains/(losses), pre-tax	(1.0)	(0.1)

37. CURRENCY RISK (continued)

(B) CROSS CURRENCY SWAPS

The Group uses cross currency swaps to hedge its foreign currency interest rate risk, most with a maturity of greater than one year from the reporting date.

At balance date, the details of cross currency swaps were:

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2012	2011	2012 $'M	2012 $'M	2011 $'M	2011 $'M
Contracts to buy USD and sell CAD:						
Maturing 24 March 2016	0.99	0.99	USD 10.0	CAD (9.9)	USD 10.0	CAD (9.9)
Maturing 24 March 2018	0.99	0.99	USD 22.0	CAD (21.7)	USD 22.0	CAD (21.7)
Maturing 30 April 2018	1.00	1.00	USD 144.5	CAD (144.5)	USD 144.5	CAD (144.5)
Maturing 24 March 2021	0.99	0.99	USD 120.0	CAD (118.3)	USD 120.0	CAD (118.3)

The following gains and losses have been deferred at balance date:

	CONSOLIDATED	
	2012 $'M	2011 $'M
Fair value gain/(loss) on cross currency hedge	16.0	(15.2)
Foreign exchange (loss)/gain on hedge relationship	(11.6)	8.2
Net unrealized gain/(loss) pre-tax in hedge reserve	4.4	(7.0)

(C) CONSOLIDATED FOREIGN CURRENCY RISK EXPOSURE

The Group's year-end statement of financial position exposure to foreign currency risk was as follows, based on notional amounts. The following are financial assets and liabilities (unhedged amounts) in currencies other than the functional currencies of the entity in which they are recorded.

AS AT 30 JUNE 2012	CAD[1]	GBP[1]	USD[1]	OTHER[1]
Cash and cash equivalents	0.2	1.0	15.3	5.0
Trade receivables and unbilled contract revenue	0.3	1.9	52.7	51.5
Derivative assets	16.6	0.1	0.0	0.0
Trade payables	(0.6)	(0.5)	(21.4)	(14.6)
Gross statement of financial position exposure	16.5	2.5	46.6	41.9

AS AT 30 JUNE 2011	CAD[1]	GBP[1]	USD[1]	OTHER[1]
Cash and cash equivalents	1.1	1.3	26.7	6.1
Trade receivables and unbilled contract revenue	4.1	4.7	94.2	28.9
Derivative assets	–	–	0.1	–
Trade payables	(1.3)	(2.1)	(34.1)	(8.1)
Gross statement of financial position exposure	3.9	3.9	86.9	26.9

1 Represents in currency millions as indicated.

(D) CURRENCY SENSITIVITY ANALYSIS

A 10% weakening of the Australian dollar against the following currencies at 30 June 2012 would have increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed and shown on the same basis for 2011.

	CONSOLIDATED			
	2012		2011	
EFFECTS IN MILLIONS OF AUD	EQUITY	PROFIT	EQUITY	PROFIT
CAD	–	0.0	–	0.3
GBP	–	0.3	–	0.5
USD	–	3.6	–	6.3
Other	–	2.9	–	1.9

A 10% strengthening of the Australian dollar against the above currencies at 30 June 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates against AUD applied during the financial year:

	AVERAGE EXCHANGE RATE		REPORTING DATE SPOT EXCHANGE RATE	
	2012	2011	2012	2011
CAD	1.0349	0.9883	1.0374	1.0333
GBP	0.6513	0.6206	0.6469	0.6679
USD	1.0324	0.9878	1.0039	1.0717

38. INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

(A) INTEREST RATE RISK EXPOSURE

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods are set out in the following table:

			FIXED INTEREST MATURING IN:							
	WEIGHTED AVERAGE INTEREST RATE % PA	FLOATING INTEREST RATE $'M	1 YEAR OR LESS $'M	1 TO 2 YEAR(S) $'M	2 TO 3 YEARS $'M	3 TO 4 YEARS $'M	4 TO 5 YEARS $'M	MORE THAN 5 YEARS $'M	NON-INTEREST BEARING $'M	TOTAL $'M
AS AT 30 JUNE 2012										
FINANCIAL ASSETS										
Cash and cash equivalents	2.9	247.3	–	–	–	–	–	–	–	247.3
Trade receivables, unbilled contract revenue and retentions	–	–	–	–	–	–	–	–	1,725.9	1,725.9
Amounts owing by associates and related parties	–	–	–	–	–	–	–	–	71.9	71.9
Derivatives	–	–	–	–	–	–	–	–	16.6	16.6
Total financial assets		247.3	–	–	–	–	–	–	1,814.4	2,061.7
FINANCIAL LIABILITIES										
Bank loans	3.0	62.1	1.4	1.5	1.7	1.8	1.9	10.5	–	80.9
Notes payable	6.0	–	–	139.9	–	9.9	168.9	340.2	–	658.9
Trade payables	–	–	–	–	–	–	–	–	346.7	346.7
Payables to associates and related parties	–	–	–	–	–	–	–	–	10.2	10.2
Derivatives	–	–	–	–	–	–	–	–	4.0	4.0
Interest rate swaps	–	(18.4)	1.4	1.5	1.6	1.7	1.9	10.3	–	–
Total financial liabilities		43.7	2.8	142.9	3.3	13.4	172.7	361.0	360.9	1,100.7
Net financial assets										961.0
AS AT 30 JUNE 2011										
FINANCIAL ASSETS										
Cash and cash equivalents	2.4	171.2	–	–	–	–	–	–	–	171.2
Trade receivables, unbilled contract revenue and retentions	–	–	–	–	–	–	–	–	1,361.7	1,361.7
Amounts owing by associates and related parties	–	–	–	–	–	–	–	–	31.4	31.4
Derivatives	–	–	–	–	–	–	–	–	0.6	0.6
Total financial assets		171.2	–	–	–	–	–	–	1,393.7	1,564.9
FINANCIAL LIABILITIES										
Bank loans	5.0	5.1	1.3	1.4	1.6	1.7	1.8	12.4	–	25.3
Notes payable	5.7	37.3	–	–	131.1	–	9.3	476.8	–	654.5
Trade payables	–	–	–	–	–	–	–	–	219.6	219.6
Payables to associates and related parties	–	–	–	–	–	–	–	–	7.5	7.5
Derivatives	–	–	–	–	–	–	–	–	16.0	16.0
Interest rate swaps	–	(19.6)	1.3	1.4	1.5	1.6	1.7	12.1	–	–
Total financial liabilities		22.8	2.6	2.8	134.2	3.3	12.8	501.3	243.1	922.9
Net financial assets										642.0

38. INTEREST RATE RISK (continued)

(B) INTEREST RATE SWAP CONTRACTS

Exmouth Power Station Pty Limited, 100% owned by a wholly owned subsidiary of WorleyParsons Limited, built and operates the Exmouth power station and has drawn down on a loan facility which currently has a floating interest rate. It is policy to protect part of the loan from exposure to increasing interest rates. Accordingly, the entity has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contract is settled on a net basis and the net amount receivable or payable at the reporting date is included in other receivables or payables.

The contract requires settlement of net interest receivable or payable six monthly. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps currently in place cover approximately 97.5% (2011: 97.5%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rate is 5.89% per annum (2011: 5.89%).

At 30 June 2012, the notional principal amounts and periods of expiry of the interest rate swap contracts were as follows:

	CONSOLIDATED	
	2012 $'M	2011 $'M
Less than one year	1.4	1.3
Later than one year but not later than five years	6.7	6.2
Later than five years	10.3	12.1
	18.4	19.6

As these contracts are hedging anticipated future receipts and sales, any unrealized gains and losses on the contract, together with the cost of the contract, are deferred and will be recognized in the measurement of the underlying transactions provided the underlying transactions are still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedging transaction is still expected to occur as designated. This contract has been accounted for as a cash flow hedge.

(C) CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE INTEREST BEARING FINANCIAL ASSETS AND LIABILITIES

A change of 100 basis points (BP) per annum in interest rates at the reporting date would have increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	EQUITY		PROFIT	
EFFECT IN MILLIONS OF AUD	100BP INCREASE	100BP DECREASE	100BP INCREASE	100BP DECREASE
2012				
Variable rate instruments	-	-	0.4	(0.4)
Interest rate swaps	0.1	(0.1)	-	-
Cash and overdraft	-	-	1.6	(1.6)
Cash flow sensitivity (net)	0.1	(0.1)	2.0	(2.0)
2011				
Variable rate instruments	-	-	0.1	(0.1)
Interest rate swaps	0.1	(0.1)	-	-
Cash and overdraft	-	-	1.1	(1.1)
Cash flow sensitivity (net)	0.1	(0.1)	1.2	(1.2)

39. FAIR VALUES

FAIR VALUES COMPARED TO CARRYING AMOUNTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2012		2011	
	CARRYING AMOUNT $'M	FAIR VALUE $'M	CARRYING AMOUNT $'M	FAIR VALUE $'M
Assets:				
Cash and cash equivalents	247.3	247.3	171.2	171.2
Trade receivables, unbilled contract revenue and retentions	1,725.9	1,725.9	1,361.7	1,361.7
Amounts owing by associates and related parties	71.9	71.9	31.4	31.4
Derivatives	16.6	16.6	0.6	0.6
Liabilities:				
Interest bearing loans and borrowings	739.8	825.1	679.8	801.2
Trade payables	346.7	346.7	219.6	219.6
Payables to associates and related parties	10.2	10.2	7.5	7.5
Derivatives	4.0	4.0	16.0	16.0
	961.0	875.7	642.0	520.6

The Group classifies fair value measurement using the hierarchy that reflects the significance of the inputs used in making the measurements. Derivatives held by the Group are fair valued using Level 2 measurements within the hierarchy. The fair value of the derivatives held by the Group are estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), such as forward interest and foreign currency rates. The Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable inputs exist and other relevant models used by market participants.

The basis for determining fair values is disclosed in note 2(X).

40. SUBSEQUENT EVENTS

In July 2012, unsecured notes payable were offered by WorleyParsons Financial Services Pty Limited, WorleyParsons Canadian Finance Sub Limited and WorleyParsons US Finance Sub Limited in the United States private debt capital market. Financial close and funding are expected to occur in September 2012 of US$300 million fixed coupon notes payable that will mature in five to ten years from date of financial close.

Since the end of the financial year, the directors have resolved to pay a dividend of 51.0 cents per fully paid ordinary share, including exchangeable shares, partially franked at 61.3% (2011: 50.0 cents per share, partially franked at 25.7%). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $125.3 million is not recognized as a liability as at 30 June 2012.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years;

(b) the results of those operations in future financial years; or

(c) the consolidated entity's state of affairs in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of WorleyParsons Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

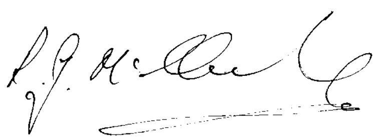
(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(A);

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2012; and

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



RON McNEILLY

Chairman

Sydney, 29 August 2012

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Independent auditor's report to the members of WorleyParsons Limited

To the members of WorleyParsons Limited,

We have audited the accompanying financial report of WorleyParsons Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Opinion

In our opinion:

a. the financial report of WorleyParsons Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 37 to 51 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of WorleyParsons Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Bruce Meehan
Partner
Sydney
29 August 2012

Shareholder Information

TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 24 AUGUST 2012

NAME	SHARES	% OF ISSUED CAPITAL	RANK
HSBC Custody Nominees (Australia) Limited	63,638,468	25.87	1
J P Morgan Nominees Australia Limited	33,885,202	13.77	2
National Nominees Limited	26,765,405	10.88	3
Wilaci Pty Limited	15,594,439	6.34	4
Citicorp Nominees Pty Limited	8,075,966	3.28	5
Lujeta Pty Ltd	5,190,000	2.11	6
Mr John Michael Grill	3,578,960	1.45	7
Citicorp Nominees Pty Limited	3,120,190	1.27	8
UBS Wealth Management Australia Nominees Pty Ltd	2,955,607	1.20	9
Behana Pty Ltd	2,300,000	0.93	10
BNP Paribas Noms Pty Ltd	2,125,362	0.86	11
J P Morgan Nominees Australia Limited	2,115,618	0.86	12
Behana Pty Ltd	1,759,810	0.72	13
Haju Pty Limited	1,500,000	0.61	14
Juha Pty Limited	1,500,000	0.61	15
Taylor Square Designs Pty Ltd	1,457,997	0.59	16
Inmac Engineering Pty Ltd	1,225,000	0.50	17
Lujeta Pty Ltd	1,165,000	0.47	18
UBS Bank Canada TR Chalet Holdings Inc	1,077,475	0.44	19
Johalius Pty Ltd	1,053,136	0.43	20
Total	180,083,635	73.20	

Total number of current holders for all named classes is 28,257.

The table above includes exchangeable shares. The ASX treats these shares as having been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules.

SUBSTANTIAL HOLDERS OF 5% OR MORE OF FULLY PAID ORDINARY SHARES AS AT 24 AUGUST 2012*

NAME	NOTICE DATE	SHARES
John Grill and associated companies	31 May 2010	25,313,786

* As disclosed in substantial shareholder notices received by the Company.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 24 AUGUST 2012

	HOLDERS	SHARES	% OF ISSUED CAPITAL
1 – 1,000	20,729	8,744,686	3.55
1,001 – 5,000	6,435	13,460,713	5.47
5,001 – 10,000	586	4,193,680	1.71
10,001 – 100,000	394	10,517,694	4.28
100,001 and over	113	209,086,310	84.99
Total	28,257	246,003,083	100.00

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $500.00 parcel at $26.48 per unit	19	353	2,071

The table above includes exchangeable shares. The ASX treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. In addition to the shares set out in the table there is one special voting share issued to Computershare Trust Company of Canada Limited (Trustee) as part of the consideration for the acquisition of the Colt Group.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 24 AUGUST 2012

All ordinary shares carry one vote per share without restriction. In the case of the exchangeable shares, voting rights are provided through the special voting share which carried an aggregate number of votes equal to the number of votes attached to the ordinary shares into which the exchangeable shares are exchangeable.

Corporate Information

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

Ron McNeilly (Chairman)
Larry Benke
Erich Fraunschiel
John M Green
John Grill (Chief Executive Officer)
Christopher Haynes, OBE
Catherine Livingstone, AO
JB McNeil
Wang Xiao Bin

COMPANY SECRETARY

Peter Janu

REGISTERED OFFICE

Level 12
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

HSBC
Royal Bank of Scotland
Westpac Banking Corporation
JPMorgan Chase
Commonwealth Bank of Australia
Royal Bank of Canada
Bank of America
UBS
Standard Chartered Bank

LAWYERS

Freehills

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
Australia
Ph: 1300 850 505

OUR VALUES

Performance

- Zero harm
- Results for our customers and employees
- Creating wealth for our shareholders
- World class resources, capability and experience

Agility

- Smallest assignment to world scale development
- Local capablity with global leverage
- Responsive to customer preferences
- Optimum solutions customized to needs

Relationships

- Rapport with all stakeholders
- Open and respectful
- Collaborative approch to business

Leadership

- Committed, empowered and rewarded people
- EcoNomics™ - Delivering profitable sustainability
- Integrity in all aspects of business
- Minimum bureacracy

About this report

This report has been printed on Monza Satin Recycled, Certified Carbon Neutral.

Monza Recycled contains 55% recycled fibre (25% post consumer and 30% pre consumer) plus FSC certified virgin pulp. All virgin pulp is derived from well-managed forests and controlled sources. It is manufactured by an ISO 14001 certified mill.

The printer is also ISO 9001 and ISO 2000 accredited. These certifications specify the requirements for an environmental management system.

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