WorleyParsons

resources & energy

Annual Report 2016

resources & energy

EcoNomics™ Delivering profitable sustainability

We are a professional services business, a partner in delivering sustained economic and social progress, creating opportunities for individuals, companies and communities to find and realize their own futures.

We can only do this with the support of our shareholders, earned by delivering earnings growth and a satisfactory return on their investment.

OUR VALUES

Leadership

- Energy and excitement
- Integrity in all aspects of business
- Minimum bureaucracy
- Committed, empowered and technically capable people
- Delivering profitable sustainability

Relationships

- Open and respectful
- A trusted supplier, partner and customer
- Collaborative approach to business
- Willing to challenge and innovate
- Enduring customer relationships

Agility

- Smallest assignment to world-scale developments
- Comprehensive geographic presence
- Global expertise delivered locally
- Responsive to customer preferences
- Optimum customized solutions

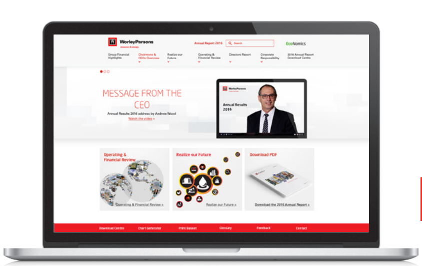
Performance

- Industry leadership in health, safety and environmental performance
- Consistent results for our customers, delivering on our promises
- People accountable and rewarded for performance
- Innovation delivering value for our customers
- Creating wealth for our shareholders

WorleyParsons delivers projects, provides expertise in engineering, procurement and construction and offers a wide range of consulting and advisory services. We cover the full lifecycle, from creating new assets to sustaining and enhancing operating assets, in the hydrocarbons, mineral, metals, chemicals and infrastructure sectors. Our resources and energy are focused on responding to and meeting the needs of our customers over the long term and thereby creating value for our shareholders.

Annual General Meeting

WorleyParsons' 2016 Annual General Meeting will be held on Tuesday 25 October 2016 commencing at 2.00pm (AEDT) at The Westin Sydney, 1 Martin Place, Sydney.



We have created our 2016 shareholder results microsite, which offers our 2016 results documents and detailed information on our business operations.

Visit us online

annualreport2016.worleyparsons.com

Contents

Group Financial Highlights

FIVE YEAR PERFORMANCE AT A GLANCE

$m	2012	2013	2014	2015	2016	% change
Aggregated revenue[1]	7,362.6	7,627.0	7,363.7	7,227.5	5,892.9	(18.5)
EBIT	537.9	527.0	428.2	87.1	128.9	48.0
EBIT margin	7.3%	6.9%	5.8%	1.2%	2.2%	1.0pp
Net profit after tax	353.2	322.1	249.1	(54.9)	23.5	-
Net profit margin	4.8%	4.2%	3.4%	(0.8%)	0.4%	1.2pp
Cash flow from operations	437.5	443.5	550.1	251.3	192.0	(23.6)
Return on equity	18.0%	16.2%	12.5%	9.2%	6.9%	(2.3pp)
Basic EPS normalized (cents)[2]	152.7	137.8	108.5	(14.7)	16.3	-
Basic EPS (cents)	143.7	130.8	101.0	(22.2)	9.5	-
Dividends (cents per share)	91.0	92.5	85.0	56.0	0.0	(100.0)

[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 and joint operations. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

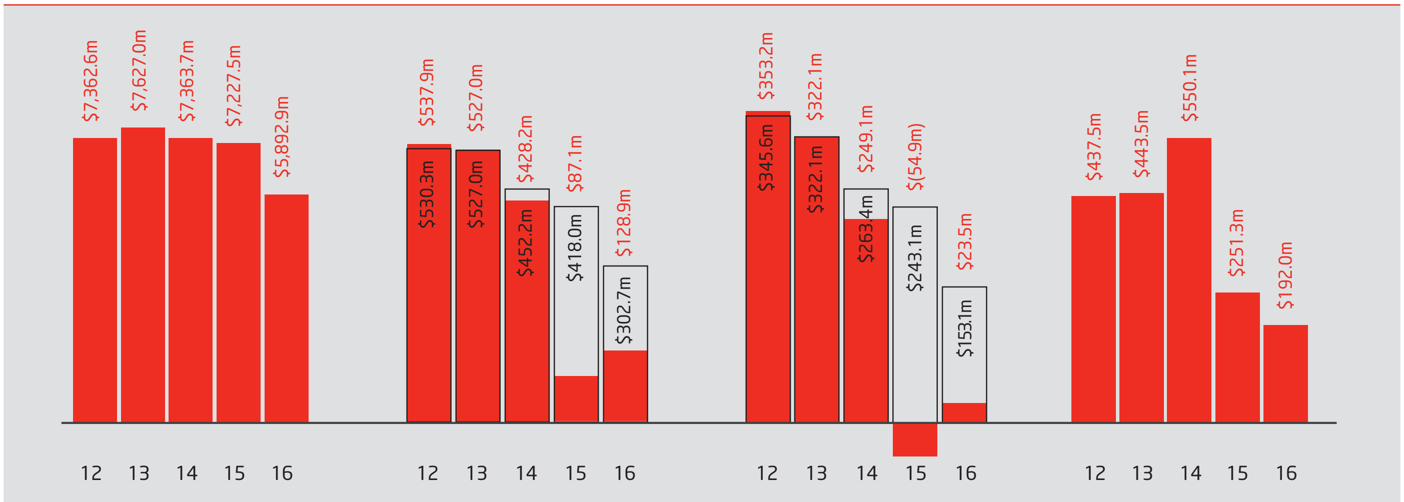
[2] Before amortization of intangibles including tax effect of amortization expense.

Aggregated revenue
$5,892.9m

EBIT
$128.9m

Net profit after tax
$23.5m

Cash flow from operations
$192.0m



The result was earned on aggregated revenue of $5,892.9m, a decrease of 18.5% on the $7,227.5m reported in 2015.

- EBIT for the year was $128.9m, an increase of 48.0% on the $87.1m reported in 2015.
- Underlying EBIT, excluding restructuring and other costs, for the year was $302.7m, a decrease of 27.6% on the $418.0m reported in 2015.

- The full year result for 2016 was $23.5m compared with a net loss of $54.9m reported in 2015.
- Underlying NPAT, excluding restructuring and other costs, for the year was $153.1m, a decrease of 37.0% on the $243.1m reported in 2015.

Cash flow from operations was $192.0m, a decrease of 23.6% on the $251.3m reported in 2015.

Chairman and CEOs' Review

Welcome to the WorleyParsons Annual Report for financial year 2016.

We made substantial progress during the year on our near-term priorities including improving our level of customer satisfaction, reducing internal costs, streamlining our service delivery and strengthening our balance sheet.

Our cost reduction program lowered overheads by $170 million when compared to the prior year. By the end of June we have achieved annualized cost reductions of $200 million, exceeding our target of $120 million. These savings reduced the impact of lower revenues on our underlying EBIT margin.

Our customers continue to face difficult market conditions. The ongoing weakness in commodity prices has led to further declines in capital expenditure across the resources and energy sectors.

Importantly in this environment, our customer feedback results are the best we have ever achieved, validating the action we have taken over the last 12 months including the realignment of the business into the four business lines of Services, Major Projects, *Improve* and Advisian. While significant progress has been made, continuing to adapt and innovate will be a necessary and integral part of doing business. The Company is now leaner and better able to meet the challenges in the market.

In order to improve our service delivery, specific offerings were developed to deliver further value to WorleyParsons' customers. We launched the Advisian business line, integrated the Breakthrough Project Delivery model into the Project Management Consulting (PMC) offering and accelerated work process transfers to the Global Delivery Centers (GDC).

We closed 30 offices with an associated floor space reduction of 73,000 square meters. We maintain a presence in 42 countries. In addition, we finalized the sale of Exmouth power station and we identified non-core assets to be held for sale including the South African public infrastructure business and the Company's interest in Cegertec WorleyParsons in Quebec.

We have made progress in strengthening our balance sheet. Efforts to date have achieved an improvement in day sales outstanding by 4 days, with more than half our locations showing improvement from December to June. However, we still have more to do if we are to achieve our target of industry average of 65 days. Cash outflows were reduced by approximately $255 million through a combination of lower capital expenditure, reduced capital spending on acquisitions and no interim dividend.

While we are making progress towards our near term goals, and in most cases exceeding our own targets, we still have considerably more to do. Our management and organization as a whole remain focused on doing what is necessary to align our business with the prevailing marketing conditions, while also looking for opportunities where we can grow into the long term sustainable markets of the future.

Realize our future

At the core of the longer term sustainability of the business are the five strategic themes we introduced during financial year 2015, focused on defending and growing our business through the development of enhanced capabilities and offerings. With our local operations, the objective is to free them up to focus on excellence in delivery so they are able to make the most out of the opportunities in their markets. Refer to pages 10 and 11 of this Annual Report to read more on our journey to Realize Our Future.

The Company continues to defend and strengthen its leadership position in upstream oil and gas. We continue to expand our capability in the growing sub sectors of chemicals, power and water. Key focus areas are the development of the Company's emerging digital and new energy capabilities. Geographically, Saudi Arabia and China's "One Belt, One Road" initiative continue to represent significant opportunities for the Company.

Financial performance

The Group reported an improved statutory result with net profit after tax of $23.5 million (NPAT) after last financial year's statutory loss of $54.9 million. The underlying net profit after tax of $153.1 million (excluding $129.6 million of one off costs) was down 37% on our restated financial year 2015 underlying result of $243.1 million. The Group delivered a positive operating cash flow of $192.0 million, with cash conversion at 125% of underlying NPAT compared with 103% in the prior year. Our gearing was 29.2% and remains within our target range. Our net debt to EBITDA is 2.4 times. The Board has resolved not to pay a final dividend for financial year 2016 as the Company focuses on its balance sheet.

Health, Safety and Environment (HSE)

We are committed to our vision of Zero Harm to people and assets and zero environmental incidents. This year, our Total Recordable Case Frequency Rate (per 200,000 manhours) reduced to 0.07 from 0.12. Notwithstanding this improvement, we are deeply saddened to report four fatal incidents involving our contractors. Three individuals lost their lives in vehicle related accidents in Turkey and another person was fatally injured while working at height in Saudi Arabia. Vehicle operation and working at heights remain the greatest risks to the safety of our employees and contractors. These will continue to be focus areas for the business.

People

It has been a difficult year for our people, as we adapted to the changing needs of our customers and the dynamics of our markets. This year we reduced the workforce by a further 6,900 to its current level of 24,500. We have made, and will continue to make, tough decisions that balance the requirements to maintain capability and local presence to support our customers, with the longer term interests of our shareholders.

Both the Board and Group Leadership Team would like to express their appreciation for the commitment and contribution of our people to WorleyParsons during what has been an extremely trying year.

Board changes

After joining the Board on 1 July 2015, Jagjeet (Jeet) Bindra assumed the role of Remuneration Committee Chairman following the 2015 Annual General Meeting. Jeet succeeds John Green who held the position of Remuneration Committee Chairman since 2008. We thank John for his strong guidance and leadership.

Ethics and corporate responsibility

We recognize that WorleyParsons' reputation for honesty, integrity and ethical dealings is one of its key business assets and a critical factor in ensuring the Company's ongoing success. All of WorleyParsons' people and our agents, are required to maintain the standard of ethical behavior outlined in our Code of Conduct and as expected by our customers, suppliers and shareholders.

The Company fulfills its corporate responsibilities across all the parts of the world where we do business. We ensure that our programs are as effective and efficient as possible in delivering value to the communities we support. The Australian Council of Superannuation Investors awarded WorleyParsons the rating of "Leading" in corporate responsibility reporting practices. We also received the award for "Best Improvement in Climate Disclosure at the Australian Climate Leadership Forum".

This year, we also launched the Group's Diversity and Inclusion Expectations supported by local campaigns and unconscious bias training. The Corporate Responsibility section of this Annual Report provides detail of these activities.

Corporate governance

The Board remains confident that the Company has in place a strong corporate governance system, and that this system is well maintained, reviewed and updated. The Group maintains a comprehensive, independent, internal audit program that reports directly to the Audit and Risk Committee. This function not only focuses on specific areas of interest, but provides assurance annually to the Audit and Risk Committee on the adequacy and effectiveness of the Group's internal controls.

The Corporate Governance Statement 2016 can be found on the Company's website.

Conclusion

We would like to thank the directors, the Group Leadership Team, and our people for their contribution in what has been another difficult year in our markets and organization. We would like to thank our shareholders for their continuing support and look forward to realizing the future of WorleyParsons together.

John Grill AO
Chairman and Non-Executive Director

Andrew Wood
Chief Executive Officer

Board of Directors

John Grill AO

Chairman and Non-Executive Director

John is Chairman of the Board and Chairman of the Nominations Committee and a member of the Remuneration Committee and Health, Safety and Environment Committee.

Ron McNeilly

Deputy Chairman and Lead Independent Director

Ron is Deputy Chairman and Lead Independent Director of the Board and was previously Chairman of the Board. He is a member of the Audit and Risk Committee, Nominations Committee, Remuneration Committee and Health, Safety and Environment Committee.

Andrew Wood

Chief Executive Officer

See page 29 for biography.

Erich Fraunschiel

Non-Executive Director

Erich is Chairman of the Audit and Risk Committee and a member of the Nominations Committee.

John M Green

Non-Executive Director

John is a member of the Remuneration Committee and the Nominations Committee.

Larry Benke

Non-Executive Director

Larry is a member of the Audit and Risk Committee, the Nominations Committee and the Health, Safety and Environment Committee.

Catherine Livingstone AO

Non-Executive Director

Catherine is a member of the Audit and Risk Committee and the Nominations Committee.

Wang Xiao Bin

Non-Executive Director

Xiao Bin is a member of the Audit and Risk Committee and the Nominations Committee.

Christopher Haynes OBE

Non-Executive Director

Chris is Chairman of the Health, Safety and Environment Committee and a member of the Nominations Committee.

Jagjeet Bindra

Non-Executive Director

Jagjeet (Jeet) is the Chairman of the Remuneration Committee and a member of the Nominations Committee and the Health, Safety and Environment Committee.

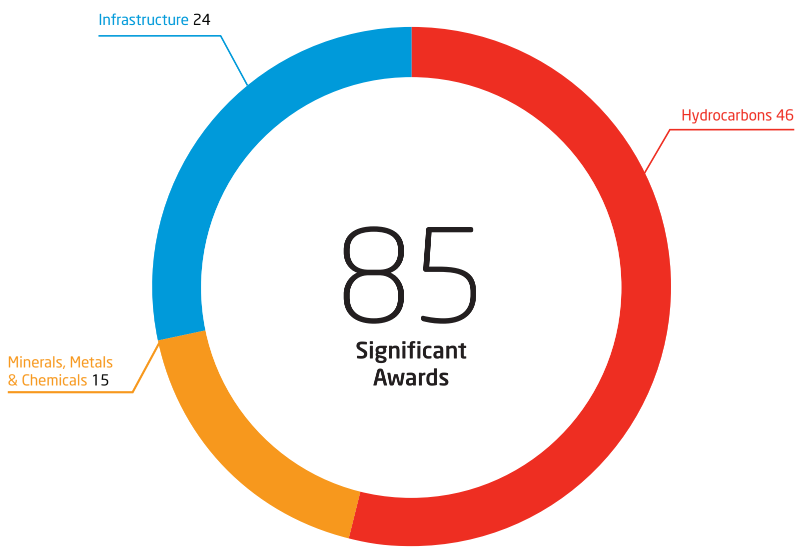
Peter Janu

Company Secretary and General Counsel Corporate

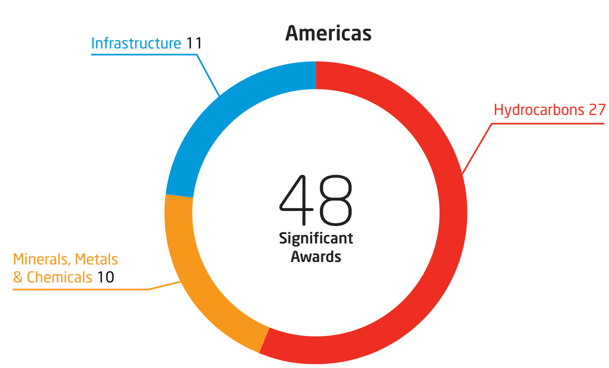
See page 30 for biography.

For detailed information on Directors and Company Secretary see pages 28 to 30.

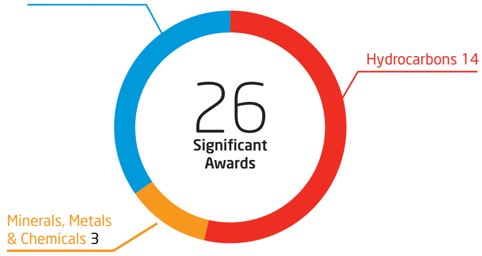
Global Operations and Significant Contract Awards



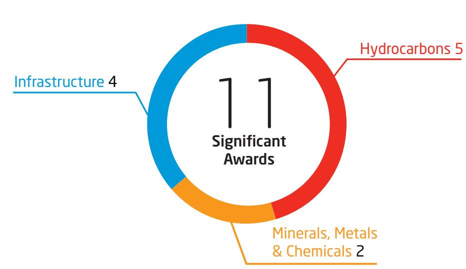
42 Countries
118 Offices
24,500 Employees



Europe, Middle East & Africa



Australia, Pacific, Asia and China



Group Leadership Team

Andrew Wood

Chief Executive Officer

See page 29 for biography.

Tom Honan

Group Managing Director – Finance / CFO

Tom is accountable for finance, information management, assurance, development, communications and investor relations. Tom brings his leadership in driving transformational change, his ability to create shareholder value and his experience in the management of complex major systems replacements to his role at WorleyParsons. Tom joined WorleyParsons on 1 December 2015 after holding CFO roles at Federation Centres, Transurban and Computershare. He has an MBA from Melbourne Business School and an Economics degree from Monash University.

Chris Ashton

Regional Managing Director - Services, EMEA

Chris is responsible for the Services business line in the Europe, Middle East and Africa (EMEA) region, delivering a broad range of solutions to our local customers. Chris held senior operational, sales and strategy roles, working in Europe, the Middle East and the USA prior to taking on his current role. Chris joined WorleyParsons in 1998 after more than 15 years in senior engineering and operational roles with international organizations. Chris holds a Degree in Electrical and Electronic Engineering from the University of Sunderland, a Master Degree in Business Administration from Cranfield School of Management and completed the Executive Management Program at Harvard Business School.

Denis Lucey

Regional Managing Director – Services, APAC

Denis is responsible for the Services business line in the Australia, Pacific, Asia and China (APAC) region delivering a broad range of solutions to our local customers. Denis has over 35 years' experience working in the resources and energy sector including almost 30 years based in the Asia region. Denis joined the company in Malaysia in 1990 as a structural engineer, and was a pioneer of the Indonesian operation in the early 90s. Denis holds a Bachelor's Degree in Civil Engineering and a Master's of Science degree in Offshore Structures.

Chris Parker

Regional Managing Director – Services, Americas

Chris is responsible for the Services business line in the Americas region which includes North America and Latin America, delivering a broad range of solutions to our local customers. Chris has over 30 years' experience across a wide range of sectors including oil & gas, petrochemicals, power generation and infrastructure. Chris joined the Company in 2004 following the acquisition of Parsons E&C. He started his career with the Ralph M. Parsons Company in 1981 where he held a number of key positions. He has a Bachelor Degree in Mechanical Engineering from the University of Houston and completed the Advanced Management Program, The Wharton School, University of Pennsylvania.

Filippo Abba

Group Managing Director - Major Projects
Group Managing Director - *Improve*

Filippo is accountable for the growth and performance of both the nominated global Major Projects' portfolio and *Improve* relationships within WorleyParsons. Prior to joining WorleyParsons, Filippo held a number of senior roles during his 24 years working with Foster Wheeler, most recently CEO of Foster Wheeler Europe, Middle East and Africa. Throughout his career, Filippo has built broad global experience and has led sizeable EPC projects. Filippo holds a Bachelor's Degree and a Doctorate in Mechanical Engineering from Politecnico di Milan.

Dennis Finn

Group Managing Director and CEO - Advisian

Dennis is responsible for Advisian, WorleyParsons' global advisory and consulting business. Dennis joined WorleyParsons from PricewaterhouseCoopers (PwC) in 2014 and has a strong background in transformational change, global strategy and high impact customer focused interventions. Dennis joined PwC Australia in 2004 as the lead Partner and Head of Consulting and went on to hold a number of senior roles in the firm. In 2012, he was appointed Vice Chairman and Global Human Capital Leader of PwC International based in New York. His background and experience include operations, manufacturing, HR, marketing and general management across multiple locations (the UK, the US, Australia, New Zealand and Asia). Dennis started his career as a radiographer after studying Chemical Plant Operations and Nuclear Processes in the UK.

Marian McLean

Group Managing Director - Assurance and Development

Marian is responsible for both the Assurance and Development activities at WorleyParsons. In this role, Marian provides leadership of Innovation, the Group Project Management Office and New Ventures. She is also responsible for assurance on the effectiveness and efficiency of the WorleyParsons internal controls, reliability of reporting and compliance with laws and regulations. Marian joined WorleyParsons in June 2008. She has over 20 years' experience in the manufacturing, water, construction, service and oil and gas industries. Her qualifications include: Master of Applied Science (Ergonomics), University of NSW, Graduate Diploma in Safety Science, University of NSW and Bachelor of Physiotherapy, University of QLD. Marian is a professional member of the American Society of Safety Engineers, the Society of Petroleum Engineers and the Human Factors and Ergonomics Society of Australia.

Peter Janu

Company Secretary and General Counsel Corporate

See page 30 for biography.

Realize Our Future

During financial year 2015, we unveiled our strategy to return the Company to growth. As the resources and energy sectors undergo significant transformation driven by prolonged low commodity prices, WorleyParsons continues to transform to respond and reposition the business for future success.

The five strategic themes, first introduced in financial year 2015, remain the platform for transformation of the business.

01 *Build a world class consulting business and dominate the early project phases*

We established the Advisian business line just one year ago to pursue the white space of management consulting advice based on deep technical knowledge. Advisian remains a core element of our strategy as the global vehicle to help our customers meet the complex challenges they face in the resources and energy sectors.

02 *Be the global PMC provider of choice*

We continue to expand our PMC offering with the promotion and application of the Breakthrough Project Delivery Model.

03 *Build a leading Improve business*

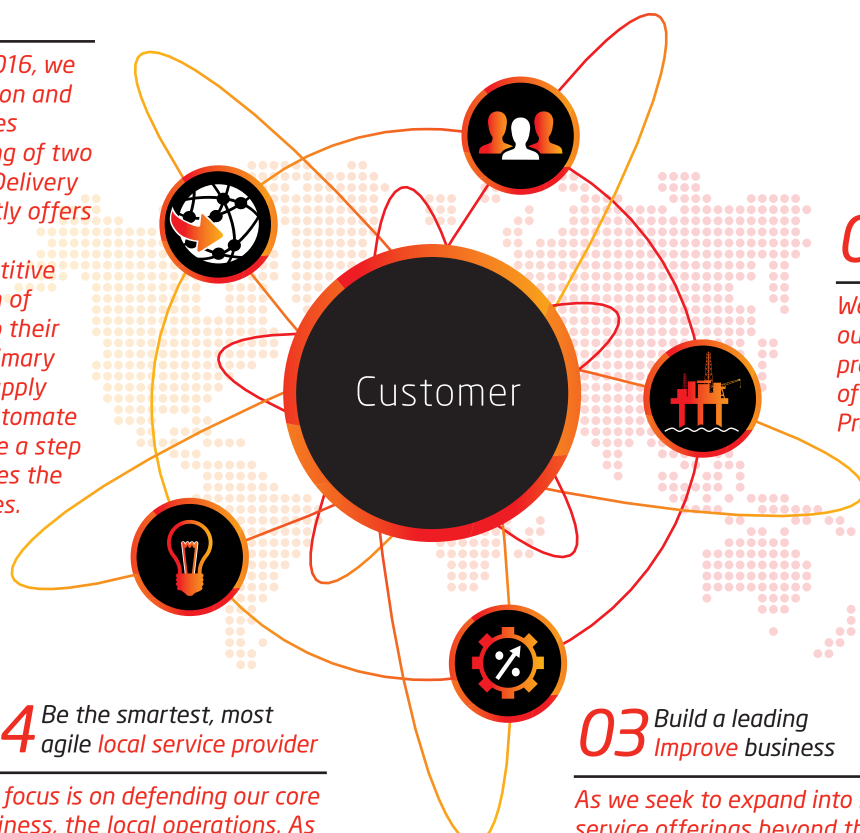
As we seek to expand into integrated service offerings beyond the power sector, we have identified partners to help deliver this offering to our customers in other sectors.

04 *Be the smartest, most agile local service provider*

Our focus is on defending our core business, the local operations. As we free them up to focus on excellence in delivery, they are able to make the most out of the opportunities in their markets.

05 *Use Global Delivery Centers to apply digital technology to the delivery of future services*

Through financial year 2016, we focused on standardization and simplification of processes including the transitioning of two processes to the Global Delivery Centers. The GDC currently offers each of our offices the opportunity to be competitive though the incorporation of lower cost resources into their projects. However, its primary purpose, however, is to apply leading technology to automate those processes to create a step change that revolutionizes the delivery of future services.



Where we are heading

Today, the revenue of the business is concentrated in the hydrocarbons sector and the provision of engineering services. We are deploying traditional go-to-market strategies, payment models and service delivery methods. Our ambition is to transform the business by:

- growing our exposure to selected attractive markets while defending our position in hydrocarbons
- offering a range of solutions that increase our market share
- having a differentiated digital capability
- deploying our global capabilities, including increased use of our Global Delivery Centers.

Current Priorities			Near Term Priorities
Core	Expand	Expand	Expand
Onshore Conventional	Chemicals	New Energy/Renewables	Power
Offshore	Saudi Arabia	Digital	One Belt One Road
Heavy Oil & Oil Sands			Industrial Water

In addition, we will have evolved our go-to-market strategies to more solution based selling with commercial models more focused on the value delivered.

Enhancing our exposure to growth

The current priorities for financial year 2017 are to defend and strengthen our leadership position in onshore conventional, offshore and heavy oil and oil sands. We see opportunities to expand into the attractive sub sectors of chemicals and new energy or renewables and the prospective geography of Saudi Arabia, across all sectors. A key focus will be the development of our digital capability across all service offerings.

In the near term, we see opportunities in the power sector, supporting investments aligned to China's One Belt One Road regional development plan and industrial water.

Reducing our costs and strengthening the balance sheet

In February 2016, we announced targets to reduce our internal costs by $300 million, with initiatives to deliver the first $120 million in annualized benefits already in place. During financial year 2016 we exceeded our target of cost reductions and reduced our annualized overhead costs by $200 million.

We identified initiatives to generate the further $150 million in annualized benefits from the current baseline through a combination of cost reduction and revenue improvement initiatives. A structured program is in place with actions underway in a wide range of areas across the business including: restructuring our support functions and general management, improving our resource utilization, increasing utilization of our GDC, assessing remuneration against local markets and adjusting where appropriate, rationalizing office space utilization, exiting unprofitable or non-strategic locations, aggressive management of our spend with third parties, review of underperforming projects to improve margins and a restructure of the information technology platform and support organization.

We restructured business development into a global sales and marketing group with an acute focus on leveraging our global scale and capability more effectively with a more aggressive pursuit in our current markets and the growth markets of tomorrow. The combination of structure, focus and reduced costs is expected to increase our market share.

We also announced our commitment to strengthen the balance sheet by targeting an improvement in cash position by $300 million. Through a focused short term effort across the Group, we have reduced our net debt by $115 million and reduced our day sales outstanding to 78 days. By implementing a number of system and process changes into the business, we expect to continue our performance improvement towards industry average of 65 days.

CORPORATE RESPONSIBILITY

The Group aims to be recognized as an industry leader in corporate responsibility and to this end is committed to continuous improvement.

The Group is committed to contributing to the development of local communities through local employment and corporate responsibility projects. Contributing to the success of these projects have been the Group's overarching support and the willingness of our personnel to volunteer their time and make donations in support of their local corporate responsibility activities.

For the year ended 30 June 2016, the Group engaged in a broad range of activities across its business with a strong focus on community projects that require technically skilled volunteers. Other activities include fundraising for not-for-profit organizations, scholarships, sponsorships, training, programs to reduce the Group's impact on the environment and programs promoting improved diversity and inclusion.

The Group has reported an increase in volunteer hours for internal programs and community skilled volunteering programs. While there was a solid performance of direct financial contributions by our operations and personnel, the overall value of these contributions has reduced in line with the scale of the business.

Across our industries and operations, the Group is seeing increasing expectations related to supplier selection processes and ethical conduct. The Group sees this as an opportunity to lead our contractors and suppliers to increased ethical, social and environmental performance.

CORPORATE RESPONSIBILITY POLICY

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. Our Corporate Responsibility Policy outlines our commitments to: **Governance, Ethics and Transparency, Our People, Human Rights, Community, Fair Operating Practices and Supply Chain, and the Environment.**

Community involvement in Lagos, Nigeria included Ebola containment through community awareness.

WORLEYPARSONS FOUNDATION

The WorleyParsons Foundation objectives are to:

- support the execution of high impact strategic community projects;
- become a vehicle for direct corporate investment, fundraising and volunteering;
- expand opportunities for Group personnel to be directly or indirectly involved in foundation activities; and
- raise awareness of WorleyParsons' corporate responsibility credentials with its stakeholders.

The WorleyParsons Foundation recognizes and acknowledges employees for their personal contribution in activities that help promote the key themes of education, disaster recovery, skilled volunteering, diversity and inclusion and enterprise development.

Foundation Awards were given to 195 individuals responsible for 81 outstanding corporate responsibility activities across 20 countries aligned to the key themes.

Four WorleyParsons Foundation projects were progressed in FY2016:

- collaboration with the Red Cross for disaster recovery in the Philippines, developing models for large scale skilled remote volunteering;
- capability development of Robogals preparedness for global expansion, so they can scale their model to introduce careers in science and technology to schoolgirls across the world;
- project delivery of a shelter house for preschool children for the community of Island of Queullín, Chile; and
- project delivery of community bore well water, solar power and school buildings for families in Kelicha Pada and two further nearby villages, India.

A further three projects commenced during FY2016:

- selection and provision of Kangaroo Mother Care support chairs for National Hospital, Dili, Timor Leste;
- support of earthquake disaster recovery with Red Cross, Ecuador; and
- support of wildfires disaster recovery with Red Cross, Canada.

MILESTONES

In FY2016, the Group reached a number of corporate responsibility milestones, including:

- conducting a robust corporate responsibility materiality review mapping economic, social and environmental issues;
- establishing strategic partnerships and collaborations promoting skilled volunteering opportunities for our people;
- expanding the WorleyParsons Foundation by supporting more projects and community partners, governed by the WorleyParsons Foundation Council;
- progressing a global diversity and inclusion program implementing Diversity and Inclusion Expectations across the business focusing on six key areas: diverse and inclusive workplace, recruitment and promotion, closing pay gaps, accountability and engagement, flexibility and community;
- delivering non-financial performance commitments covered in the Corporate Responsibility Indicators section of this report, including gender diversity targets and an environmental emissions target;
- listing as a member of the 2015 Dow Jones Sustainability Index Australia and participated in the Corporate Sustainability Assessment for the first time;
- continuing the Group's corporate responsibility reporting process using the internationally recognized Global Reporting Initiative 4.0 Framework;
- fulfilling the Group's fourth year obligations as 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; and
- continuing to deliver sustainability-enhancing services to the Group's customers through the Group's advisory service offering.

ACTIVITY HIGHLIGHTS

The Group undertook various corporate responsibility activities in FY2016, including:

- participating directly in and reporting over 460 corporate responsibility activities across 23 countries, involving over 8,600 Group personnel;
- supporting local communities through the network of corporate responsibility champions across 65 offices as well as ongoing participation in the Group's own programs: DeltaAfrik Foundation in Nigeria, UnitedWay program in Canada and various corporate responsibility and local social committees;
- contributing over $530,000 towards educational programs over 35 offices;
- providing scholarships amounting to $76,000;
- group matching $68,000 of Group personnel fundraising programs in Australia, Canada, Ecuador, New Zealand and Trinidad;
- donating 210 liters of blood across eight offices and 476 participants to local health organizations and hospitals;
- reducing carbon emissions across a number of offices through behavioral change programs, office consolidation, encouraging use of public transport, flexible work options from home, recycling and FollowMe smart printing;
- expanding the WorleyParsons Academy with an online portal as the one-stop-shop for WorleyParsons development programs; and
- participating in and contributing to various workshops and forums on diversity, anti-corruption, Indigenous issues, ethical supply chain and human rights issues.

DIVERSITY AND INCLUSION HIGHLIGHTS

The Group undertook various diversity and inclusion activities in FY2016, including:

- launching the Diversity and Inclusion Expectations with a leadership statement and videos;
- continuing the global Diversity and Inclusion Working Group to provide guidance and support for diversity and inclusion initiatives and promote engagement with local networks;
- developing an internal diversity scorecard to monitor and review progress across the expectations for discussion and action by leaders;
- launching an internal flexible work campaign to share real stories and examples of our people working in flexible work arrangements to promote understanding about flexible working;
- cascading 'Check Yourself, Bias Awareness' workshops and informal discussions targeted at middle management across a number of offices;
- launching a global Pledge for Parity campaign for International Women's Day, which engaged 890 of our people across 20 countries and 40 locations;
- addressing gender pay gaps through annual pay reviews ; and
- supporting diversity and Women of WorleyParsons networks across 20 local communities, prompting local activities and progress.

CORPORATE RESPONSIBILITY MATERIALITY ASSESSMENT

A corporate responsibility materiality assessment was conducted to prioritize current economic, social and environmental issues that are most important to our business and stakeholders (our people, customers and investors).

Further information on our corporate responsibility materiality assessment and the associated materiality matrix is included in the 2016 Corporate Responsibility Performance Report.

CORPORATE RESPONSIBILITY INDICATORS

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

The Group uses the 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 also measures online training hours.

The Group's corporate responsibility indicators for FY2016 and preceding two years were:

INDICATORS[1]	2016	2015	2014
Contributions by operations[2]	$1.72 million	$2.32 million	$3.09 million
Contributions by personnel members[2]	$0.85 million	$1.56 million	$1.75 million
Volunteer hours by personnel members (community/internal)[2]	26,257 hours	16,302 hours	18,091 hours
TRCFR	0.07	0.12	0.10
LWCFR	0.03	0.01	0.03
Online training hours	19,968 hours	33,774 hours	-[3]

1 Definitions and clarifications

2 For corporate responsibility activities.

3 Not measured.

The Group completed a response for the Carbon Disclosure Project (CDP) for FY2015 which was reported in June 2016. The Group's energy consumption and greenhouse gas emissions were recorded to assist the Group to measure and reduce its energy consumption and to reduce its greenhouse gas emissions. The data collection and analysis stimulated energy and carbon reduction measures in the global energy efficiency program in selected offices. The Company also completed a CDP response in respect of its water use for FY2015.

The Group is in the process of deregistering under the *Australian National Greenhouse and Energy Reporting Act 2007* as the corporate threshold was not exceeded in FY2016 with the sale of Exmouth Power Station.

Our energy target for FY2016 is set at 2.5% reduction of total carbon dioxide equivalents (tCO2-e) against base year FY2014. In FY2015, a reduction of 17% is well ahead of the two year target. Business downsizing and subsequent consolidation of office area have contributed to this reduction.

Data for greenhouse gas emissions and energy consumption for FY2014 and FY2015 were:

	2015		2014	
INDICATORS	PER PERSONNEL MEMBER[1]	TOTAL[2]	PER PERSONNEL MEMBER[1]	TOTAL[2]
Greenhouse gas emissions tCO2-e	2.68	84,091	2.85	101,415
Energy consumption MWh	7.84	246,043	7.18	255,738

1 Personnel include employees and contractors.

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

Last year, the Board set measurable objectives for achieving gender diversity. FY2016 shows encouraging progress, and the Group is focused on improving our female representation with the proportion of women employees within the Group, women in senior executive positions and women non-executive directors to achieve our target. The Group's progress over time is included in the 2016 Corporate Governance Statement and progress towards achieving the objectives in FY2016 is set out in the table below:

MEASURES	OBJECTIVES	2016
Women employees[1]	Increase the proportion of women employees to 30% by 2020	~23%
Women senior executives[2]	Increase the proportion of women senior executives to 25% by 2020	~22%
Women non-executive directors	Increase the number of women non-executive directors to three by 2020	2

1 This includes both the Group's employees and contractors.

2 Senior executives comprise all employees and contractors at the CEO-1, CEO-2, CEO-3 and CEO-4 levels.

ASSURANCE

Independent assurance supports our commitment to transparency and accountability. To provide confidence to our stakeholders in our reporting, Ernst & Young provided limited assurance, in accordance with the ISAE 3000 standard, over selected corporate responsibility performance data in our 2015 Annual Report.

No significant changes have been made to these reporting processes in the 2016 Annual Report. Access the assurance statement.

AWARDS

In July 2015, WorleyParsons retained the status of a 'National Community Partner' with Australian Red Cross. This collaboration is the first of its kind and demonstrates commitment to our communities and support for skilled volunteering. It also showcases our global reach of knowledge, and should position WorleyParsons as an industry leader among our peers in large scale 'pro bono' services, focusing on disaster recovery.

In July 2015, WorleyParsons was listed as 'Australia's 30 Most InDemand Employers: 2015'. WorleyParsons ranked 17 out of 30 and it was the first time that the Company was recognized on LinkedIn's annual list. The rankings are based on user interactions with the company page measuring reach and engagement.

In July 2015, WorleyParsons India was awarded 'Best in Class Corporate Social Responsibility Practice' award for its efforts in a host of skilled volunteering and fundraising activities. The Responsible Business Awards are recognized by the World CSR Congress and World Federation of CSR Professionals and in addition are endorsed by the Asian Confederation of Industries.

In October 2015, WorleyParsons was named the 'Best Global Supplier of 2015' in the category of Exceptional Performance by BASF. The Exceptional Performance award recognizes WorleyParsons' long term commitment to developing a high performance culture and outstanding efforts to deliver high value results for BASF.

In November 2015, WorleyParsons United Kingdom was presented with the prestigious 'Payroll Giving Silver Award 2015' for fostering a culture of philanthropy and committed giving in the workplace by making Payroll Giving available to employees. The National Payroll Giving Excellence Awards showcase the best Payroll Giving schemes in the UK.

In November 2015, WorleyParsons was announced as the winner of the 'Best Year on Year Improvement in Climate Disclosure for 2014-2015' in the Carbon Disclosure Project Climate Leadership Awards.

In December 2015, WorleyParsons Malaysia was awarded the 'Gold HSE Award for the Chemicals sector' by the Malaysian Occupational Health and Safety Practitioners' Association (MOSHPA) for the HSE performance and processes established on the Hibiscus Project. This award from MOSHPA recognizes the significant efforts on the Project to achieve Zero Harm and the exceptional performance of the site management team.

In April 2016, WorleyParsons India was awarded the 'Golden Globe Tigers Summit Award for Community Development' for their contribution and development of five villages in a remote tribal region near Mumbai, Maharashtra, India. The WorleyParsons India team has installed water pumps and tanks, solar panels as a source of renewable energy, refurbished the local school and set up a new E-Learning Center.

In June 2016, WorleyParsons was granted 'Silver Recognition Level in Corporate Social Responsibility' by EcoVadis. The award places the Group in the top 30% of performers evaluated by EcoVadis. As an independent rating agency, EcoVadis provides supplier sustainability ratings for global supply chains.

In June 2016, WorleyParsons achieved a 'Leading' rating in the 2016 research report, Corporate Reporting in Australia: Disclosure of Sustainability Risks among S&P/ASX200 Companies by the Australian Council of Superannuation Investors. The Leading rating is the highest of the five categories and demonstrates to investors that the Company takes investor issues seriously and gives investors valuable information to better inform their investment decision.

CASE STUDIES

The WorleyParsons Foundation, Collaborating with Red Cross on Disaster Recovery Programs

The WorleyParsons Foundation collaborated with Red Cross to integrate our skilled volunteers into their international disaster recovery projects, whereby WorleyParsons has been awarded the status of a 'National Community Partner' with Australian Red Cross.

This collaboration is the first of its kind for the Red Cross and will provide innovative support to its partner organizations. The WorleyParsons Foundation supported two engineers to work on a waste management project in northern Philippines. Collecting and managing waste are very difficult due to the remote location and a lack of infrastructure.

The engineers were supported by a number of remote volunteers that meant that WorleyParsons resources could be utilized for the greater good of disadvantaged communities.

"The WorleyParsons collaboration has been great for Australian Red Cross. The expertise and extra support WorleyParsons has provided has really helped the project progress and they've helped our partners in the Philippines find solutions to this difficult problem." Catherine Harris, International Volunteer Partner, Australian Red Cross.

This collaboration is the first of its kind for the Red Cross.

Advisian Volunteers and Technology Helping Refugees in Kenya, Canada

Seven Advisian employees, led by Principal Geophysicist, Paul Bauman, volunteered their time to find safe groundwater for approximately 185,000 refugees living in the United Nations High Commissioner for Refugees (UNHCR) Kakuma Camp near the borders of Uganda, South Sudan, and Ethiopia.

Using electrical resistivity tomography and seismic refraction surveys, the team located new and safer sources of drinkable groundwater to supply the local community, which are currently being used by the UNHCR to guide their groundwater drilling program. Paul Bauman was awarded with a prestigious Community Service Award by the Association of Professional Engineering and Geoscientists of Alberta.

"The water supply situation is very difficult at the Kakuma Refugee Camp, with most areas receiving 12 to 17 liters of water per person per day and water quality in many areas of the Camp is poor due to elevated fluoride and salt concentrations." Paul Bauman, Advisian Geophysics Technical Director, Canada.

Advisian geophysicist performing an electrical resistivity tomography survey to find new groundwater sources.

The WorleyParsons Academy

The Academy was launched in 2015 to provide learning solutions that develop and enhance our people's core workplace skills and capabilities in the areas of project delivery, business development and leadership.

The Academy provides a blended approach to learning and development through the use of both physical campuses and online presence. The first campus opened in Houston, USA. The facilities feature state-of-the art audio/video functionality, with the ability to 'broadcast' classes to locations around the globe.

The Academy online portal was launched in 2016 and is the one-stop-shop for WorleyParsons development programs. The portal allows access to all course materials, including scheduled courses, on-demand e-learning solutions and recordings by technical experts.

"Developing talent is a core area of focus for our office and we look forward to further training opportunities for our staff and our customers." Matthew Bishop, Managing Director, Oman.

Engineering and project management courses delivered remotely to Oman.

Global Diversity Campaign for International Women's Day 2016

A competition was held for International Women's Day inviting our people to submit a photo of their pledge for gender equality. The competition attracted a large response of inspiring photos and powerful pledges from 40 locations.

Over 890 people in our organization shared their belief in gender parity and made a strong pledge towards achieving this. CEO, Andrew Wood, started the ball rolling by pledging to encourage equal opportunity and remove bias from our workplace.

"Parity is not to compete or rebel against the other gender. It is to attain sameness and to achieve consistent treatment irrespective of gender. Parity can only be achieved through cooperation from both genders. We all have a part to play in sustaining the drive towards our pledge for parity." The Pledge for Parity from the people of the Lagos office, Nigeria.

Parading the street of Lagos with their contribution to the Pledge for Parity.

OPERATING AND FINANCIAL REVIEW

1. OPERATIONS

1.1 OVERVIEW

WorleyParsons is a professional services provider to the resources, energy and industrial sectors. During the financial year ended 30 June 2016 (FY2016), we reported along four business lines of Services, Major Projects, *Improve* and Advisian and three customer sectors, each of which is focused on customers involved in the following activities:

- Hydrocarbons – the extraction and processing of oil and gas;
- Minerals, Metals & Chemicals – the extraction and processing of mineral resources and the manufacture of chemicals;
- Infrastructure – projects related to water, the environment, transport, ports and site remediation and decommissioning; and all forms of power generation, transmission and distribution.

Our customers include multi-national oil and gas, resources and chemicals companies as well as more regionally and locally focused companies, national oil companies and government owned utilities operating in the customer sectors described above. We offer a range of services from small studies to the delivery of mega projects.

The diversity of our business in terms of geography, industry and service offering is a fundamental strength. We operate in 42 countries, with no country individually representing more than 25% of aggregated revenue.

1.2 BUSINESS MODEL

Our business is based on our people providing key services to our customers from within our business lines. We strive to empower our people to support our customers to be successful. We support our people with our business procedures and systems and generate earnings by charging their time spent performing professional services, to our customers.

Aggregated revenue and profit: Our sources of revenue and profit are diversified and revenue and profit are generated from a large number of customers. As a result, we are not dependent on any one of our customers for a significant portion of our revenue or profit. Aggregated revenue excludes revenue that has nil margin (this typically relates to procurement revenue where WorleyParsons undertakes procurement on our customers' behalf with no exposure to financing costs or warranty obligations). We believe the disclosure of revenue attributable to associates provides additional information in relation to the financial position of the Group and include this revenue within aggregated revenue.

Costs: Our two largest costs are: staff costs; and administration costs, which include office lease costs. We also have a significant amount of pass through costs reimbursed by our customers.

Assets and liabilities: The significant items on our balance sheet are mainly project related, such as trade receivables, unbilled contract revenue, provisions and borrowings. We also hold a number of intangible assets generated through previous acquisitions. Our business is not capital intensive. Our customers pay us at longer intervals than our payments of expenses (e.g. staff salaries). This time differential, along with the time from incurring the costs, to invoicing the customer, makes up the majority of our working capital requirements.

1.3 REVIEW OF OPERATIONS

The statutory result for FY2016 was a profit of $23.5 million, compared with a $54.9 million loss in FY2015 that included the recognition of a non-cash impairment of goodwill of $198.6 million (approximately 10% of total goodwill). Underlying net profit after tax (NPAT)[1] was $153.1 million for FY2016, down 37.0% on the previous corresponding period.

Aggregated revenue declined by 18.5%, against a backdrop of ongoing declines in market activity. Sustained low commodity prices and the fall in oil prices have resulted in our customers continuing to reduce capital and operating expenditure.

Aggregated revenue declined across all of our business lines and geographies. Our Infrastructure sector performed well with aggregated revenue essentially flat year on year.

We have been taking action since 2013 to reshape the business to align it with market activity. During FY2016, the low oil price and generally subdued commodity prices across the energy and resources sectors resulted in a further contraction of our customers' capital and operating budgets, project cancellations and deferrals. In that environment, during the financial year we announced a program to reduce our overhead costs by a further $300 million and to strengthen the balance sheet by $300 million. After having taken action to deliver $120 million of annualized savings by February 2016, we commenced the Realize our future transformation program to deliver on our objectives to improve our financial performance. Through this program we achieved a further $80 million of annualized savings taking the total by the end of FY2016 to $200 million of annualized savings.

The actions taken in FY2016 resulted in the recognition of a series of charges related to redundancy, onerous leases, onerous contracts and other restructuring costs in the statutory result.

We now employ 24,500 people and still maintain a presence across 42 countries, compared with 31,400 people across 148 offices at 30 June 2015.

We have secured 85 significant awards this year compared with 105 in FY2015. Backlog at 30 June 2016 is $4.2 billion including $300 million of soft backlog with $2.7 billion relating to FY2017.

Our financial position remains sound with the Company's gearing ratio at 30 June 2016 of 29.2%, in the middle of the target range of 25% to 35%.

The FY2015 segment result and segment margins shown in sections 1.3.1 and 1.3.2 of this review have been restated to reflect the organization of the Group into four business lines, a change to the allocation of information technology charges and treatment of restructuring expenses and associated changed reporting effective 1 July 2015.

The reconciliation of the underlying earnings before interest and tax (EBIT) and underlying NPAT results to the EBIT and NPAT attributable to members of WorleyParsons Limited is shown in the following table.

[1] The directors consider underlying profit information is important to understand the sustainable performance of the Company by excluding selected significant items.

	FY2016 $'M	FY2015 $'M
EBIT	**128.9**	**87.1**
Add: impairment of goodwill	-	198.6
Add: Arkutun-Dagi project settlement costs	-	70.0
Add: staff restructuring costs	76.8	38.3
Add: onerous lease contracts	86.4	20.2
Add: onerous engineering software licenses	14.3	-
Add: other restructuring costs	4.6	3.8
Add: write-down of investments in equity accounted associates	12.1	-
Less: net gain on revaluation of investments previously accounted for as joint operations	(4.5)	-
Less: certain functional currency related foreign exchange gains	(15.9)	-
Underlying EBIT	**302.7**	**418.0**
NPAT attributable to members of WorleyParsons Limited	**23.5**	**(54.9)**
Add: impairment of goodwill	-	198.6
Add: Arkutun-Dagi project settlement costs, post tax	-	49.0
Add: tax arising on reorganization of business in China	-	5.9
Add: staff restructuring costs, post tax	56.3	27.7
Add: onerous lease costs, post tax	63.4	14.1
Add: onerous engineering software licenses, post tax	10.5	-
Add: other restructuring costs, post tax	3.4	2.7
Add: write-down of investments in equity accounted associates	12.1	-
Less: net gain on revaluation of investments previously accounted for as joint operations	(4.5)	-
Less: certain functional currency related foreign exchange gains, post tax	(11.6)	-
Underlying NPAT	**153.1**	**243.1**

THERE ARE THREE MEASURES THAT ARE KEY TO UNDERSTANDING OUR RESULTS:

1. AGGREGATED REVENUE

2. EBIT (EARNINGS BEFORE INTEREST AND TAX)

3. NPAT (NET PROFIT AFTER TAX) ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED

		FY2016 $'M	FY2015 $'M	Comments	Movement
1.	**Aggregated revenue**	5,892.9	7,227.5	We define aggregated revenue as: • our revenue and income calculated in accordance with relevant accounting standards; • plus our share of revenue earned by our associates; and • less procurement at nil margin, net gain on revaluation of investments previously reported as joint operations and interest income.	Our aggregated revenue decreased by 18.5% in FY2016 when compared with that for FY2015, due to several large projects progressing to completion, while potential new project work was cancelled or deferred.
2.	**EBIT**	128.9	87.1	EBIT means earnings before interest and tax.	Our EBIT increased by 48.0% in FY2016 when compared with that for FY2015, due primarily to the benefit of no impairment charge recurring, but offset by higher restructuring charges in FY2016.
3.	**NPAT**	23.5	(54.9)	NPAT means net profit after tax.	Our NPAT increased to $23.5 million in FY2016, compared with a loss of $54.9 million for FY2015, due primarily to the benefit of no impairment charge recurring but offset by higher restructuring charges in FY2016.

1.3.1 BUSINESS LINE PERFORMANCE

SERVICES

The Services business line reported aggregated revenue of $3,437 million and segment result of $252 million (FY2015 restated: aggregated revenue of $4,336 million and segment result of $342 million). The segment margin declined to 7.3% from 7.9%.

Aggregated revenue was lower across all regions due to projects completing or moving into construction, and project deferrals and cancellations. The Middle East operations continued to perform well growing its contribution to the business. Segment margins decreased as the overhead reduction did not keep pace with declining revenues.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	3,436.5	(21)	58	252.0	(26)	7.3
FY2015 (restated)	4,336.2		60	341.9		7.9

MAJOR PROJECTS

The Major Projects business line reported aggregated revenue of $1,281 million and segment result of $109 million (FY2015 restated: aggregated revenue of $1,610 million and segment result of $128 million). The segment margin improved to 8.5% from 7.9%.

Aggregated revenue declined as a result of project completions and other projects moving into construction during financial year 2016. Segment margins increased through the improved performance of our portfolio of major projects offset the decline and the improved margins from WorleyParsonsCord.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	1,281.4	(20)	22	109.1	(15)	8.5
FY2015 (restated)	1,610.4		22	128.0		7.9

IMPROVE

The *Improve* business line reported aggregated revenue of $519 million and segment result of $23 million (FY2015 restated: aggregated revenue of $580 million and segment result of $27 million). The segment margin declined to 4.5% from 4.7%.

Aggregated revenue declined primarily due to reductions in sustaining capital expenditure by oil sands customers. Segment margins declined modestly as overhead reductions partially offset the decline in project activity.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	519.3	(10)	9	23.4	(14)	4.5
FY2015 (restated)	579.6		8	27.3		4.7

ADVISIAN

Advisian became a standalone business line in FY2016. It incorporates the heritage advisory businesses of Evans & Peck, MTG and Digital Enterprise, previously reported under the Development group in FY2015 and the INTECSEA business and consulting personnel and their associated projects transferred from the Services business line. Advisian reported aggregated revenue of $656 million and segment result of $44 million (FY2015 restated: aggregated revenue of $701 million and segment result of $53 million). The segment margin declined to 6.8% from 7.5%.

Aggregated revenue and margin decreases were primarily associated with the decline in the Hydrocarbons consulting business in the Americas and investment associated with development of business in the new energy sector and Digital Enterprise. The Company will continue to invest in this business to build a globally significant consulting and advisory business.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	655.7	(7)	11	44.3	(16)	6.8
FY2015 (restated)	701.3		10	52.7		7.5

1.3.2 SECTOR PERFORMANCE

HYDROCARBONS

The Hydrocarbons sector reported aggregated revenue of $4,267 million, and segment result of $329 million with a margin of 7.7% (FY2015 restated: aggregated revenue of $5,332 million, segment result of $484 million and segment margin of 9.1%). Hydrocarbons' contribution to the Group's aggregated revenue was 72%, slightly down on last year.

Aggregated revenue declined due to projects reaching completion combined with customers' reduced capital and operating expenditure. The refining sub sector revenues increased 2% year on year.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	4,266.9	(20)	72	329.0	(32)	7.7
FY2015 (restated)	5,332.1		74	484.3		9.1

MINERALS, METALS & CHEMICALS

The Minerals, Metals & Chemicals sector reported aggregated revenue of $643 million and segment result of $40 million with a margin of 6.2% (FY2015 restated: aggregated revenue of $904 million, segment result of $47 million and segment margin of 5.1%). Minerals, Metals & Chemicals contributed 11% to the Group's aggregated revenue. Chemicals now represents more than 50% of this sector's contribution.

The Minerals & Metals contribution declined as project activity continued to decrease in line with sustained lower commodity prices. Chemicals also declined as the increased activity in the United States only partially offset lower in activity in China.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	642.5	(29)	11	39.9	(14)	6.2
FY2015 (restated)	903.7		12	46.5		5.1

INFRASTRUCTURE

The Infrastructure sector reported aggregated revenue of $984 million and segment result of $60 million with a margin of 6.1% (FY2015 restated: aggregated revenue of $992 million, segment result of $19 million and segment margin of 1.9%). Infrastructure's contribution to the Group's aggregated revenue was 17%.

The Infrastructure sector aggregated revenue was essentially flat year on year as growth in the Middle East offset declines in Australia. Margins improved primarily due to the resurgence in the power business across renewables, fossil, and nuclear.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2016	983.5	(1)	17	59.9	214	6.1
FY2015 (restated)	991.7		14	19.1		1.9

1.4 SIGNIFICANT CHANGES IN OPERATIONS

From 1 July 2015, we established Advisian, the Group's advisory and consulting arm as a standalone business line after being previously reported under the Development group.

2. FINANCIAL POSITION AND CASH FLOW

2.1 MATTERS RELEVANT TO UNDERSTANDING WORLEYPARSONS' FINANCIAL POSITION

OUR FINANCIAL CAPACITY REMAINS STRONG BASED ON CASH, GEARING AND DEBT POSITIONS.

	FY2016 $'M	FY2015 $'M	Comments	Movement
1. **Operating cash flow**	192.0	251.3	Our operating cash flow comprises the payments we receive from our customers less the amount we pay our suppliers plus related interest and tax paid. In our financial statements, operating cash flow is called net cash inflow from operating activities.	Our operating cash flow for FY2016 represents a high cash conversion rate of 125% of underlying NPAT, an improvement over last year's 103%.
2. **Gearing ratio**	29.2%	28.0%	Our gearing ratio is our net debt divided by the sum of our net debt and our total equity, at the end of the financial year. Refer to Note 12 to the Financial Statements for the calculation of the gearing ratio.	Our gearing ratio increased by 1.2 percentage points in FY2016 when compared with that for FY2015. This ratio is within our gearing target of 25% to 35%.
3. **Debt facility utilization**	57%	59%	Our debt facility utilization is the percentage of our debt facilities that we were using at the end of the financial year.	Our debt facility utilization decreased by 2 percentage points in FY2016 when compared with that for FY2015, due to improvements in cash collection.
4. **Loan, overdraft and lease facilities**	2,182	2,087	Our loan, overdraft lease facilities are the amount of our debt facilities at the end of the financial year.	The amount of our loan, overdraft and lease facilities increased during FY2016, due to foreign exchange translation.

2.2 DIVIDENDS

Our directors resolved not to pay a final dividend. The total dividend with respect to FY2016 is nil cents per share.

2.3 SIGNIFICANT CHANGES IN WORLEYPARSONS' FINANCIAL POSITION

An assessment of asset carrying values was conducted as part of the normal process of finalizing the accounts.

As a result of this assessment, an impairment of investments in associates of $12.1 million was recognized in the FY2016 accounts.

During FY2016, we transferred our South African public infrastructure business and our interest in Cegertec, in Quebec, to assets and liabilities held for sale. These items are not material and so are not reclassified in the Statement of Financial Position.

2.4 FUTURE COMMITMENTS

There are two types of future commitments which do not appear on our balance sheet and are relevant to understanding our financial position:

- operating leases
- operating expenditure commitments.

These future commitments represent approximately 8.9% of our expenses.

In general, we lease the various office buildings from which we operate, rather than owning those buildings. Operating leases refers to those leases.

In addition, we are generally licensed to use software and also lease various items of computer hardware that we use in operating our business, rather than owning the software or computer hardware ourselves. We refer to our commitments to pay software license and equipment lease fees as operating expenditure commitments.

3. BUSINESS STRATEGY, OUTLOOK AND RISKS

3.1 BUSINESS STRATEGY

We develop our business strategy using an iterative process at each of the key levels of our business such that we have:

- a Group strategy
- sector strategies
- business plans to guide the implementation of our sector strategies at a business line level.

Our Group strategy describes markets in which we intend to invest to create sustainable competitive advantage (leading to greater market share and/or higher margins) and deliver on our corporate vision. Our sub sector or regional level strategies are a detailed view of these markets. At the business line level, we translate our sub sector strategies into business plans to deliver on the intent of the sector strategies as applicable to each business line. Our business plans map specific current and near term opportunities or portfolios of opportunities to the strategic themes, to provide clear and tangible targets for the individual business leaders to pursue, win and execute. Overall, our key markets continue to present challenges, including increasing competition and customers delaying committing to new developments. We believe that we took appropriate steps during FY2016 to identify opportunities to realign and position the Group to address these challenging market conditions.

Strategically, our immediate focus is on five strategic themes which are to:

- build a world class consulting and advisory business and dominate the early project phases;
- be the global project management consultant or "PMC" provider of choice;
- build a leading major *Improve* business;
- be the smartest most agile local service provider;
- use the Global Delivery Centers to apply digital technology to revolutionize the delivery of future services.

Further details on the five strategic themes can be found on pages 10 and 11 of this Annual Report.

In the current market conditions, our priorities for the next 12 months are to:

- protect revenue by winning the right work;
- achieve the overhead reduction target;
- strengthen the balance sheet.

3.2 OUTLOOK

The Company expects trading conditions to remain challenging, leading to continued pressure on aggregated revenue. The Company is focused on protecting revenue and gross margin, achieving further overhead reductions and strengthening the balance sheet. The benefit of the cost reductions in the first half are expected to be reflected in second half earnings.

3.3 RISKS

Achievement of our medium and long term prospects could be impacted by a number of risks. Those risks could, individually or together, have an adverse effect on achievement of those prospects.

Set out below is an overview of a number of key risks that we face in seeking to achieve those prospects. The risks are not set out in any particular order and do not comprise every risk we encounter in conducting our business or every risk that may affect the achievement of those prospects. Rather, they are the most significant risks that we believe we should be monitoring and seeking to mitigate or otherwise manage at this point in time.

The risk management measures set out below are a sample of the steps we take to seek to mitigate the various risks. However, the risk exists that we may fail to implement or fully implement those steps or that they may be entirely or partly ineffective.

3.3.1 HEALTH AND SAFETY RISK

Our business sometimes requires our people and those people we manage to be in high risk geographies, travel long distances by road, be in close proximity to complex operating equipment and be engaged in construction and operating activities.

There is the risk of injury to, or the loss of life of, our people and those people we manage.

To seek to mitigate this risk, we have a OneWay™ framework which includes the expectations that every one of our people and those people we manage must meet with respect to health and safety. OneWay™ expectations are supported by our business processes and we use them in assessing our performance.

3.3.2 REPUTATION RISK

We rely on the strength of our reputation to help win and retain work, attract and retain employees, secure lines of credit and gain access to capital.

There is a risk that our reputation could be damaged including through unethical business practices, poor project outcomes, health and safety incidents and not meeting the market's expectations of our financial performance.

We use a range of strategies and actions to seek to mitigate this risk including requiring all of our people to undertake various training including on the Code of Conduct. In addition, other mitigating steps, particularly those referred to in health and safety risk, project delivery risk, and internal reporting risk are relevant to seek to preserve our reputation.

3.3.3 OPERATING RISKS

Contract management risk: Effective contract management seeks to ensure, among other things, appropriate project and customer selection and the effective management of customer expectations.

There is a risk that we will fail to manage our contracts appropriately and, as a result, find ourselves in disputes with our customers regarding matters including payment of our fees and liability for costs and delays. Those disputes may be costly, result in liability and absorb significant amounts of management time.

We seek to mitigate this risk by implementing project delivery processes and procedures, providing training and development to our project staff and appropriate involvement of our legal staff in the contract process.

Demand risk: The markets for our services are exposed to volatile and cyclical commodity prices. Those prices impact demand for our customers' goods and services and, in particular, our customers' preparedness to fund capital and operating expenditure. This may markedly impact demand for our services such that, over relatively short periods, we experience rapid and/or sustained changes in that demand.

Responding to such changes may lead to reduced revenue and increased costs. Our overheads may also need to change such that they are efficient relative to our revenue and business size.

We have a number of strategies and processes in place to seek to mitigate this risk including maintaining our diversified business portfolio, retaining a proportion of our people on short notice contracts, seeking contractual protection for project demobilization, sharing work across locations and undertaking ongoing overhead efficiency reviews and rationalizing overhead where necessary.

Project delivery risk: Our ability to achieve superior shareholder returns is substantially influenced by our ability to deliver significant and/or strategically important projects to our customers' satisfaction.

Project delivery risk is the risk that we fail to do so. The consequences may include fewer awards of significant projects.

To seek to mitigate this risk, we use regularly-reviewed project delivery systems and processes and project peer reviews. We have established the WorleyParsons Academy to further enhance the capability of our people in project management and project delivery.

3.3.4 FINANCIAL RISKS

Liquidity risk: Our ability to maintain an appropriate level of liquidity, particularly through timely conversion of unbilled contract revenue to cash, impacts returns to shareholders.

There is a risk that given current market conditions, our customers delay paying us or are unwilling or unable to do so. We seek to mitigate this risk by focusing on effective working capital management and closely monitoring both cash collection targets and measures of debtor conversion.

Internal reporting risk: We operate a complex business which provides a wide range of services in a dynamic environment, while straddling multiple jurisdictions and regulatory frameworks.

There is a risk that our internal reporting systems may not accurately reflect our business performance or prospects and may therefore result in us not meeting forecasts provided to the market, thereby adversely affecting investor confidence and the Company's share price.

We seek to mitigate this risk by reviewing and enhancing those systems and seeking to adapt them to our dynamic business environment.

3.3.5 STRATEGIC RISKS

Strategy risk: We operate in a highly competitive and dynamic environment. As a result, our ability to develop and implement effective strategies will be a significant ongoing contributor to our success.

Strategy risk is the risk of failing to develop and implement effective strategies. Such failure may, over time, lead to a loss of market share, and negatively impact our financial performance.

To seek to mitigate this risk, we have an annual strategy development process utilizing both internally and externally supplied market data and business knowledge.

The strategy involves five strategic themes executed as projects and described in section 3.1 of this Operating and Financial Review.

3.4 UNREASONABLE PREJUDICE

We have omitted from the review information regarding: (1) our internal budgets and internal forecasts; and (2) details of our business strategy, on the basis that if we had included that information, doing so would have been likely to result in unreasonable prejudice to us.

3.5 FORWARD LOOKING STATEMENTS

This review contains forward looking statements, including statements of current intention, opinion and expectation regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this review, they are, by their nature, not certain and are susceptible to change. WorleyParsons makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward looking statements (whether express or implied), and except as required by applicable law or the Australian Securities Exchange Listing Rules, disclaims any obligation or undertaking to publicly update such forward looking statements.

FINANCIAL REPORT

For the financial year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature; or
- it is important for understanding the results of the Group.

The notes are organized into the following sections:

Key Numbers

Provide a breakdown of individual line items in the financial statements that the directors consider the most relevant and summarizes the accounting policies relevant to understanding these line items.

Capital

Provide information about the capital management practices of the Group and shareholder returns for the year.

Risk

Disclose the Group's exposure to various financial risks, the potential impact on the Group's financial position and performance and the Group's management of these risks.

Structure

Define the different aspects of the Group structure.

Unrecognized Items

Provide information about items that are not recognized in the financial statements but could potentially have a significant impact on the Group's financial position and performance.

Other

Notes required by Australian Accounting Standards and/or other regulatory pronouncements.

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 2016.

PRINCIPAL ACTIVITIES

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

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

DIRECTORS

The following persons were directors of the Company during the financial year. All were directors for the full financial year. All remain directors at the date of this report.

John Grill (Chairman)

Ron McNeilly (Deputy Chairman and Lead Independent Director)

Larry Benke

Jagjeet Bindra

Erich Fraunschiel

John M Green

Christopher Haynes

Catherine Livingstone

Wang Xiao Bin

Andrew Wood (Chief Executive Officer)

DIRECTORS' NUMBER OF SHARES AND PERFORMANCE RIGHTS

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	NUMBER OF PERFORMANCE RIGHTS
John Grill	25,372,173	–
Ron McNeilly	418,984	–
Larry Benke	1,133,383	–
Jagjeet Bindra	35,650	–
Erich Fraunschiel	198,755	–
John M Green	891,869	–
Christopher Haynes	11,945	–
Catherine Livingstone	13,000	–
Wang Xiao Bin	11,000	–
Andrew Wood	849,065	467,476

Further details in relation to the rights issued by the Company are set out in the Remuneration Report and notes 14(C) and 32 to the financial statements.

DIRECTORS' MEETINGS

The number of Board and standing Board Committee meetings held during the financial year and the number of meetings attended by each of the Company's directors is set out below:

	BOARD		AUDIT AND RISK COMMITTEE		NOMINATIONS COMMITTEE		REMUNERATION COMMITTEE		HEALTH, SAFETY AND ENVIRONMENT COMMITTEE	
DIRECTORS	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	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
John Grill	8	8			6	6	9	9	6	6
Ron McNeilly	8	8	6	6	6	6	9	9	6	6
Larry Benke	8	7	6	6	6	6			6	6
Jagjeet Bindra	8	8			6	6	8	8	4	4
Erich Fraunschiel	8	8	6	6	6	6				
John M Green	8	8			6	6	9	9		
Christopher Haynes	8	8			6	6			6	6
Catherine Livingstone	8	8	6	4	6	5				
Wang Xiao Bin	8	7	6	5	6	5				
Andrew Wood	8	8								

In addition to those meetings, four special purpose Board Committee meetings were held during the financial year. The Board also met informally during the financial year by way of a Board briefing on seven occasions.

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

The independent non-executive directors met separately on six occasions, during the financial year.

DIVIDENDS – WORLEYPARSONS LIMITED

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

	2016 $'M	2015 $'M
Final ordinary dividend for 2015 of 22.0 cents per ordinary share paid on 30 September 2015 (unfranked)	54.4	–
Interim ordinary dividend for 2015 of 34.0 cents per ordinary share paid on 2 April 2015 (2.7 cents franked)	–	84.1
Final ordinary dividend for 2014 of 51.0 cents per ordinary share paid on 30 September 2014 (10.5 cents franked)	–	125.7
Total dividends paid	54.4	209.8

Since the end of the financial year, the directors have resolved not to pay a dividend (2015: 22.0 cents per share, unfranked).

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 Operating and Financial Review, which is incorporated into, and forms part of, this Directors' Report. A summary of the consolidated revenue and results in respect of the current financial year and previous financial year are as follows:

	CONSOLIDATED 2016 $'M	CONSOLIDATED 2015 $'M
Revenue and other income	7,790.1	8,757.5
Depreciation	(25.1)	(24.6)
Amortization	(65.0)	(85.4)
Write down of investment in equity accounted associate	(12.1)	–
Impairment of goodwill	–	(198.6)
Earnings before interest and tax (EBIT)	128.9	87.1
Net interest expense	(60.0)	(55.4)
Profit before income tax expense	68.9	31.7
Income tax expense	(20.3)	(70.7)
Statutory profit/(loss) after income tax expense	48.6	(39.0)
Non-controlling interests	25.1	15.9
Statutory profit/(loss) after income tax expense attributable to members of WorleyParsons Limited:	**23.5**	**(54.9)**
Add: Staff restructuring costs	76.8	38.3
Add: Onerous lease contracts	86.4	20.2
Add: Other restructuring costs	4.6	3.8
Add: Onerous engineering software licenses	14.3	–
Add: Write-down of investment in equity accounted associates	12.1	–
Add: Impairment of goodwill	–	198.6
Add: Arkutun-Dagi project settlement costs	–	70.0
Add: Tax arising on reorganization of business in China	–	5.9
Less: Certain functional currency related foreign exchange gains	(15.9)	–
Less: Net gain on revaluation of investments previously accounted for as joint operations	(4.5)	–
Less: Tax on Arkutun-Dagi settlement costs	–	(21.0)
Less: Net tax expense on staff and other restructuring costs, onerous lease contracts, onerous engineering software licences and certain functional currency related foreign exchange gains	(44.2)	(17.8)
Underlying profit after income tax expense attributable to members of WorleyParsons Limited[1]	**153.1**	**243.1**

[1] The directors consider underlying profit information is important to understand the sustainable performance of the Company by excluding selected significant items. The underlying profit for FY2015 has been restated to include staff restructuring costs, onerous lease contracts and other restructuring costs for comparability with the current year's presentation.

	CONSOLIDATED 2016 $'M	CONSOLIDATED 2015 $'M
Revenue and other income	7,790.1	8,757.5
Less procurement revenue at nil margin (including share of revenue from associates)	(2,226.4)	(2,038.0)
Add: share of revenue from associates	342.5	514.6
Less: net gain on revaluation of investments previously accounted for as joint operations	(4.5)	–
Less: interest income	(8.8)	(6.6)
Aggregated revenue[2]	**5,892.9**	**7,227.5**

	AGGREGATED REVENUE 2016 $'M	AGGREGATED REVENUE 2015 $'M	EBIT 2016 $'M	EBIT 2015 $'M	EBIT MARGIN 2016 %	EBIT MARGIN 2015 %
Services	3,436.5	4,336.2	252.0	341.9	7.3	7.9
Major Projects	1,281.4	1,610.4	109.1	128.0	8.5	7.9
Improve	519.3	579.6	23.4	27.3	4.5	4.7
Advisian	655.7	701.3	44.3	52.7	6.8	7.5
	5,892.9	7,227.5	428.8	549.9	7.3	7.6
Global support costs[3]			(98.6)	(103.4)		
Interest and tax for associates			(8.3)	(6.7)		
Amortization of acquired intangible assets			(19.2)	(21.8)		
Underlying EBIT[1]			**302.7**	**418.0**	**5.1**	**5.8**

Aggregated revenue was $5,892.9 million, a decrease of 18.5% on the prior financial year. Underlying EBIT of $302.7 million, was down 27.6% from the prior financial year result of $418.0 million.

The underlying EBIT margin on aggregated revenue for the Group, decreased to 5.1% compared with 5.8% in 2015. After tax, the members of WorleyParsons Limited earned an underlying net margin, on aggregated revenue of 2.6%, compared to the 2015 net margin of 3.4%.

The underlying effective tax rate 26.6% compared with 28.6% in 2015.

The Group retains a strong cash position of $373.1 million (2015: $381.9 million) with gearing (net debt/net debt plus total equity) at financial year end of 29.2% (2015: 28.0%).

Operating cash inflow for the period was $192.0 million, compared to $251.3 million in 2015. Cash outflow from investing activities was $79.9 million (2015: $188.9 million).

[2] Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement revenue at nil margin, interest income and net gain on revaluation of investments previously accounted for as joint operations. 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.

[3] Excluding global support related restructuring costs (refer note 3 to the financial statements).

EARNINGS/(LOSS) PER SHARE

	2016 CENTS	2015 CENTS
Basic earnings/(loss) per share	9.5	(22.2)
Diluted earnings/(loss) per share	9.5	(22.2)

Underlying basic earnings per share was 61.8 cents per share, a decrease of 37.2% from the previous financial year result of 98.4 cents per share.

Underlying basic earnings per share is determined by dividing the underlying profit attributable to members of WorleyParsons Limited (as set out on page 26) by the weighted average number of ordinary shares outstanding as at 30 June 2016 (as set out in note 16 to the financial statements).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Effective 1 July 2015, the Group established its advisory and consulting business, Advisian, as an additional business line. As a result, the business operations are managed and reported by the following business lines: Services, Major Projects, *Improve* and Advisian. Changes in business lines reporting also included, among other changes, the Group's Canadian construction and fabrication business Cord now being reported as a part of Major Projects. In addition, during FY2016, a fully-costed information technology model was introduced which resulted in transition of selected costs from global support costs to each of the operating business lines. This represents a change to the operating segments reported in the previous corresponding period. The previously reported segment results for the year ended 30 June 2015 have been restated to be comparable with the revised segmentation approach as required by AASB 8 *Operating Segments*.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors have resolved not to pay a final dividend (2015: 22.0 cents per share, unfranked).

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The likely developments in the Group's operations in future financial years and the expected results of those operations are set out in section 3 of the Operating and Financial Review on page 22.

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 and to the work it carries out. 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.

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 fees for non-audit services provided by the auditor amounted to $931,622.

The Board has adopted a policy governing the provision of non-audit services by the auditor. 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 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:

Building a better working world

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

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

Auditor's Independence Declaration to the Directors of WorleyParsons Limited

As lead auditor for the audit of WorleyParsons Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WorleyParsons Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

S J Ferguson
Partner
24 August 2016

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2016 may be accessed from the Company's website at http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

CHAIRMAN AND NON-EXECUTIVE DIRECTOR – CHIEF EXECUTIVE OFFICER AND DIRECTOR FROM LISTING IN NOVEMBER 2002 UNTIL OCTOBER 2012 AND DIRECTOR OF THE COMPANY BEFORE LISTING AND ITS PREDECESSOR ENTITIES FROM 1971
COUNTRY OF RESIDENCE – AUSTRALIA

John is Chairman of the Board and Chairman of the Nominations Committee and a member of the Remuneration Committee and Health, Safety and Environment Committee. He has over 40 years' experience in the resources and energy industry, starting his career with Esso Australia. In 1971, he became Chief Executive of Wholohan Grill and Partners, the entity that ultimately became WorleyParsons Limited. This specialized consulting practice acquired the business of Worley Engineering Pty Limited in Australia in 1987. It listed on the Australian Securities Exchange (ASX) in 2002 as Worley Group Limited following a restructuring of that company. In 2004, Worley Group Limited acquired Parsons E&C Corporation, a United States-based global project services company, and changed its name to WorleyParsons Limited. The Group then acquired the Colt Group in Canada in 2007, substantially increasing its capability in the upstream and downstream components of oil sands. John has personal expertise in every aspect of project delivery in the resources and energy industry. He has strong relationships with the Group's major customers and was closely involved at board level with the Group's joint ventures. John was awarded an honorary doctorate by The University of Sydney in 2010 in recognition of his contribution to the engineering profession. He was appointed an Officer of the Order of Australia in 2014 for distinguished service to engineering and to business, to the minerals, energy and power supply industries and as a supporter of advanced education and training. John is Chairman of Neuroscience Research Australia.

RON MCNEILLY BCOM, MBA, FCPA, FAICD

DEPUTY CHAIRMAN AND LEAD INDEPENDENT DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002
COUNTRY OF RESIDENCE – AUSTRALIA

Ron is Deputy Chairman and Lead Independent Director of the Board and was previously Chairman of the Board. He is a member of the Audit and Risk Committee, Nominations Committee, Remuneration Committee and Health, Safety and Environment Committee. Ron has over 30 years' experience in the resources industry. He joined BHP Billiton Limited in 1962 and 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 a former Deputy Chairman of BlueScope Steel Limited (previously BHP Steel). He 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	7 April 2015

LARRY BENKE BSC ENG (HONS)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2010
COUNTRY OF RESIDENCE – CANADA

Larry joined the Board as a non-executive director on 1 July 2010 and is a member of the Audit and Risk Committee, Nominations Committee and Health, Safety and Environment Committee. 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 Group and Managing Director of WorleyParsons Canada until his retirement in 2010. He successfully led Colt through a period of substantial growth and expansion which continued with the integration of the company into the Group's Canada business. Larry is Chairman of Next Hydrogen, a manufacturer of advanced electrolyzers for hydrogen production. He 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 Airport. He is also a director of Cervus Equipment Corporation, a Toronto Stock Exchange listed company in the business of acquiring and operating agricultural, transportation and construction equipment dealerships. Larry graduated from the University of Alberta in 1973 with a Bachelor of Science in Electrical Engineering (Honors).

JAGJEET BINDRA BTECH (CHEME), MS (CHEME), MBA (HONS)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2015
COUNTRY OF RESIDENCE – UNITED STATES

Jagjeet (Jeet) was appointed to the Board on 1 July 2015. He is Chairman of the Remuneration Committee and a member of the Nominations Committee and Health, Safety and Environment Committee. Jeet has over 35 years' experience in the global resources and energy industry including 32 years in senior leadership roles within the Chevron Group of Companies, retiring from Chevron as President of Chevron Global Manufacturing in 2009. The breadth of his executive experience extends into oil and gas, chemicals, refinery engineering and operations, design and construction, project management, engineering technology and strategic and business planning. He also has extensive public company board experience and is currently a member of the board of Edison International/Southern California Edison Company and LyondellBasell Industries N.V., both publicly listed companies on the New York Stock Exchange. He was formerly Managing Director and Chief Executive Officer of Caltex Australia Limited and a director of Broadspectrum Limited, both publicly listed companies on the ASX at the time. Jeet is a chemical engineering graduate of the Indian Institute of Technology in Kanpur, India and holds a Master of Science degree in Chemical Engineering from the University of Washington and an MBA degree from Saint Mary's College of California.

ERICH FRAUNSCHIEL BCOM (HONS), FCPA, FAICD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MARCH 2003
COUNTRY OF RESIDENCE – AUSTRALIA

Erich is Chairman of the Audit and Risk Committee and a member of the Nominations Committee. He is Chairman of BWP Management Limited, the responsible entity of the BWP Trust, an Australian real estate investment trust listed on the ASX. 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. Since 2002, he has served as a non-executive director on the boards of several listed and unlisted companies.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
BWP Trust	Non-executive director	1 February 2015	n/a
	Chairman	2 December 2015	n/a

JOHN M GREEN BJURIS/LLB, FAICD, SFFIN

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002

COUNTRY OF RESIDENCE – AUSTRALIA

John is a member of the Nominations Committee and Remuneration Committee. He is a company director, a business writer and a novelist. John is Deputy Chairman of QBE Insurance Group Limited and a non-executive director of The Centre for Independent Studies. John is co-founder of book publisher, Pantera Press. He was previously an investment banker at Macquarie Bank, as an executive director. His career before banking was in law, including as a partner at two major law firms.

Australian listed company directorships

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

CHRISTOPHER HAYNES OBE FRENG, BSC (HONS), DPHIL, CENG, FIMECHE, FIE AUST

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JANUARY 2012

COUNTRY OF RESIDENCE – UNITED KINGDOM

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 a non-executive director of Woodside Petroleum Limited and Honorary President of the Energy Industries Council, UK. 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 also a Fellow of the Institution of Engineers, Australia. Chris 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), HON DBUS (UTS), HON DSC (UOW), HON DLITT (SYD), FCA, FAICD, FTSE

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2007

COUNTRY OF RESIDENCE – AUSTRALIA

Catherine joined the Board on 1 July 2007 and is a member of the Audit and Risk Committee and Nominations Committee. She is a director of the Commonwealth Bank of Australia, Saluda Medical Pty Limited and the George Institute for Global Health. Catherine is also the President of the Business Council of Australia and the President of the Australian Museum Trust. She was Chairman of Telstra Corporation Limited from May 2009 to April 2016 and of CSIRO from 2001 to 2006. Catherine has also served on the boards of Macquarie Bank Limited, Macquarie Group Limited, Goodman Fielder Limited and Rural Press Limited. She was the Managing Director of Cochlear Limited from 1994 to 2000, taking it through to an initial public offer in 1995. In 2003, Catherine was awarded the Centenary Medal for service to Australian Society in Business Leadership and in 2008 she 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 (Honors) 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
Commonwealth Bank of Australia	Non-executive director	1 March 2016	n/a
Telstra Corporation Limited	Non-executive director	30 November 2000	27 April 2016
	Chairman	8 May 2009	27 April 2016
Macquarie Group Limited	Non-executive director	30 August 2007	25 July 2013
Macquarie Bank Limited	Non-executive director	19 November 2003	25 July 2013

WANG XIAO BIN BCOM, CPA, GDIP APPLIED FINANCE AND INVESTMENT

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2011

COUNTRY OF RESIDENCE – HONG KONG, CHINA

Xiao Bin was appointed to the Board on 1 December 2011 and is a member of the Audit and Risk Committee and 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 the Securities Institute of Australia (now Finsia) and a Bachelor of Commerce from Murdoch University in Australia.

ANDREW WOOD BENG, GDIP FIN MGMT, GDIP LAB RELATIONS, FIE AUST

CHIEF EXECUTIVE OFFICER – EXECUTIVE DIRECTOR SINCE OCTOBER 2012

COUNTRY OF RESIDENCE – AUSTRALIA

Andrew was appointed as Chief Executive Officer effective 23 October 2012. With a tenure of over 22 years with the Group, and over 35 years' experience in the resources and energy industry, Andrew has extensive knowledge across the Group. His previous roles include Group Managing Director – Finance/CFO responsible for Group-wide direction and support to the business functions of finance, information management, internal procurement and communications, legal and risk; Managing Director for the Australia/New Zealand region; and Managing Director of Mergers and Acquisitions, overseeing 15 business acquisitions including Parsons E&C Corporation in November 2004 and the Colt Group in March 2007. He was also responsible for the Group's early expansion into Thailand and the Middle East, Canada and Chile in his capacity as Managing Director for International Operations. Andrew holds a Bachelor of Engineering and graduate diplomas in Financial Management and Labour Management Relations. He is a Fellow of the Institution of Engineers, Australia.

PETER JANU BEC, LLB, CA, FGIA

COMPANY SECRETARY AND GENERAL COUNSEL CORPORATE – APPOINTED OCTOBER 2008

Peter joined WorleyParsons in 2008 in his current role. He is responsible for corporate governance for the Board, and the senior executive team. He is also responsible for legal and governance matters relevant to the listed entity, its capital structure, and its regulatory obligations. Peter's specific group accountabilities include continuous disclosure, trade sanctions and compliance with anti-bribery laws. Peter has a background in corporate taxation, project finance, legal, governance and company secretary roles. He has previously worked in the professional services, investment banking, and construction and mining services sectors. Peter holds degrees in Law and Economics from The University of Sydney and is a Chartered Accountant and a Fellow of the Governance Institute of Australia.

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 ASIC Corporations Instrument 2016/191 (Rounding in Financial /Directors' Reports) 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 Instrument 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 2016 (FY2016). 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.

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders

As the new Chairman of the Remuneration Committee, I am pleased to present the WorleyParsons Remuneration Report for the financial year ended 30 June 2016.

I would like to reaffirm that the Remuneration Committee is guided by the Company beliefs which aim to pay our executives competitively and based upon their contribution to the success of the business. This is explained further on page 34.

To provide shareholders with a clearer picture of our approach to remuneration and an improved reading experience, we have made a number of changes to our Remuneration Report this year, including the introduction of a new section in the report which contains key shareholder questions and answers, on pages 32-33.

KEY MANAGEMENT PERSONNEL CHANGES IN FY2016

There were a number of changes to Key Management Personnel (KMP) positions during the year, through new hire, internal promotion and retirement. These are detailed in section 1 of the report.

REMUNERATION OUTCOMES IN FY2016

Challenging conditions during FY2016 resulted in a decision being made to make no payment of short term incentives through the cash portion of the Combined Incentive to Executives. A grant of Share Price Performance Rights (SPPRs) was made during the year following the introduction of changes to the equity portion of the Combined Incentive Plan. The SPPRs provide Executives with a clear goal to increase the Company's share price, increase motivation and retention of Executives and ensure we remain competitive in our remuneration practices. The outcome of the performance hurdles for the Long Term Incentive (LTI) Plan once again resulted in nil vesting as neither of the two equally-weighted hurdles achieved the minimum performance requirements.

REMUNERATION FOR FY2017

A review of Executive pay was completed, with particular attention given to the at risk component within the pay mix and alignment with our external peers. We have made no increases in Executives' Fixed Pay for FY2017. The Chief Executive Officer (CEO) has opted to retain his lower Fixed Pay following his request to reduce this by 10% from 1 July 2015.

For the fifth year, no changes were made to Non-Executive Directors' fees for FY2017. The Chairman has agreed to forgo his fee for FY2017.

The LTI Plan has not achieved the required performance hurdles for the last four years, this demonstrates the alignment of our Executive remuneration outcomes with shareholder returns. During FY2017, we will review the LTI Plan for FY2018 to ensure that it will motivate our Executives to deliver value to our shareholders over the long term. For FY2017, the LTI Plan will retain the relative Total Shareholder Return (TSR) hurdle as 50% of the FY2017 grant with a revision to the comparator group to reflect the Company's current global competitors (see page 39). Given the importance of delivery of the Company's Realize our future strategy and the role that Executives will play in leading its implementation, the remaining 50% of the FY2017 grant will be subject to strategic performance hurdles. These performance hurdles will be subject to the achievement of cost reduction and net debt to EBITDA targets measured at the end of FY2018, both of which are key to the delivery of the strategy. A further two year restriction period will apply on the shares following the measurement of the targets. Details of performance against the targets will be disclosed retrospectively due to the commercially sensitive nature of the targets.

Lastly, I would like to highlight the change in composition of the Remuneration Committee from August 2016, so that it comprises myself, John Grill and Christopher Haynes. My thanks to Ron McNeilly for his contribution as Remuneration Committee member and John Green for his leadership as Chairman of the Remuneration Committee.

We hope that you will find the new format of the Remuneration Report useful, and welcome the views of shareholders on any of the items discussed within the report.

Kind regards

J. S. Bindra

Jeet Bindra

Chairman, Remuneration Committee

THE REMUNERATION REPORT IS PRESENTED IN FIVE SECTIONS:

1. REMUNERATION IN BRIEF

KEY SHAREHOLDER QUESTIONS

QUESTION	ANSWER	DETAILS
How is performance reflected in the remuneration of Executives in FY2016?	The outcomes of Executives' remuneration for FY2016, reflect the financial results of the Company: • zero Fixed Pay increases; • zero cash payments through the Combined Incentive Plan; and • nil vesting outcomes for LTI.	See page 40
Have any changes been made to the remuneration of the Non-Executive Directors (NEDs)?	For the fifth consecutive year, there have been no increases to Non-Executive Director annual fees. In addition, Mr Grill agreed to a further temporary decrease in his Chairman fee for FY2016 and has waived his fee for FY2017.	See page 43
What changes have been made to remuneration components during FY2016?	As detailed in the 2015 Remuneration Report, we made amendments to the Combined Incentive Plan for FY2016 in order to increase our competitiveness in our remuneration versus that of our peers while retaining short term cash incentives and medium term deferred equity. We have sought to drive a performance culture through an increase in our incentives for outperformance and build the equity interests of our Executives to be in alignment with our shareholders' interests. The cash portion of the Combined Incentive focuses on the achievement of financial and non-financial Key Performance Indicators (KPIs). The equity portion provides greater certainty of growth in Executive shareholdings through the SPPRs, with vesting outcomes linked to share price.	See page 37
Are there provisions in place for clawback of incentives?	Yes, the Company maintains a Clawback/Malus provision within both the Combined Incentive Plan and the LTI Plan.	See page 36
Are there minimum shareholding requirements in place for the KMP?	Yes, 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. NEDs are required to build a holding equivalent in value to their annual fee. The minimum shareholding requirements are assessed each year.	See pages 36, 43 and 46
FIXED PAY		
Has Executives' Fixed Pay been reviewed in FY2016?	Yes, a review was completed during FY2016 which resulted in no increases to Fixed Pay for our Executives during the year. We are comfortable that the Executives remain competitive against the external market. It should also be noted that the CEO requested a 10% reduction in his Fixed Pay from 1 July 2015 and this will continue into FY2017.	See page 36

COMBINED INCENTIVE PLAN		
How is the Combined Incentive Plan delivered to Executives?	The Combined Incentive Plan is delivered in both cash (two thirds) and equity (one third). The cash portion is linked to the achievement of KPIs. The equity portion is provided as an annual allocation of equity through SPPRs.	See page 37
How do the Share Price Performance Rights (SPPRs) work?	The equity portion of the Combined Incentive Plan is an annual grant of performance rights with a two year performance period. The number of actual shares the performance rights convert into depends upon the share price at the end of the performance period. A share price lower than 50% of the original grant price will result in zero SPPRs vesting; should the share price more than double the original grant price, a maximum of 200% of the number of rights will vest. In between half and double, the rights vest on a proportionate basis. SPPRs provide strong alignment to shareholders' interests and use share price as the performance hurdle. It will motivate our Executives to take action that results in enhanced shareholder return.	See page 38
What were the Combined Incentive Plan outcomes this year?	The FY2016 financial outcomes have resulted in zero cash payments being made to the Executives under the cash component of the Combined Incentive Plan. SPPRs have been granted during FY2016, in accordance with the equity portion of the Combined Incentive Plan, which remain subject to the share price performance condition until the end of the two year vesting period. The amount granted is calculated as one third of the Executive's Combined Incentive target.	See page 37
LTI PLAN		
How has the LTI Plan performed this year?	As a result of not achieving the required minimum, there will be zero vesting of the LTI awards.	See page 41
What are the performance hurdles for the LTI Plan?	There are two equally-weighted performance hurdles for the LTI Plan, relative Total Shareholder Return (TSR) and Earnings Per Share (EPS).	See page 39
How long is the performance period for the LTI Plan?	The performance period is four years.	See page 39
Does the LTI Plan allow for retesting?	No, there is no retesting of the LTI for Executives.	See page 41
Does an Executive receive dividends on the unvested LTI?	No, there are no dividends paid on the unvested LTI.	See page 40
Have there been any changes to the LTI Plan this year?	No changes have occurred for existing LTI grants.	See page 39
Are there any LTI Plan changes planned for FY2017?	Yes, following a review of the existing comparator group for our relative TSR performance hurdle (50% of the grant), future grants will have a slightly varied comparator group aligned to our current competitive landscape. The focus of Executives on the delivery of the Company's 'Realize our future' strategy and leading the change will be achieved through the provision of strategic performance rights (50% of the grant). These performance hurdles will be subject to the achievement of cost reduction and net debt to EBITDA targets measured at the end of FY2018, both of which are key to the delivery of the strategy. A further two year restriction period will apply on the shares following the measurement of the targets. Details of performance against the targets will be disclosed retrospectively due to the commercially sensitive nature of the targets. During FY2017, we will review the LTI Plan performance hurdles for FY2018 grants to ensure the motivational value of this portion of our Executives' remuneration is effective into the future.	See page 39

KMP COVERED IN THIS REPORT

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 FY2016 in the positions noted below. The use of the term "Executives" throughout this report refers to the Executives listed. These Executives in addition to the NEDs listed on page 43 of the Annual Report, comprised the KMP of the Company for FY2016, as defined under the Accounting Standards.

NAME	POSITION	COUNTRY OF RESIDENCE	KMP DURATION
Andrew Wood	Chief Executive Officer	Australia	
Filippo Abba	Group Managing Director – *Improve* and Major Projects	United Kingdom	
Robert (Chris) Ashton	Regional Managing Director – Europe, Africa & Middle East	United States	1 January 2016 (commenced)
Dennis Finn	Group Managing Director/Chief Executive Officer, Advisian	United Kingdom	1 July 2015 (commenced)
Thomas Honan	Group Managing Director Finance/CFO	Australia	1 December 2015 (commenced)
Denis Lucey	Regional Managing Director – Asia Pacific	Indonesia	1 January 2016 (commenced)
Christopher Parker[1]	Regional Managing Director – Americas	United States	1 January 2016 (commenced)
Simon Holt[2]	Chief Financial Officer	Australia	1 December 2015 (ceased)
David Steele[3]	Group Managing Director – Services	Australia	1 January 2016 (ceased)

1 Mr Parker was KMP for FY2015, ceased to be KMP on 30 June 2015 and was reinstated on 1 January 2016.
2 Mr Holt ceased to be KMP on 1 December 2015 and ceased employment on 11 February 2016.
3 Mr Steele ceased to be KMP on 1 January 2016 when he moved to another role prior to his retirement on 30 June 2016.

2. REMUNERATION GOVERNANCE FRAMEWORK

GUIDING REMUNERATION PRINCIPLES

The guiding principles for executive remuneration are driven from the Company beliefs. The beliefs guide our actions, making it clear what we are accountable for and how we achieve success:

COMPANY BELIEFS

- DELIVER WHAT WE PROMISE
- ZERO HARM
- PRUDENTLY CONTAIN COST AND ELIMINATE WASTE
- BUILD ENDURING CUSTOMER RELATIONSHIPS
- DEVELOP AND REWARD TEAMS WHO DELIVER ON CUSTOMER EXPECTATIONS

EXECUTIVE REMUNERATION PRINCIPLES

These principles drive the behaviors and results to help us achieve our strategy and vision

- Provide a fair level of reward in order to retain and attract high caliber employees
- Build a culture of achievement by providing a transparent link between reward and performance
- Build long term employee commitment through continued WorleyParsons share ownership
- Promote mutually beneficial outcomes by aligning employee, customer and shareholder interests
- Support the expectations of the Diversity and Inclusion Policy

EXECUTIVE REMUNERATION STRUCTURE

Executive remuneration is structured to recognise an individual's role, responsibilities, qualifications and experience as well as to drive performance over the short and long term. The proportion of variable pay is reflective of an Executive's ability to influence Company performance through their role. The diagram below provides a high level overview of the various remuneration components, timing for their delivery and their link to the remuneration principles:

REMUNERATION COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Fixed Pay – Cash (or base) salary, superannuation contributions and any salary sacrificed components. It is set relative to market	→			
Combined Incentive Plan – Cash Portion *At risk* based on KPIs	→			
Combined Incentive Plan – Equity Portion *At risk* based on share price performance (2 year vesting period)	→	→		
Long-term incentive* *At risk* based on TSR & EPS measures (4 year vesting period)	→	→	→	→

PUTTING REMUNERATION PRINCIPLES INTO PRACTICE

- We benchmark our roles against the market on Fixed Pay, Variable Pay and pay mix.
- Individual remuneration reflects the individual's role, responsibilities, performance, qualifications and experience;
- We ensure the Board sets challenging KPIs for Executives;
- We reward subject to Company performance and individual performance;
- We provide the opportunity to earn equity through the Combined Incentive Plan and the LTI Plan;
- We have a minimum shareholding requirement; and
- We ensure performance metrics are geared at focusing Executives on strong financial performance, while balancing the long term interests of the Company.

* Excludes Dennis Finn (refer page 40).

REMUNERATION DECISION MAKING

Remuneration decision making within the Company follows set processes through which various stakeholders are involved; these include:

Board

- ensures remuneration policies and structures are competitive, fair, and aligned with the long term interests of the Company;
- sets and approves remuneration structures; and
- approves NED, CEO and other Executive remuneration quantum;

Nominations Committee

- reviews and assesses the CEO's performance; and
- 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, NED remuneration, performance assessment and remuneration for Executives, and where required, engaging independent advisors for advice on remuneration structure and quantum for Executives, including the CEO, and NEDs.

Management

The CEO recommends pay increases and incentive outcomes for the Executives, other than the CEO. At the request of the Nominations and/or Remuneration Committees, management:

- provides information relevant to remuneration decisions; and
- where appropriate, liaises with independent advisors to assist the Nominations and/or Remuneration Committees 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 is sourced from published reports and independent surveys. Where required, external consultants are 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 are not a substitute for the Board and Committee decision-making process. There were no remuneration recommendations made by consultants in relation to KMP in FY2016.

Benchmarking of total remuneration and remuneration mix for Executives during FY2016 was performed by Aon Hewitt, an independent research and advisory remuneration consulting firm. This advice was used as a guide, and was not a substitute for thorough consideration of all of the issues by the Remuneration Committee. The cost of advice and assistance by Aon Hewitt for the Executives is not material for either party. Aon Hewitt was engaged by and reported to the Chairman of the Remuneration Committee. The Board is therefore satisfied that the information provided by Aon Hewitt was free from undue influence by members of the Executive group to whom the remuneration benchmark information related.

Frederic W. Cook, an independent remuneration consulting firm, was engaged to provide commentary and analytical support on the collation of industry peer group data, no advice was provided. The cost of the support was not material for either party.

Orient Capital calculated the TSR for the purpose of vesting LTI. The amount paid to Orient Capital for TSR reporting is not material for either party.

EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT

The Executive minimum shareholding requirement applies to Executives to reinforce the Company's 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 on page 46 provides a summary of the position of each Executive against the requirement as at 30 June 2016.

In addition, under the Company's Securities Dealing Policy, directors and Executives are not permitted to hedge unvested performance rights or shares that count towards an Executive's minimum holding requirement. This ensures that Executives cannot "limit the risk" associated with these instruments and are subject to the same impacts from fluctuations in the share price as all other shareholders.

CLAWBACK (MALUS) PROVISION

The Company maintains a Clawback provision within the Combined Incentive Plan and the LTI Plan.

If in the Board's opinion, an employee:

- acts fraudulently or dishonestly;
- is in breach of their obligations to the Company or another Group company; or
- received awards based on financial accounts which are later restated,

the Board may determine that unvested performance rights lapse; this is also known as a Malus provision. The Board may also deem any vested but unexercised performance rights to have lapsed. Additionally, the Board may seek to recover shares received from exercised rights.

CESSATION OF EMPLOYMENT AND CHANGE OF CONTROL

Where an Executive leaves the Group, the Board may exercise its discretion and allow a portion of any unvested rights to remain in the plan. Rights will subsequently vest and be exercised in the ordinary course, having regard to such factors as the Board determines relevant. Such factors would include performance against applicable performance hurdles, as well as the performance and contribution that the relevant Executive has made. Generally, the Board only exercises discretion in special circumstances, such as retirement.

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.

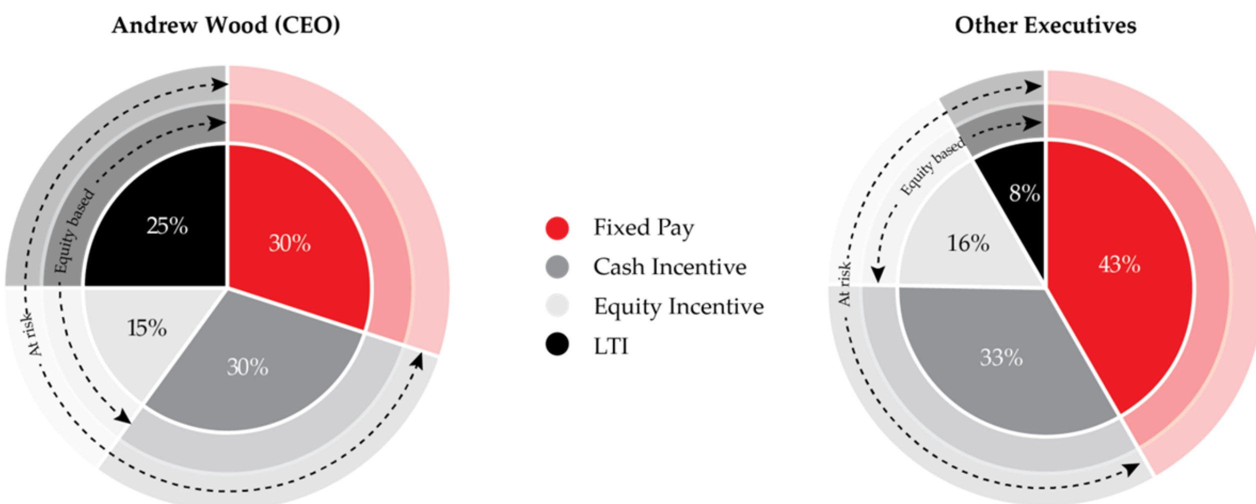
3. EXECUTIVE REMUNERATION IN DETAIL

REMUNERATION MIX FOR EXECUTIVES

The targeted mix of remuneration components shown in the graph below refers to the incentive that would be payable if all performance conditions are satisfied and assumes vesting of the Combined Incentive Plan, comprised of a cash and equity incentive and LTI awards at 100%. Allowances and benefits are for specific purposes and are excluded in determining the mix. 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 the Company's incentive arrangements, the performance conditions imposed and the outcomes of those arrangements (based on the Company's performance over FY2016 and prior years), are set out on page 40 under the Combined Incentive Plan and LTI Plan outcome sections.

Targeted pay mix for Executives



AT RISK REMUNERATION

By linking pay to performance via incentive plans, the Company focuses on total reward and provides motivation to Executives to achieve outcomes beyond the standard expected in the normal course of ongoing employment. The elements of remuneration that are at risk are the Combined Incentive Plan and the LTI Plan. The following tables provide details on each of the Plans.

COMBINED INCENTIVE PLAN

The Combined Incentive Plan for Executives is made up of two thirds cash (Cash Incentive) and one third equity (Equity Incentive). The minimum potential value of the Combined Incentive Plan is zero where applicable hurdles have not been met. 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/vesting. Outlined below is a detailed summary of the Cash and Equity Incentive components:

Cash Incentive (two thirds of target incentive)	
Performance targets are set and measured through both financial and non-financial KPIs. These KPIs are agreed at the beginning of the financial year and the Board retains rigorous oversight, to ensure they retain sufficient stretch, and appropriate thresholds.	
Gate opener[1]	Individual thresholds will apply for each KPI to provide the Executive's line of sight over achieving their targets. Financial KPIs require achievement above 80% of budget (such as Group NPAT or business line EBIT) for the sliding scale to start to apply – 5% awarded for each 1% achieved above 80%, capped at 200% (at 120% achievement against budget).
Maximum payout[1]	Maximum payout of 150% of target incentive.
Incentive delivery and payment timing	Payment of the award will be made as a gross cash amount at the end of the performance period.
KPI weighting for FY2016	CEO – 60% financial/40% non-financial. Other Executives – Either 50% financial/50% non-financial or 60% financial/40% non-financial.

Cash Incentive (two thirds of target incentive)	
KPI details for FY2016 - chosen due to their direct link to the Company's priorities for the period, and in alignment with the best interests of shareholders	**Financial** **Group NPAT** - 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. **Business line financial targets** - Financial goals specific to the business line e.g. Earnings Before Interest and Tax (EBIT). **Cash collection** - Cash collection is measured via days sales outstanding. **Non-financial** **Health, safety and environment performance** - Reduction in the number of reportable incidents and the demonstration of personal and visible leadership in support of the Company's goal of Zero Harm. **Successful implementation of the business plan and/or strategic priorities for the business line** - Targeted business growth, customer retention, customer satisfaction and acquisition (the specific goals for Executives relating to strategic imperatives are considered commercially sensitive to disclose).
Performance and forfeiture conditions (including Malus)	The KPIs listed above were chosen in alignment with the key strategic areas of focus for the Company, and are rewarded after they have been achieved as determined by the Board. Refer the Clawback (Malus) provision - see page 36.

1 Variation for Dennis Finn - The Advisian EBIT results are measured against the target and used as a multiplier that applies to the incentive payout calculation. Achievement must be greater than 50%, otherwise the multiplier, and therefore the incentive payment is zero; between 51% and 75% achievement, the multiplier increases linearly; and above 75% (up to 200%), the multiplier is equivalent to the achievement percentage. The overall payment is subject to a maximum of 200% of target. This incentive plan arrangement reflects the higher leveraged model typical in professional services and focuses the Advisian business line as it grows into a world-class global advisory business.

Equity Incentive (one third of target incentive)

The performance rights provided through the Equity Incentive are called Share Price Performance Rights (SPPRs). SPPRs are granted annually as performance rights. The vesting period for the SPPRs is two years. The number of rights is determined by dividing the dollar value of the award achieved by the face value of shares. The grant price for the FY2016 allocation of SPPRs was $7.46, based on 10 day volume weighted average price following the release of the FY2015 results.

Gate opener	The threshold relates to the share price at the end of the performance period. If the closing share price is half or less than half the opening share price, the SPPRs lapse.
Maximum payout	The maximum number of SPPRs that convert to shares is double the original amount that was granted.
Incentive delivery and payment timing	If the share price doubles (or more than doubles) over the two year performance period, the rights convert into twice the number of shares. If the share price halves (or more than halves), the rights do not convert into any shares and they lapse. In between double and half the share price, the rights vest on a proportionate basis.
Performance and forfeiture conditions (including Malus)	The Executive must maintain a satisfactory performance rating during the performance period. See 'Incentive delivery and payment timing' above for the additional share price performance conditions. Should the accounts be restated during the performance period or where an employee has acted fraudulently or dishonestly or is in breach of their obligations to the Company, the award may be forfeited.
Dividends	Not applicable, no dividends are payable on unvested rights.
Examples The four examples are based on a notional grant of 1,000 SPPRs with a notional WorleyParsons share price of $8.00 at the time the SPPRs are issued i.e. a notional value of $8,000.	In two years' time: Scenario 1: The opening share price rises to $20.00 (i.e. more than doubles). The 1,000 SPPRs convert to 2,000 shares and their total value = $40,000. The Executive's incentive has delivered a $40,000 reward (in shares) i.e. $32,000 above the notional $8,000 value at the time of issue. Scenario 2: The opening share price rises to $12.00. The 1,000 SPPRs convert to 1,000 x ($12/$8) = 1,500 shares and their total value = $18,000. The Executive's incentive has delivered an $18,000 reward (in shares) i.e. $10,000 above the notional $8,000 value at the time of issue. Scenario 3: The opening share price falls to $6.00. The 1,000 SPPRs convert to 1,000 x ($6/$8) = 750 shares and their total value = $4,500. The Executive's incentive has delivered a $4,500 reward (in shares) i.e. $3,500 below the notional $8,000 value at the time of issue. Scenario 4: The opening share price halves or more; then the SPPRs lapse and no shares are issued.

SPPRs were not granted in FY2016 for the Executives who commenced in their roles after the grant of SPPRs was made in October 2015.

LONG TERM INCENTIVE PLAN

The provision of LTI is currently assessed through two equally weighted, independent performance targets (TSR and EPS) that align an Executive's interests with shareholder returns while driving long term Company performance.

LTI grants are delivered to Executives as rights that are issued under the WorleyParsons Performance Rights Plan. After vesting, 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 the rights are issued. Rights vest and are automatically exercised (unless an Executive elects otherwise) after a four year vesting period, subject to defined 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, while catering for the local restrictions on the issue of securities.

Relative Total Shareholder Return (TSR) - 50% of potential LTI

The TSR measure represents the change in the value of the Company's share price over a period, including reinvested dividends, expressed as a percentage of the opening value of the shares. 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 and reflects an investor's choice to invest in this company or direct competitors.

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 over a four year period. Executives are not provided an opportunity to retest under the TSR measure.

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

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	25%
Greater than the 50th percentile but less than the 75th percentile	Pro-rated vesting between 25% and 50%
At 75th percentile or greater	50% (i.e. maximum available under the plan)

For LTI grants made since FY2013, the comparator group comprises the companies shown below:

AECOM, Aker Solutions, AMEC Foster Wheeler, Arcadis, Atkins, Balfour Beatty, Cardno, Chicago Bridge & Iron Company, CIMIC, Downer EDI, Fluor Corporation, Fugro, Jacobs Engineering Group, JGC Corporation, KBR, McDermott International, Monadelphous Group, SNC Lavalin, , Saipem, Serco Group, Stantec, Technip, Tecnicas Reunidas, Tetra Tech, UGL and Wood Group. The Board has discretion to adjust the comparator group to take into account events including, but not limited to, takeovers or mergers that might occur during the performance period.

For LTI grants in FY2017, the comparator group will include a revised list of companies that were identified by the Board as having similar business profiles and with which the Company competes for capital and executive talent, these include: AECOM, Aker Solutions, AMEC Foster Wheeler, Arcadis, Fluor Corporation, Fugro, Jacobs Engineering Group, JGC Corporation, KBR, Petrofac, SNC Lavalin, Stantec, Tetra Tech, Wood Group and WSP Global.

Earnings Per Share (EPS) - 50% of potential LTI

Basic EPS is determined by dividing the Group 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 financial year immediately preceding the issue and the EPS in 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 NPAT may be adjusted by the Board, where appropriate, to better reflect operating performance.

Executives will only derive value from the EPS component of the grants made in FY2016 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 four 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% p.a. above the increase in CPI	0%
4% p.a. above the increase in CPI	25%
More than 4% p.a. above the increase in CPI but less than 8% p.a. above the increase in CPI	Pro-rated vesting between 25% and 50%
8% p.a. or greater above the increase in CPI	50% (i.e. maximum available under the plan)

For LTI grants in FY2017, the EPS hurdle will be replaced with a strategic performance hurdle, see page 33.

A review of the LTI Plan performance hurdles will occur for future grants to ensure it continues to motivate our Executives into the future.

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 Australian Securities Exchange (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. The Board has determined that the number of securities issued to Executives and all other participants under the Company's equity plans 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 equity plans represents 2.01% of the Company's issued share capital (FY2015: 1.71%).

With the exception of Dennis Finn who has a varied pay mix more aligned with professional services, all current Executives are able to receive rights through the LTI Plan. Details of the rights granted to Executives as the LTI component of their remuneration in FY2016 are outlined on page 47.

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. Participants will have unencumbered ownership of the shares, subject to compliance with the Company's Securities Dealing Policy and minimum shareholding requirement.

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 incentive programs.

The remuneration arrangements for Executives ensure that remuneration outcomes are lower when the Company's performance does not justify large awards, and higher when Company performance is strong. As demonstrated by the table, Combined Incentive and LTI Plan outcomes have moved in line with the Company's performance against relevant key metrics:

	FINANCIAL YEAR ENDED 30 JUNE	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	ANNUALIZED GROWTH OVER FIVE YEARS
	Closing share price ($)	28.24	25.10	19.49	17.41	10.41	7.20	(23.9%)
	Dividends paid[1] (cents per share)	86.0	91.0	92.5	85.0	56.0	-	(100.0%)
TSR portion of LTI	1 year TSR for the Company (%)	37.4	(6.8)	(19.6)	(6.8)	(36.4)	(30.2)	
	1 year TSR for median of peer group (%)	40.8	(21.9)	21.6	1.4	(23.6)	(4.0)	
	Vesting outcome of LTI (%)	**nil**	**70**	**nil**	**nil**	**nil**	**nil**	
EPS portion of LTI	Underlying EPS (cents per share)[2]	121.5	140.6	130.8	106.8	98.4	61.8	(12.6%)
	Vesting outcome of LTI (%)	**nil**	**nil**	**nil**	**nil**	**nil**	**nil**	
Combined Incentive[3]	Underlying NPAT ($'m)[4]	298.5	345.6	322.1	263.4	243.1	153.1	(12.5%)
	Average % of maximum Combined Incentive awarded to Executives (%)	**27.1**	**47.0**	**nil**	**nil**	**nil**	**nil**	
	Share price used for SPPR grant ($)[5]	**-**	**-**	**-**	**-**	**-**	**$7.46**	

1 No final dividend for FY2016.
2 Underlying EPS, which in the Board's opinion reflects the Company's operating results, has been used to calculate the outcomes.
3 The Combined Incentive Plan was introduced in FY2013; previously, this was the Short Term Incentive Plan.
4 Group NPAT was considered to reflect the Company's operating results for FY2013 and has been used to calculate the remuneration outcomes for that financial year. For all other financial periods represented in this table, underlying NPAT has been used to calculate the remuneration outcomes. Underlying NPAT excludes impairment of goodwill, net gain on revaluation of investments previously accounted for as equity accounted associates and joint operations, restructuring costs (net of tax), write off of investments accounted for as equity accounted associates and other adjustments at the Board discretion, being the difference between reported Group NPAT and underlying NPAT.
5 The first grant of SPPRs was made during FY2016 to Executives, calculated as one third of their Combined Incentive target. See page 47 for further details.

REMUNERATION OUTCOMES IN FY2016

COMBINED INCENTIVE PLAN OUTCOMES

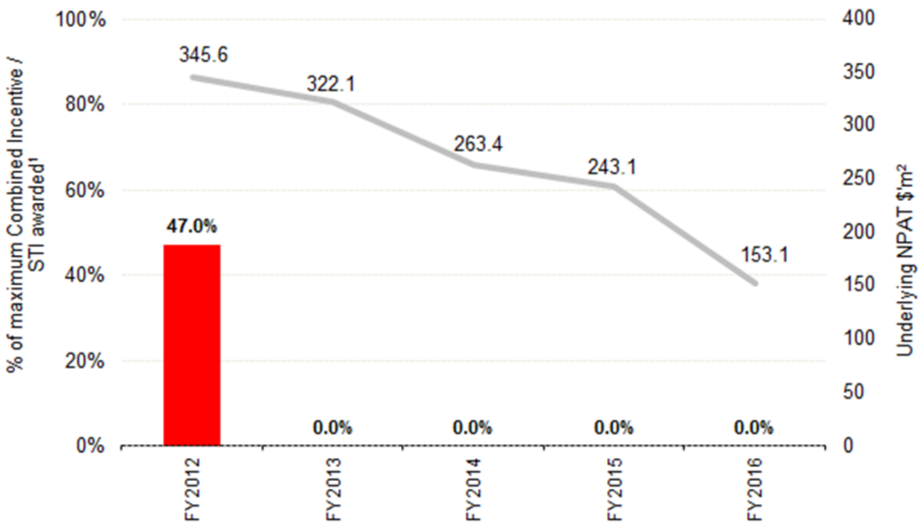
As outlined in the description of the Combined Incentive Plan on pages 37-38, reward outcomes for Executives are linked to performance against annual financial and non-financial KPIs for the cash component.

In the five year table above and the following graph, the Company performance is compared to variable pay outcomes for each 12 month period.

Based on the Company's financial performance and performance against individual KPIs, there were no resulting payments for the Cash Incentive portion of the Combined Incentive Plan for FY2016 as detailed in the table on page 44. Details of the grant of SPPRs are provided on page 47.

The graph below illustrates the average Combined Incentive as a percentage of maximum awarded to Executives over each of the past five years compared to underlying NPAT. It demonstrates Executives have not been rewarded during this difficult period:

Average % of maximum Combined Incentive awarded to Executives compared to underlying NPAT



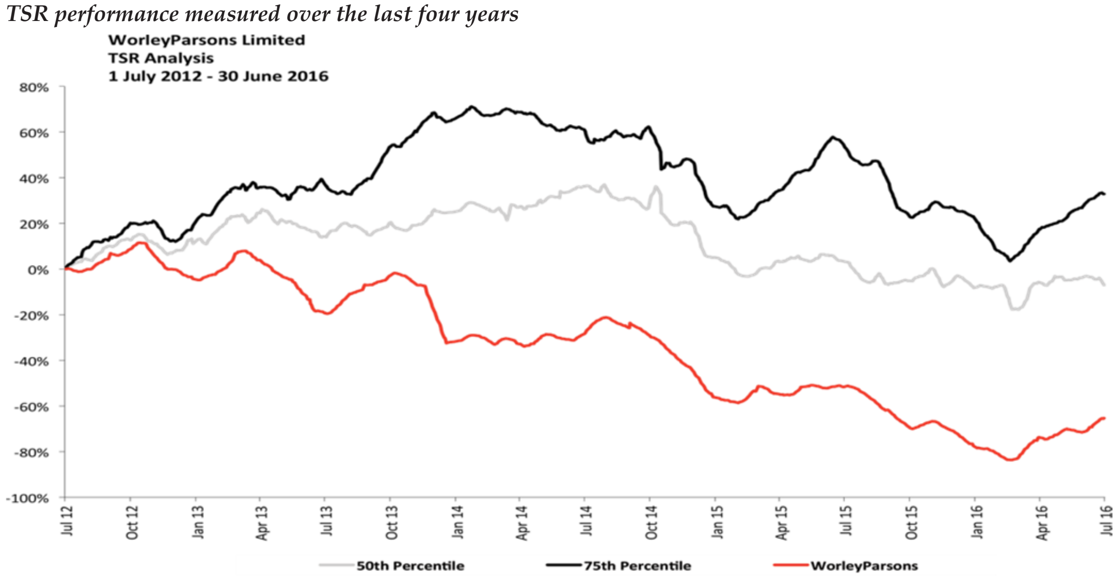
1 The average Combined Incentive as a percentage of maximum for any financial year relates to amounts paid in the September following that financial year end.
2 Underlying NPAT figures are used for this graph, in 2013 these are the same as reported Group NPAT figures.

SPPRs granted during FY2016 will be displayed in the above graph upon vesting, should this occur.

LTI PLAN OUTCOMES

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

TSR performance measured over the last four years



This graph illustrates that growth in the Company's TSR was below median, which has resulted in a nil vesting for Executives for TSR related LTI granted in FY2013. As vesting was not achieved, the TSR performance rights will lapse on 30 September 2016. Over the same four year period, the Company's EPS growth was below the minimum required to trigger vesting against the EPS performance hurdle for LTI granted in FY2013. EPS performance rights will lapse on 30 September 2016. No retest applies to either measure.

The LTI Plan has not achieved the required performance hurdles for the last four years, demonstrating the alignment of our Executive remuneration outcomes with shareholder returns. It is important that we are able to continue to motivate our Executives to deliver value to our shareholders over the long term and we will review the LTI Plan during FY2017 to ensure that we continue to use the most appropriate performance hurdles.

Summary of vested rights

The table below shows the recent history of vesting of Executives' equity grants:

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] $
FY2011	01 Jul 10 – 30 Jun 13	lowest	lowest	3.3%	0%	30 Sep 13	n/a
FY2012	01 Jul 11 – 30 Jun 14	lowest	lowest	(4.2%)	0%	30 Sep 14	n/a
FY2013	01 Jul 12 – 30 Jun 15	8th	n/a	(17.0%)	0%	30 Sep 15	n/a
FY2013[5]	01 Jul 12 – 30 Jun 16	11th	n/a	(18.6%)	0%	30 Sep 16	n/a

1 Represents the Company's relative TSR ranking over the performance period compared to the relative comparator group.
2 Represents the Company's retested relative TSR ranking over a four year performance period compared to the relative comparator group.
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 In FY2013 Andrew Wood was granted LTI with a four year vesting period, details provided on page 47.

EMPLOYMENT ARRANGEMENTS

The key aspects of Executive contracts are outlined below:

	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS[1]
EXECUTIVE DIRECTOR			
Andrew Wood	Unlimited	12 months	12 months
GROUP EXECUTIVES			
Filippo Abba	Unlimited	12 months	6 months
Robert (Chris) Ashton	Unlimited	12 months	6 months
Dennis Finn	Unlimited	12 months	6 months
Thomas Honan	Unlimited	12 months	6 months
Denis Lucey	Unlimited	12 months	6 months
Christopher Parker	Unlimited	12 months	6 months

1 Notice period required to be given by the KMP to the Group is the same as the notice period required to be given by the Group to the KMP upon termination of employment.

The contracts include the components of remuneration which are to be paid to Executives, and provide for an 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. In relation to incentive plans upon termination, where an Executive resigns, the Combined Incentive is paid only if the Executive is employed on the date of payment (which is subsequent to the performance year).

In accordance with the plan rules, the Board retains discretion on the treatment of both vested and unvested equity in all instances of separation as outlined in the Combined Incentive Plan and the LTI Plan details on page 36. In exercising such discretion, this is typically on a pro-rata basis and subject to the original performance requirements and timing.

At the October 2013 Annual General Meeting (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 purpose of section 200F(2)(b) or section 200G(1)(c) of the Act.

Mr Holt ceased to be KMP from 1 December 2015 when Mr Honan commenced in the expanded role of Group Managing Director Finance/CFO. Mr Holt received a payment upon the cessation of his employment on 11 February 2016, reported on page 44. In accordance with the LTI Plan rules a pro-rata portion of his unvested performance rights was approved by the Board in December 2015, and the pro-rated unvested equity will remain in place subject to the original time and performance hurdles.

The Company did not pay sign-on payments to Executives during FY2016.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

NON-EXECUTIVE DIRECTORS

This section outlines the remuneration arrangements in place for the Company's Non-Executive Directors (NEDs). All directors held office for the whole of FY2016, except where otherwise stated. The NEDs for FY2016 are listed below:

NAME	POSITION	COUNTRY OF RESIDENCE
John Grill	Chairman	Australia
Ron McNeilly	Deputy Chairman and Lead Independent Director	Australia
Larry Benke	Director	Canada
Jagjeet Bindra	Director	United States
Erich Fraunschiel	Director	Australia
John M Green	Director	Australia
Christopher Haynes	Director	United Kingdom
Catherine Livingstone	Director	Australia
Wang Xiao Bin	Director	Hong Kong, China

GUIDING PRINCIPLES

The principles of fairness and shareholder alignment are reflected through the Company's commitment to setting NED fees at a level which remains market competitive, while ensuring they reflect the caliber of directors required to address the significant strategic and operational challenges faced by the Company, domestically and abroad.

For the fifth consecutive year, there will be no increase in annual fees for NEDs in FY2017. 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 $3.25 million per annum was approved by shareholders at the 2012 AGM. Of the aggregate annual fee pool, 76% ($2.47 million) was utilized during FY2016 (69% ($2.23 million) for FY2015). NEDs do not receive performance related payments.

REMUNERATION STRUCTURE

Board and Committee fees

Board and Committee fees for FY2016 and FY2017 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	FY2016 ANNUAL FEES
Chairman[1,2]	$520,000
Deputy Chairman and Lead Independent Director[1]	$312,000
Other NED	$194,000
Chairman of Audit and Risk Committee	$47,000
Member of Audit and Risk Committee	$26,000
Chairman of Remuneration Committee	$37,000
Member of Remuneration Committee	$21,000
Chairman of Health, Safety and Environment Committee	$30,000
Member of Health, Safety and Environment Committee	$12,000
Chairman/Member of Nominations Committee	nil

1 The Chairman of the Board and Deputy Chairman and Lead Independent Director do not receive additional fees for Committees of which they may be a member.
2 Mr Grill requested a temporary reduction in his Chairman fee of $520,000 per annum in both FY2015 (reduced to $460,000) and FY2016 (reduced to $395,053).

Other benefits

NEDs are eligible to receive travel allowances of $5,000 per trip for additional time incurred on overseas business related travel including attendance at Board meetings and site visits. These payments are made within the NED fee pool. NEDs are also entitled to be reimbursed for all business related expenses, including travel, incurred in the discharge of their obligations. The Company does not pay retirement benefits to NEDs, except where required by legislation. From time to time, the Board may determine special fees for additional duties undertaken by directors. No such fees were paid in FY2016.

REMUNERATION OUTCOMES

The remuneration outcomes of the NEDs for FY2016 and FY2015 are set out in the Remuneration Tables section of the report, on page 49.

NED INTERESTS IN SHARES AND PERFORMANCE RIGHTS

The NED beneficial interests in shares and performance rights of the Company as at 30 June 2016 is detailed in the Remuneration Tables section of the report, on page 49. The service and performance criteria for the rights are discussed in the LTI Plan section on page 39.

NED minimum shareholding requirement

A minimum shareholding requirement exists to provide alignment between director and shareholder interests. Each NED must build a holding of the Company's ordinary shares equivalent in value to that director's annual fee. NEDs are expected to comply with this requirement within their first full term of three years as a director. For the purpose of this test, the value of shares is calculated using the number of shares held at 30 June 2016 multiplied by the five day volume weighted average price of the Company's shares up to and including 30 June 2016 ($7.06) or purchase price if higher. All NEDs currently comply with the minimum shareholding requirement.

5. REMUNERATION TABLES

STATUTORY REMUNERATION OUTCOMES

Executive remuneration is detailed in the following table in accordance with accounting standards.

Accounting standards require the value of equity based payments to be amortized over the relevant period of performance (or vesting period). The value of equity based payments awarded during the year is determined as a percentage of Fixed Pay that the Company aims to deliver. This can be found in the Equity Incentive and LTI columns under the remuneration awarded section of Actual Remuneration Outcomes on page 45. The full value that was received during the year is determined as the number of performance rights vested times the share price at the end of the performance period. This can be found under the remuneration received section of Actual Remuneration Outcomes on page 45.

		SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG TERM BENEFITS	TERMINATION BENEFITS	SHARE BASED PAYMENTS					
		CASH SALARY $	CASH INCENTIVE[1] $	OTHER BENEFITS[2] $	TOTAL SHORT TERM CASH AND BENEFITS $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	TERMINATION BENEFITS[3] $	EQUITY INCENTIVE[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 DIRECTOR														
Andrew Wood	FY2016	1,435,238	-	9,533	**1,444,771**	19,307	24,112	-	147,591	140,765	**1,776,546**	16.2%	16.2%	100.0%
	FY2015	1,581,217	-	15,978	**1,597,195**	18,783	26,523	-	-	237,085	**1,879,586**	12.6%	12.6%	100.0%
GROUP EXECUTIVES														
Filippo Abba	FY2016	661,610	-	643,656	**1,305,266**	52,631	-	-	54,697	424,359	**1,836,953**	26.1%	26.1%	100.0%
	FY2015	153,147	-	164,415	**317,562**	6,126	-	-	-	135,695	**459,383**	29.5%	29.5%	N/A
Robert (Chris) Ashton[5]	FY2016	299,410	-	188,593	**488,003**	6,245	-	-	18,192	10,286	**522,726**	5.4%	5.4%	100.0%
Dennis Finn	FY2016	1,225,831	-	455,171	**1,681,002**	-	-	-	190,947	-	**1,871,949**	10.2%	10.2%	100.0%
Thomas Honan[6]	FY2016	542,094	-	895	**542,989**	16,945	9,147	-	-	-	**569,081**	-	-	100.0%
Denis Lucey[5]	FY2016	356,457	-	238,748	**595,205**	8,017	-	-	-	10,099	**613,321**	1.6%	1.6%	100.0%
Chris Parker[5]	FY2016	322,657	-	14,525	**337,182**	14,892	-	-	-	24,681	**376,755**	6.6%	6.6%	100.0%
	FY2015	563,704	-	13,067	**576,771**	17,231	-	-	-	65,756	**659,758**	10.0%	10.0%	100.0%
FORMER GROUP EXECUTIVES														
Simon Holt[7]	FY2016	254,682	-	9,482	**264,164**	13,196	80,210	522,770	2,972	(21,080)	**862,232**	(2.1%)	(2.1%)	100.0%
	FY2015	531,217	-	14,804	**546,021**	18,783	9,117	-	-	76,038	**649,959**	11.7%	11.7%	100.0%
David Steele[8]	FY2016	449,849	-	209,893	**659,742**	10,536	7,460	-	6,858	(164,823)	**519,773**	(30.4%)	(30.4%)	100.0%
	FY2015	881,217	-	97,616	**978,833**	18,783	14,919	-	-	63,367	**1,075,902**	5.9%	5.9%	100.0%
Randy Karren[9]	FY2015	459,525	-	7,903	**467,428**	11,716	-	-	-	50,983	**530,127**	9.6%	9.6%	100.0%
Ian Wilkinson[9]	FY2015	365,282	-	8,595	**373,877**	12,895	5,984	-	-	69,109	**461,865**	15.0%	15.0%	100.0%
Total remuneration	**FY2016**	**5,547,828**	**-**	**1,770,496**	**7,318,324**	**141,769**	**120,929**	**522,770**	**421,257**	**424,287**	**8,949,336**			
	FY2015	**4,535,309**	**-**	**322,378**	**4,857,687**	**104,317**	**56,543**	**-**	**-**	**698,033**	**5,716,580**			

1 The amount relates to the Cash Incentive portion of the Combined Incentive Plan.
2 This includes assignment uplifts, market adjustments and non-monetary benefits which include benefits such as expatriate benefits (i.e. housing, home leave etc. applicable to Mr Abba, Mr Ashton, Mr Finn, Mr Lucey and Mr Steele), health insurance, car parking, company cars or car allowances, fringe benefits tax, tax advisory services and life insurance. In some cases, these are at the election of the Executives i.e. they are salary sacrificed.
3 The amount includes a payment in lieu of notice, salary received during the transition period and a separation payment.
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 Remuneration is disclosed to the extent that it relates to Mr Ashton’s, Mr Lucey's and Mr Parker's employment in the capacity of an Executive, which commenced on 1 January 2016.
6 Remuneration is disclosed to the extent that it relates to Mr Honan's employment in the capacity of an Executive, which commenced on 1 December 2015.
7 Remuneration is disclosed to the extent that it relates to Mr Holt's employment in the capacity of an Executive, which ceased on 1 December 2015. The Board exercised its discretion to allow him to retain a pro-rata portion of unvested equity subject to the original time and performance hurdles.
8 Mr Steele ceased to be an Executive on 1 January 2016 and retired from the Company effective 30 June 2016. The Board exercised its discretion to allow him to retain a pro-rata portion of unvested equity subject to the original time and performance hurdles with the exception of the FY2016 SPPR allocation which will be measured at the original vest date against the share price at the end of the 2016 performance period.
9 Remuneration is disclosed to the extent that it relates to Mr Karren's and Mr Wilkinson's employment in the capacity of an Executive, which ceased on 31 March 2015 and 6 February 2015 respectively. Share based payments are disclosed to the extent they relate to their employment in the capacity of an Executive.

ACTUAL REMUNERATION OUTCOMES

The table below shows actual remuneration awarded during the year and actual remuneration received during the year. This is separate to the Executive remuneration details in accordance with the Accounting Standards per page 44.

		AWARDED AND RECEIVED DURING REPORTING PERIOD		AWARDED DURING REPORTING PERIOD DEFERRED FOR FUTURE PERIODS[2]			RECEIVED DURING REPORTING PERIOD DEFERRED FROM PREVIOUS PERIODS[3]		
		SHORT TERM CASH AND BENEFITS $	OTHER BENEFITS[1] $	EQUITY INCENTIVE $	LTI $	TOTAL REMUNERATION AWARDED DURING REPORTING PERIOD $	EQUITY INCENTIVE $	LTI $	TOTAL REMUNERATION RECEIVED DURING REPORTING PERIOD $
EXECUTIVE DIRECTORS									
Andrew Wood	FY2016	1,444,771	43,419	727,271	1,236,356	**3,451,817**	-	-	**1,488,190**
	FY2015	1,597,195	45,306	-	1,360,011	**3,002,512**	-	-	**1,642,501**
GROUP EXECUTIVES									
Filippo Abba	FY2016	1,305,266	52,631	204,188	424,187	**1,986,272**	-	163,187	**1,521,084**
	FY2015	317,562	6,126	-	1,067,531	**1,391,219**	-	-	**323,688**
Robert (Chris) Ashton[4]	FY2016	488,003	6,245	153,868	-	**648,116**	-	-	**494,248**
Dennis Finn	FY2016	1,681,002	-	1,042,188	-	**2,723,190**	-	-	**1,681,002**
Thomas Honan[5]	FY2016	542,989	26,092	-	-	**569,081**	-	-	**569,081**
Denis Lucey[4]	FY2016	595,205	8,017	-	-	**603,222**	-	-	**603,222**
Chris Parker[4]	FY2016	337,182	14,892	-	-	**352,074**	-	-	**352,074**
	FY2015	576,771	17,231	-	369,039	**963,041**	-	33,968	**627,970**
FORMER GROUP EXECUTIVES									
Simon Holt[6]	FY2016	264,164	616,176	138,898	219,996	**1,239,234**	26,130	-	**906,470**
	FY2015	546,021	27,900	-	220,002	**793,923**	-	29,585	**603,506**
David Steele[7]	FY2016	659,742	17,996	269,999	674,999	**1,622,736**	-	-	**677,738**
	FY2015	978,833	33,702	-	675,005	**1,687,540**	-	-	**1,012,535**
Randy Karren[8]	FY2015	467,428	11,716	-	238,858	**718,002**	-	63,282	**542,426**
Ian Wilkinson[8]	FY2015	373,877	18,879	-	443,925	**836,681**	-	56,932	**449,688**
Total remuneration	**FY2016**	**7,318,324**	**785,468**	**2,536,412**	**2,555,538**	**13,195,742**	**26,130**	**163,187**	**8,293,109**
	FY2015	**4,857,687**	**160,860**	**-**	**4,374,371**	**9,392,918**	**-**	**183,767**	**5,202,314**

1 This is the total of superannuation received and long service leave benefits accrued during the reporting period.

2 Remuneration awarded during the reporting period but deferred for future periods includes equity awards granted under the Combined Incentive Plan and LTI Plan which may vest and become available to Executives in future periods. A grant value based on Fixed Pay (as defined on page 35) multiplied by the incentive plan 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.

3 Remuneration received in reporting period from previous periods includes equity awards granted under the incentive plans in previous years which vested during reporting period. The Equity Incentive and LTI value reflects the actual value realized by the Executive.

4 Remuneration is disclosed to the extent that it relates to Mr Ashton's, Mr Lucey's and Mr Parker's employment in the capacity of an Executive, which commenced on 1 January 2016.

5 Remuneration is disclosed to the extent that it relates to Mr Honan's employment in the capacity of an Executive, which commenced on 1 December 2015.

6 Remuneration is disclosed to the extent that it relates to Mr Holt's employment in the capacity of an Executive, which ceased on 1 December 2015. The amount provided under 'Other Benefits' includes termination benefits amount shown on page 44. The Board exercised its discretion to allow him to retain a pro-rata portion of unvested equity subject to the original time and performance hurdles.

7 Mr Steele ceased to be an Executive on 1 January 2016 and retired from the Company effective 30 June 2016. The Board exercised its discretion to allow him to retain a pro-rata portion of unvested equity subject to the original time and performance hurdles with the exception of the FY2016 SPPR allocation which will be measured at the original vest date against the share price at the end of the 2016 performance period.

8 Remuneration is disclosed to the extent that it relates to Mr Karren's and Mr Wilkinson's employment in the capacity of an Executive, which ceased on 31 March 2015 and 6 February 2015 respectively. Share based payments are disclosed to the extent they relate to their employment in the capacity of an Executive.

EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT

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 2016:

	WEIGHTED NUMBER OF SHARES HELD AT 30 JUNE 2016[1]	VALUE OF SHARES HELD AT 30 JUNE 2016[2] $	ANNUAL FIXED PAY AT 30 JUNE 2016[3] $	PERCENTAGE OF MINIMUM REQUIREMENT ACHIEVED
EXECUTIVE DIRECTOR				
Andrew Wood[4]	1,090,303	7,697,539	1,600,000	>100%
GROUP EXECUTIVES				
Filippo Abba	88,121	789,406	626,578	63%
Robert (Chris) Ashton	23,554	193,485	582,135	17%
Dennis Finn	71,776	521,093	1,160,924	22%
Thomas Honan	10,000	70,600	950,000	4%
Denis Lucey	106,741	778,210	698,517	56%
Christopher Parker	18,747	237,150	636,312	19%

1 Includes shares held in the Company plus a 50% weighting of unvested performance rights provided on page 47.
2 Calculated as the weighted number of shares held at 30 June 2016 multiplied by the volume weighted average price of the Company's shares for the five trading days up to and including 30 June 2016 ($7.06) or the price at which performance rights were allocated.
3 The Australian dollar equivalent of annual Fixed Pay as at 30 June 2016.
4 Effective 1 July 2015, Mr Wood elected to reduce his Fixed Pay by 10%. The minimum shareholding requirement will be held against the higher Fixed Pay amount.

EXECUTIVE INTERESTS IN SHARES AND PERFORMANCE RIGHTS

Executives' beneficial interests in shares and performance rights granted as at 30 June 2016 are detailed in the table below. The service and performance criteria for the rights are discussed in the Combined Incentive Plan and LTI Plan sections on pages 38 and 39.

NUMBER OF SHARES AND PERFORMANCE RIGHTS HELD IN WORLEYPARSONS LIMITED

	TYPE	BALANCE AT 1 JULY 2015	GRANTED PERFORMANCE RIGHTS	ON EXERCISE OF PERFORMANCE RIGHTS	CHANGE IN STATUS	OTHER TRANSACTIONS[1]	BALANCE AT 30 JUNE 2016
EXECUTIVE DIRECTOR							
Andrew Wood	Shares	856,565	n/a	-	-	-	856,565
	Rights	211,226	270,472	-	-	(14,222)	467,476
GROUP EXECUTIVES							
Filippo Abba	Shares	-	n/a	26,641	-	(14,104)	12,537
	Rights	91,256	86,553	(26,641)	-	-	151,168
Robert (Chris) Ashton[2]	Shares	-	n/a	-	10,255	-	10,255
	Rights	-	-	-	26,598	-	26,598
Dennis Finn	Shares	-	n/a	-	-	-	-
	Rights	-	143,552	-	-	-	143,552
Thomas Honan[3]	Shares	-	n/a	-	-	10,000	10,000
	Rights	-	-	-	-	-	-
Denis Lucey[2]	Shares	-	n/a	-	104,088	-	104,088
	Rights	-	-	-	5,306	-	5,306
Christopher Parker[4]	Shares	-	n/a	-	7,455	-	7,455
	Rights	-	-	-	22,585	-	22,585
FORMER GROUP EXECUTIVES							
Simon Holt[5]	Shares	8,329	n/a	4,337	(12,666)	-	-
	Rights	26,065	49,435	(4,337)	(21,457)	(49,706)	-
David Steele[5]	Shares	126,079	n/a	-	(126,079)	-	-
	Rights	110,566	130,165	-	(214,769)	(25,962)	-
Total	**Shares**	**990,973**	**n/a**	**30,978**	**(16,947)**	**(4,104)**	**1,000,900**
	Rights	**439,113**	**680,177**	**(30,978)**	**(181,737)**	**(89,890)**	**816,685**

1 Where the Company incurs overseas withholding tax obligations due to the vesting of the Executives' performance rights, a sufficient number of the shares that the Executive otherwise would have retained following vesting of their performance rights will be relinquished in order to enable the Company to meet its withholding tax obligations.
2 Mr Ashton and Mr Lucey commenced in the role as an Executive effective 1 January 2016.
3 Mr Honan commenced in the role as an Executive effective 1 December 2015.
4 Mr Parker was KMP for FY2015, ceased to be KMP on 30 June 2015 and was reinstated on 1 January 2016.
5 Mr Holt and Mr Steele ceased to be an Executive effective 1 December 2015 and 1 January 2016 respectively.

Details of vested and outstanding rights over the last five years - full details of prior year equity grants are set out in the remuneration report for the relevant year.

	PLAN	DATE OF GRANT	NUMBER OF RIGHTS GRANTED[1]	FAIR VALUE PER RIGHT OF (AT GRANT DATE)[2] $	FAIR VALUE OF GRANT (AT GRANT DATE)[3] $	VESTING DATE/ FIRST EXERCISE DATE	EXPIRY DATE	NUMBER OF RIGHTS VESTED	VALUE OF RIGHTS VESTED[4] $	NUMBER OF RIGHTS EXERCISED	VALUE OF RIGHTS EXERCISED[4] $	NUMBER OF RIGHTS LAPSED[5]	VALUE OF RIGHTS LAPSED[6] $	% OF RIGHTS LAPSED
EXECUTIVE DIRECTOR														
Andrew Wood	LTI	30 Oct 15	170,297	3.69	628,396	30 Sep 19	28 Oct 22	-	-	-	-	-	-	-
		30 Oct 14	83,232	8.62	717,460	30 Sep 18	30 Oct 21	-	-	-	-	-	-	-
		24 Oct 13	60,688	13.59	824,750	30 Sep 17	24 Oct 20	-	-	-	-	-	-	-
		23 Oct 12	53,084	15.76	836,604	30 Sep 16	18 Oct 19	-	-	-	-	-	-	-
		17 Oct 11	14,222	17.69	251,587	30 Sep 15	17 Oct 18	-	-	-	-	14,222	251,587	100.0%
	SPPR	30 Oct 15	100,175	4.42	442,774	31 Oct 17	28 Oct 22	-	-	-	-	-	-	-
	Deferred Equity STI	01 Oct 12	2,947	27.70	81,632	30 Jun 13	30 Jun 19	2,947	57,741	2,947	57,741	-	-	-
		01 Oct 12	2,947	27.70	81,632	30 Jun 14	30 Jun 19	2,947	50,606	2,947	50,606	-	-	-
GROUP EXECUTIVES														
Filippo Abba[7]	LTI	30 Oct 15	58,428	3.69	215,599	30 Sep 19	28 Oct 22	-	-	-	-	-	-	-
		01 Apr 15	11,333	5.37	60,858	30 Sep 18	01 Apr 22	-	-	-	-	-	-	-
		01 Apr 15	26,641	7.82	208,333	30 Sep 17	01 Apr 22	-	-	-	-	-	-	-
		01 Apr 15	26,641	8.40	223,784	30 Sep 16	01 Apr 22	-	-	-	-	-	-	-
		01 Apr 15	26,641	9.02	240,302	30 Sep 15	01 Apr 22	26,641	198,742	26,641	198,742	-	-	-
	SPPR	30 Oct 15	28,125	4.42	124,313	30 Sep 17	28 Oct 22	-	-	-	-	-	-	-
Robert (Chris) Ashton[8]	Combined Incentive	30 Oct 15	21,194	5.15	109,149	30 Sep 18	28 Oct 22	-	-	-	-	-	-	-
		30 Oct 14	5,404	11.42	61,714	30 Sep 17	30 Oct 21	-	-	-	-	-	-	-
	Equity	08 Feb 13	4,720	17.25	81,420	30 Sep 15	18 Oct 19	4,720	35,211	4,720	35,211	-	-	-
		17 Oct 11	3,736	19.14	71,507	30 Sep 14	17 Oct 18	3,736	61,046	3,736	61,046	-	-	-
	Deferred Equity STI	01 Oct 12	1,442	27.70	39,943	30 Jun 13	30 Jun 19	1,442	28,254	1,442	28,254	-	-	-
		01 Oct 12	1,442	27.70	39,943	30 Jun 14	30 Jun 19	1,442	24,762	1,442	24,762	-	-	-
Dennis Finn[8]	Combined Incentive	30 Oct 15	62,492	5.15	321,834	30 Sep 18	28 Oct 22	-	-	-	-	-	-	-
	SPPR	30 Oct 15	81,060	4.42	358,285	30 Sep 17	28 Oct 22	-	-	-	-	-	-	-
Denis Lucey[8]	Combined Incentive	08 Feb 13	4,901	17.25	84,542	30 Sep 15	18 Oct 19	4,901	36,561	4,901	36,561	-	-	-
	Equity	17 Oct 11	5,244	19.14	100,370	30 Sep 14	17 Oct 18	5,244	85,687	5,244	85,687	-	-	-
	Deferred Equity STI	01 Oct 12	1,485	27.70	41,135	30 Jun 13	30 Jun 19	1,485	29,096	1,485	29,096	-	-	-
		01 Oct 12	1,484	27.70	41,107	30 Jun 14	30 Jun 19	1,484	25,483	1,484	25,483	-	-	-
Christopher Parker[8]	LTI	30 Oct 14	18,522	8.62	159,660	30 Sep 18	30 Oct 21	-	-	-	-	-	-	-
	Combined Incentive	30 Oct 14	4,063	11.42	46,399	30 Sep 17	30 Oct 21	-	-	-	-	-	-	-
	Equity	08 Feb 13	4,310	17.25	74,348	30 Sep 15	18 Oct 19	4,310	30,810	4,310	30,810	-	-	-
		17 Oct 11	3,263	19.14	62,454	30 Sep 14	17 Oct 18	3,263	53,317	3,263	53,317	-	-	-
FORMER GROUP EXECUTIVES														
Simon Holt[9]	LTI	30 Oct 15	30,303	3.69	111,818	30 Sep 19	28 Oct 22	-	-	-	-	25,615	86,784	84.5%
		30 Oct 14	13,464	8.62	116,060	30 Sep 18	30 Oct 21	-	-	-	-	8,018	27,165	59.6%
		24 Oct 13	8,264	13.59	112,308	30 Sep 17	24 Oct 20	-	-	-	-	2,856	9,676	34.6%
		08 Feb 13	4,337	17.25	74,813	30 Sep 15	18 Oct 19	4,337	32,354	4,337	32,354	-	-	-
		17 Oct 11	2,842	19.14	54,396	30 Sep 14	17 Oct 18	2,842	46,438	2,842	46,438	-	-	-
	SPPR	30 Oct 15	19,132	4.42	84,563	30 Sep 17	28 Oct 22	-	-	-	-	13,217	44,780	69.1%
	Deferred Equity STI	01 Oct 12	1,436	27.70	39,777	30 Jun 13	30 Jun 19	1,436	28,136	1,436	28,136	-	-	-
		01 Oct 12	1,435	27.70	39,750	30 Jun 14	30 Jun 19	1,435	24,642	1,435	24,642	-	-	-
David Steele[9]	LTI	30 Oct 15	92,975	3.69	343,078	30 Sep 19	28 Oct 22	-	-	-	-	69,683	504,120	74.9%
		30 Oct 14	41,310	8.62	356,092	30 Sep 18	30 Oct 21	-	-	-	-	20,640	149,320	50.0%
		24 Oct 13	30,120	13.59	409,331	30 Sep 17	24 Oct 20	-	-	-	-	30,120	217,902	100.0%
		08 Feb 13	13,174	15.39	202,748	30 Sep 16	18 Oct 19	-	-	-	-	13,174	95,307	100.0%
		08 Feb 13	13,173	15.13	199,307	30 Sep 15	18 Oct 19	-	-	-	-	13,173	95,300	100.0%
		17 Oct 11	12,789	17.69	226,237	30 Sep 15	17 Oct 18	-	-	-	-	12,789	92,522	100.0%
	SPPR	30 Oct 15	37,190	4.42	164,380	30 Sep 17	28 Oct 22	-	-	-	-	18,570	134,344	49.9%
	Deferred Equity STI	01 Oct 12	2,615	27.70	72,436	30 Jun 13	30 Jun 19	2,615	51,236	2,615	51,236	-	-	-
		01 Oct 12	2,615	27.70	72,436	30 Jun 14	30 Jun 19	2,615	44,905	2,615	44,905	-	-	-
Randy Karren[11]	LTI	30 Oct 14	14,618	8.62	126,007	30 Sep 18	30 Oct 21	-	-	-	-	11,876	115,135	81.2%
		24 Oct 13	11,102	13.59	150,876	30 Sep 17	24 Oct 20	-	-	-	-	6,246	60,554	56.3%
		08 Feb 13	4,566	15.39	70,271	30 Sep 16	18 Oct 19	-	-	-	-	1,428	13,844	31.3%
		08 Feb 13	4,565	15.13	69,068	30 Sep 15	18 Oct 19	-	-	-	-	3,684	55,739	100.0%
	Equity	17 Oct 11	6,079	19.14	116,352	30 Sep 14	17 Oct 18	6,079	99,331	6,079	99,331	-	-	-
	Deferred Equity STI	01 Oct 12	2,261	27.70	62,630	30 Jun 13	30 Jun 19	2,261	44,300	2,261	44,300	-	-	-
		01 Oct 12	2,261	27.70	62,630	30 Jun 14	30 Jun 19	2,261	38,826	2,261	38,826	-	-	-

	PLAN	DATE OF GRANT	NUMBER OF RIGHTS GRANTED[1]	FAIR VALUE PER RIGHT OF (AT GRANT DATE)[2] $	FAIR VALUE OF GRANT (AT GRANT DATE)[3] $	VESTING DATE/ FIRST EXERCISE DATE	EXPIRY DATE	NUMBER OF RIGHTS VESTED	VALUE OF RIGHTS VESTED[4] $	NUMBER OF RIGHTS EXERCISED	VALUE OF RIGHTS EXERCISED[4] $	NUMBER OF RIGHTS LAPSED[5]	VALUE OF RIGHTS LAPSED[6] $	% OF RIGHTS LAPSED
Randy Karren	Employee Share	15 May 14	9	16.57	149	15 May 17	15 May 17	-	-	-	-	9	87	100.0%
	Purchase Plan[10]	15 May 13	40	24.05	962	15 May 16	15 May 16	-	-	-	-	40	388	100.0%
Ian Wilkinson[8]	LTI	30 Oct 14	22,032	8.62	189,916	30 Sep 18	30 Oct 21	-	-	-	-	-	-	-
		30 Oct 14	5,136	11.42	58,653	30 Sep 17	30 Oct 21	-	-	-	-	-	-	-
	Equity	08 Feb 13	5,746	17.25	99,119	30 Sep 15	18 Oct 19	5,746	42,865	5,746	42,865	-	-	-
		17 Oct 11	5,469	19.14	104,677	30 Sep 14	17 Oct 18	5,469	89,363	5,469	89,363	-	-	-
	Deferred Equity STI	01 Oct 12	1,686	27.70	46,702	30 Jun 14	30 Jun 19	1,686	28,952	1,686	28,952	-	-	-
NON-EXECUTIVE DIRECTOR - EARNED WHILE AN EXECUTIVE														
John Grill[11]	LTI	17 Oct 11	17,811	17.69	315,077	30 Sep 15	17 Oct 18	-	-	-	-	17,811	315,077	100.0%
	Deferred Equity STI	01 Oct 12	12,178	27.70	337,331	30 Jun 13	30 Jun 19	12,178	238,605	12,178	238,605	-	-	-
		01 Oct 12	12,178	27.70	337,331	30 Jun 14	30 Jun 19	12,178	209,121	12,178	209,121	-	-	-

1 The service and performance criteria for the rights are discussed in the LTI Plan section on page 39. 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). Where rights were granted prior to commencement as Executives, the service and performance criteria are aligned with those discussed in the Combined Incentive Plan section in the 2015 Remuneration Report.

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. We have used a Monte Carlo simulation model to value the relative TSR rights and SPPRs and a Black-Scholes model to value the EPS rights, other cash settled rights and other equity settled rights.

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 amount is based on the volume weighted average price of the Company's shares for the five or 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) or following the end of the relevant financial year, as applicable.

5 The number of rights lapsed represents rights lapsed due to performance hurdles not being met and/or rights lapsed on cessation of employment.

6 Based on the measurement of the relevant performance hurdles, this total value may be an accumulation of values for rights lapsed over multiple periods.

7 The performance rights granted to Mr Abba in April 2015, as disclosed in the 2015 Remuneration Report, were structured with specific targets related to his personal performance and the ongoing performance of the *Improve* business line.

8 The value of the rights issues to Mr Ashton, Mr Finn, Mr Lucey, Mr Parker and Mr Wilkinson are disclosed on page 44 to the extent that they were granted during their term as an Executive. Mr Ashton, Mr Finn, Mr Parker and Mr Wilkinson were granted rights in the Combined Incentive Plan prior to them becoming KMP.

9 Mr Holt's and Mr Steele's employment in the capacity of an Executive ceased on 1 December 2015 and 1 January 2016 respectively. Rights lapsed have been valued based on the volume weighted average price of the Company's shares for the 10 trading days up to and including their cessation dates.

10 The fair value at grant for matching bonus entitlements under the Employee Share Purchase Plan is calculated as the weighted average market price over the plan year.

11 Mr Grill and Mr Karren received rights as part of their employment with the Company prior to their retirement effective 23 October 2012 and 31 March 2015 respectively. 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 36. Rights lapsed on Mr Grill's and Mr Karren's retirement have been valued based on the volume weighted average price of the Company's shares for the five or 10 trading days up to and including their retirement dates.

All vested rights are exercisable. There are no vested and unexercisable rights.

NON-EXECUTIVE DIRECTOR - REMUNERATION OUTCOMES

Remuneration of the NEDs for FY2016 and FY2015 is set out below:

	SHORT TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENT	
	FEES $	TRAVEL ALLOWANCES $	SUPERANNUATION[1] $	EQUITY INCENTIVE STI/CASH SETTLED $	TOTAL $
John Grill					
FY2016	378,439	-	16,614	-	395,053
FY2015	441,217	5,000	18,783	-	465,000
Ron McNeilly					
FY2016	292,693	15,000	19,307	-	327,000
FY2015	293,217	-	18,783	-	312,000
Larry Benke					
FY2016	232,000	30,000	-	-	262,000
FY2015	232,000	30,000	-	-	262,000
Jagjeet Bindra					
FY2016	225,500	25,000	-	-	250,500
Erich Fraunschiel					
FY2016	221,808	20,000	19,192	-	261,000
FY2015	222,342	5,000	18,658	-	246,000
John M Green					
FY2016	203,511	20,000	18,689	-	242,200
FY2015	212,282	-	18,718	-	231,000
Christopher Haynes					
FY2016	224,000	25,000	-	-	249,000
FY2015	224,000	30,000	-	-	254,000
Catherine Livingstone					
FY2016	201,390	20,000	18,610	-	240,000
FY2015	201,726	-	18,274	-	220,000
Wang Xiao Bin					
FY2016	201,390	25,000	18,610	-	245,000
FY2015	201,726	20,000	18,274	-	240,000
Total remuneration					
FY2016	**2,180,731**	**180,000**	**111,022**	**-**	**2,471,753**
FY2015	**2,028,510**	**90,000**	**111,490**	**-**	**2,230,000**

1 Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations. In some cases, the amounts in this table are lower than the annualized superannuation guarantee cap (Cap). The legislation requires the Cap to apply quarterly. The lower amount results from those quarters in which only one payment was made and it is lower than the quarterly Cap.

NON-EXECUTIVE DIRECTOR INTERESTS IN SHARES AND PERFORMANCE RIGHTS

NED beneficial interests in shares and performance rights of the Company as at 30 June 2016 are detailed in the below table. The service and performance criteria for the rights are discussed in the LTI Plan section on page 39.

NUMBER OF SHARES AND PERFORMANCE RIGHTS HELD IN WORLEYPARSONS LIMITED

	TYPE	BALANCE AT 1 JULY 2015	CHANGE IN STATUS	OTHER TRANSACTIONS	BALANCE AT 30 JUNE 2016
John Grill, AO[1]	Shares	25,372,173	-	-	25,372,173
	Rights	17,811	-	(17,811)	-
Ron McNeilly	Shares	442,564	-	-	442,564
Larry Benke[2]	Shares	1,133,383	-	-	1,133,383
Jagjeet Bindra	Shares	-	19,000	16,650	35,650
Erich Fraunschiel	Shares	198,755	-	-	198,755
John M Green	Shares	891,869	-	-	891,869
Christopher Haynes, OBE	Shares	11,945	-	-	11,945
Catherine Livingstone, AO	Shares	13,000	-	-	13,000
Wang Xiao Bin	Shares	11,000	-	-	11,000

1 Mr Grill received rights as part of his employment with the Company prior to his retirement effective 23 October 2012. In 2011, shareholders approved that Mr Grill's performance rights should be cash settled.

2 Mr Benke received exchangeable shares as part of the Colt Group consideration upon acquisition in 2007.

6. GLOSSARY OF TERMS

TERMS USED IN THE REMUNERATION REPORT

Clawback (Malus) – provides the Board with discretion on the treatment of equity awards where an employee has acted fraudulently or dishonestly, is in breach of that employee's obligations to the Company, or has received awards based on financial accounts which are later restated.

Combined Incentive Plan – a variable component of total remuneration. Two thirds of the incentive value is paid as cash subject to the achievement of annually set KPIs and one third is an annual allocation of performance rights deferred as an equity award subject to a two year service, performance and share price hurdle.

Earnings Per Share (EPS) – determined by dividing the Group NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year.

Executive – as detailed on page 34, Executives include both Executive Directors and Group Executives and have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Group Net Profit After Tax (NPAT) – is the net profit earned by the Group after deducting all expenses including interest, depreciation and tax. From time to time, in determining outcomes under the incentive plans, the Board may use its discretion to apply the underlying NPAT which in the Board's opinion reflects the Company's operating results.

Key Management Personnel (KMP) – those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. KMP comprise Executives and Non-Executive Directors and are detailed on pages 34 and 43.

Key Performance Indicators (KPIs) – performance targets agreed at the start of each financial year under the Combined Incentive Plan. KPIs include both financial and non-financial metrics, examples of which are detailed on page 38.

Long Term Incentive (LTI) Plan – a variable component of total remuneration. Performance rights are granted to Executives under the LTI Plan and will vest and become available for exercise after four years, subject to Company achievement against prescribed long term performance requirements.

Non-Executive Director (NED) – as detailed on page 43, directors of the entity have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Total Shareholder Return (TSR) – provides a measure of the change in the value of the Company's share price over a period, including reinvested dividends, expressed as a percentage of the opening value of the shares.

This Directors' Report (including Remuneration Report) is made in accordance with a resolution of the directors.

JOHN GRILL AO
Chairman
Sydney, 24 August 2016

STATEMENT OF FINANCIAL PERFORMANCE

For the financial year ended 30 June 2016

	NOTES	CONSOLIDATED 2016 $'M	2015 $'M
REVENUE AND OTHER INCOME			
Professional services revenue		4,641.8	5,517.9
Procurement revenue		2,571.7	2,370.9
Construction and fabrication revenue		561.6	857.9
Interest income		8.8	6.6
Other income		6.2	4.2
Total revenue and other income	4	**7,790.1**	**8,757.5**
EXPENSES			
Professional services costs		(4,457.0)	(5,166.8)
Procurement costs		(2,558.0)	(2,360.0)
Construction and fabrication costs		(513.8)	(775.3)
Global support costs		(109.2)	(103.9)
Other costs	5	(12.1)	(268.6)
Borrowing costs		(68.8)	(62.0)
Total expenses		**(7,718.9)**	**(8,736.6)**
Share of net (losses)/profits of associates accounted for using the equity method	21(C)	(2.3)	10.8
Profit before income tax expense		**68.9**	**31.7**
Income tax expense	6(A)	(20.3)	(70.7)
Profit/(loss) after income tax expense		**48.6**	**(39.0)**
Profit/(loss) after income tax expense attributable to:			
Members of WorleyParsons Limited		**23.5**	**(54.9)**
Non-controlling interests		**25.1**	**15.9**
Basic earnings/(loss) per share (cents)	16	9.5	(22.2)
Diluted earnings/(loss) per share (cents)	16	9.5	(22.2)

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 2016

	CONSOLIDATED	
	2016 $'M	2015 $'M
Profit/(loss) after income tax expense	**48.6**	**(39.0)**
Other comprehensive (loss)/income		
Items that may be reclassified in future periods to the Statement of Financial Performance		
Net movement in foreign currency translation reserve	(111.9)	95.9
Net movement in hedge reserve	3.8	(0.3)
Total comprehensive (loss)/income, net of tax	**(59.5)**	**56.6**
Total comprehensive (loss)/income, net of tax, attributable to:		
Members of WorleyParsons Limited	**(79.9)**	**32.3**
Non-controlling interests	**20.4**	**24.3**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	NOTES	CONSOLIDATED 2016 $'M	2015 $'M
ASSETS			
Current assets			
Cash and cash equivalents	7	373.1	381.9
Trade receivables	8	1,648.2	1,918.1
Other receivables	8	231.0	224.8
Prepayments		116.6	113.3
Income tax receivable		15.4	60.8
Derivatives	18	0.7	0.9
Total current assets		**2,385.0**	**2,699.8**
Non-current assets			
Intangible assets	10	2,077.2	2,090.3
Deferred tax assets	29(A)	297.5	212.3
Derivatives	18	94.8	73.6
Equity accounted associates	21(B)	86.8	116.2
Property, plant and equipment	28	73.3	107.2
Other non-current assets		6.2	1.7
Total non-current assets		**2,635.8**	**2,601.3**
TOTAL ASSETS		**5,020.8**	**5,301.1**
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,244.3	1,350.1
Provisions	11	406.0	487.9
Interest bearing loans and borrowings	13	249.2	25.5
Income tax payable		14.8	13.4
Derivatives	18	4.8	2.9
Total current liabilities		**1,919.1**	**1,879.8**
Non-current liabilities			
Interest bearing loans and borrowings	13	990.2	1,210.4
Deferred tax liabilities	29(B)	116.8	115.7
Provisions	11	84.4	48.1
Trade and other payables	9	30.4	29.5
Total non-current liabilities		**1,221.8**	**1,403.7**
TOTAL LIABILITIES		**3,140.9**	**3,283.5**
NET ASSETS		**1,879.9**	**2,017.6**
EQUITY			
Issued capital	14	1,264.9	1,255.0
Reserves	15	(223.1)	(111.0)
Retained profits		842.1	873.0
Members of WorleyParsons Limited		1,883.9	2,017.0
Non-controlling interests		(4.0)	0.6
TOTAL EQUITY		**1,879.9**	**2,017.6**

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 2016

	CONSOLIDATED								
	ISSUED CAPITAL $'M	RETAINED PROFITS $'M	FOREIGN CURRENCY TRANSLATION RESERVE $'M	HEDGE RESERVE $'M	PERFORMANCE RIGHTS RESERVE $'M	ACQUISITION RESERVE $'M	MEMBERS OF WORLEY PARSONS LIMITED $'M	NON-CONTROLLING INTERESTS $'M	TOTAL $'M
As at 1 July 2015	**1,255.0**	**873.0**	**(159.0)**	**10.7**	**46.9**	**(9.6)**	**2,017.0**	**0.6**	**2,017.6**
Profit after income tax expense	-	23.5	-	-	-	-	23.5	25.1	48.6
Foreign exchange movement on translation of foreign controlled entities and associates	-	-	(72.5)	-	-	-	(72.5)	(4.7)	(77.2)
Net investments hedged	-	-	(56.2)	-	-	-	(56.2)	-	(56.2)
Income tax on net investments hedged	-	-	21.5	-	-	-	21.5	-	21.5
Net loss on foreign exchange hedges	-	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Income tax on net loss on foreign exchange hedges	-	-	-	0.0	-	-	0.0	-	0.0
Fair value gain on mark to market of cross currency hedge	-	-	-	5.7	-	-	5.7	-	5.7
Income tax on fair value gain on mark to market of cross currency hedge	-	-	-	(1.4)	-	-	(1.4)	-	(1.4)
Total comprehensive income/(loss), net of tax	**-**	**23.5**	**(107.2)**	**3.8**	**-**	**-**	**(79.9)**	**20.4**	**(59.5)**
Transactions with owners									
Share based payments expense	-	-	-	-	1.2	-	1.2	-	1.2
Transfer to issued capital on issuance of shares to satisfy performance rights	9.9	-	-	-	(9.9)	-	-	-	-
Dividends paid	-	(54.4)	-	-	-	-	(54.4)	(25.0)	(79.4)
As at 30 June 2016	**1,264.9**	**842.1**	**(266.2)**	**14.5**	**38.2**	**(9.6)**	**1,883.9**	**(4.0)**	**1,879.9**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2016

	CONSOLIDATED								
	ISSUED CAPITAL $'M	RETAINED PROFITS $'M	FOREIGN CURRENCY TRANSLATION RESERVE $'M	HEDGE RESERVE $'M	PERFORMANCE RIGHTS RESERVE $'M	ACQUISITION RESERVE $'M	MEMBERS OF WORLEY PARSONS LIMITED $'M	NON-CONTROLLING INTERESTS $'M	TOTAL $'M
As at 1 July 2014	**1,239.7**	**1,137.7**	**(246.5)**	**11.0**	**49.3**	**(9.6)**	**2,181.6**	**3.3**	**2,184.9**
(Loss)/profit after income tax expense	-	(54.9)	-	-	-	-	(54.9)	15.9	(39.0)
Foreign exchange movement on translation of foreign controlled entities and associates	-	-	94.0	-	-	-	94.0	8.4	102.4
Net investments hedged	-	-	(9.3)	-	-	-	(9.3)	-	(9.3)
Income tax on net investments hedged	-	-	2.8	-	-	-	2.8	-	2.8
Net gain on foreign exchange hedges	-	-	-	0.7	-	-	0.7	-	0.7
Income tax on net gain on foreign exchange hedges	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Fair value loss on mark to market of cross currency hedge	-	-	-	(2.8)	-	-	(2.8)	-	(2.8)
Income tax on fair value loss on mark to market of cross currency hedge	-	-	-	0.8	-	-	0.8	-	0.8
Disposal of interest rate hedges	-	-	-	1.1	-	-	1.1	-	1.1
Total comprehensive (loss)/income, net of tax	**-**	**(54.9)**	**87.5**	**(0.3)**	**-**	**-**	**32.3**	**24.3**	**56.6**
Transactions with owners									
Share based payments expense	-	-	-	-	12.9	-	12.9	-	12.9
Transfer to issued capital on issuance of shares to satisfy performance rights	15.3	-	-	-	(15.3)	-	-	-	-
Dividends paid	-	(209.8)	-	-	-	-	(209.8)	(27.0)	(236.8)
As at 30 June 2015	**1,255.0**	**873.0**	**(159.0)**	**10.7**	**46.9**	**(9.6)**	**2,017.0**	**0.6**	**2,017.6**

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 2016

	NOTES	CONSOLIDATED 2016 $'M	2015 $'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,113.3	9,010.3
Payments to suppliers and employees		(7,809.2)	(8,566.7)
		304.1	443.6
Dividends received from associates		6.3	15.8
Interest received		6.4	4.1
Borrowing costs paid		(60.9)	(56.2)
Income taxes paid		(63.9)	(156.0)
Net cash inflow from operating activities	**7**	**192.0**	**251.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities	20(B)	(25.2)	(106.1)
Cash balances in controlled entities acquired, net of bank overdraft	20(B)	-	4.2
Proceeds from disposal of investments		13.8	-
Payments for purchase of property, plant and equipment and computer software		(69.5)	(88.6)
Proceeds from sale of property, plant and equipment		1.0	1.6
Net cash outflow from investing activities		**(79.9)**	**(188.9)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		(3,635.6)	(3,212.7)
Proceeds from loans and borrowings		3,612.3	3,347.6
Costs of bank facilities		(3.5)	(3.3)
Net loans from/(to) related parties		0.5	(1.5)
Cash received on close out of cross currency swap		-	19.0
Dividends paid to members of WorleyParsons Limited	17(B)	(54.4)	(209.8)
Dividends paid to non-controlling interests		(24.1)	(27.0)
Net cash outflow from financing activities		**(104.8)**	**(87.7)**
Net increase/(decrease) in cash		**7.3**	**(25.3)**
Cash and cash equivalents at the beginning of the financial year		380.8	368.3
Effects of foreign exchange rate changes on cash		(15.0)	37.8
Cash and cash equivalents at the end of the financial year	**7**	**373.1**	**380.8**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

1. CORPORATE INFORMATION

The financial report of WorleyParsons Limited (Company or parent entity) for the financial year ended 30 June 2016 was authorized for issue in accordance with a resolution of the directors on 24 August 2016.

WorleyParsons Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: WOR). WorleyParsons Limited is a for-profit entity for the purposes of preparing the financial statements.

The nature of the operations and principal activities of the Company are described in note 3.

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 ASIC Corporations Instrument 2016/191 (Rounding in Financial /Directors' Reports) 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 have been rounded off to the nearest hundred thousand dollars in accordance with that Instrument. Amounts shown as 0.0 represent amounts less than AUD 50,000 which have been rounded down.

(ii) Statement of compliance

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

(iii) Historical cost convention

The financial report has been prepared on a historical cost basis, except for derivative financial instruments 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. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

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 4;
- goodwill and intangible assets with identifiable useful lives, refer note 10;
- project, warranty and other provisions, refer note 11; and
- recovery of deferred taxes, refer note 29.

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 and amended accounting standards

The Group has adopted the following amendment from 1 July 2015:

- AASB 2013-9 *Amendments to Australian Accounting Standard*s – *Conceptual Framework, Materiality and Financial Instruments* [AASB CF 2013-1, AASB 1031, and AASB 9].

Adoption of this amendment did not have any material effect on the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) New accounting standards not yet applicable

The following new accounting standards 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 2016:

Effective 1 July 2016:

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

AASB 2014-3 provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business to apply, to the extent of its share, all the principles in AASB 3 *Business Combinations* and other AAS except for those principles that conflict with the guidance in AASB 11. Furthermore, entities are required to disclose the information required by AASB 3 and other AAS for business combinations. The impacts of this amendment are not expected to be material for the Group's financial statements.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]

AASB 116 *Proper*ty, *Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is not expected to impact the Group's financial statements.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. The amendment is not expected to impact the Group's financial statements.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

AASB 2014-10 amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements in AASB 10 and those in AASB 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in AASB 3 *Business Combinations*, between an investor and its associate or joint venture, is recognized in full. However, any gain or loss resulting from the sale or contribution of assets that do not constitute a business is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The impact of this amendment is not expected to be material to the Group's financial statements.

Effective 1 July 2017:

2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses: Amendments to AASB 112

This Standard amends AASB 112 *Income Taxes* to clarify the requirements on recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The impacts of this amendment are not expected to be material to the Group's financial statements.

2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is expected to enhance the Group's disclosure in relation to interest bearing loans and borrowings with minor additional changes.

Effective 1 July 2018:

AASB 15 Revenue from Contracts with Customers and *AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15*

AASB 15 addresses how revenue is recognized and will require the Group to identify contracts and performance obligations, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue when each performance obligation is satisfied. AASB 2014-5 incorporates the consequential amendments to a number of AASBs (including interpretations) arising from the issuance of AASB 15. The Group has not finalized its assessment of how changes to the rules for revenue recognition will impact the Group's financial statements.

AASB 9 Financial Instruments

AASB 9 is the AASB's replacement for AASB 139 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting. The Group has not yet finalized its assessment of how changes to the rules for financial instruments will impact the Group's financial statements.

Effective 1 July 2019:

AASB 16 Leases

AASB 16 is the AASB's replacement for AASB 117 *Leases*. The standard includes new recognition, measurement and disclosure requirements for lessees. The Group has not yet finalized its assessment of how the new lessee accounting requirements will impact 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 2016 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 are equity accounted and are not part of the consolidated entity (refer note 21).

The impact of all transactions between entities in the consolidated entity is 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.

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 the equity of members of WorleyParsons Limited.

(C) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

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

Translation of foreign currency transactions

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

(D) OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarize the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes to the financial statements.

3. SEGMENT INFORMATION

(A) OPERATING SEGMENTS

	SERVICES		MAJOR PROJECTS		*IMPROVE*		ADVISIAN		TOTAL	
	2016 $'M	2015 $'M	2016 $'M	2015 $'M	2016 $'M	2015 $'M	2016 $'M	2015 $'M	2016 $'M	2015 $'M
Professional services revenue	3,081.7	3,854.8	778.5	881.5	512.0	577.9	599.9	678.1	4,972.1	5,992.3
Construction and fabrication revenue	85.7	170.2	475.9	687.7	-	-	-	-	561.6	857.9
Procurement revenue at margin	268.3	307.0	26.1	41.2	7.3	1.7	55.8	23.2	357.5	373.1
Other income	0.8	4.2	0.9	-	-	-	-	-	1.7	4.2
Total segment revenue[1]	3,436.5	4,336.2	1,281.4	1,610.4	519.3	579.6	655.7	701.3	5,892.9	7,227.5
Segment result[2]	252.0	341.9	109.1	128.0	23.4	27.3	44.3	52.7	428.8	549.9
Segment margin	7.3%	7.9%	8.5%	7.9%	4.5%	4.7%	6.8%	7.5%	7.3%	7.6%
Other segment information										
Depreciation and amortization expense	42.3	69.1	13.6	7.3	7.3	4.9	7.7	6.9	70.9	88.2
Impairment of goodwill	-	59.4	-	56.2	-	60.4	-	22.6	-	198.6
Share of net (losses)/profits of associates accounted for using the equity method	(8.1)	(2.9)	(0.6)	2.6	6.3	11.1	0.1	-	(2.3)	10.8
Equity accounted associates	60.6	69.1	7.3	3.2	16.3	42.0	2.6	1.9	86.8	116.2
Purchase of non-current assets	40.3	40.3	17.7	15.0	5.5	4.5	6.0	4.3	69.5	64.1

The previously reported segment results for the year ended 30 June 2015 have been restated to be comparable with the revised segmentation approach as required by AASB 8 *Operating Segments*. The Group has also included additional information segmented according to its customer sector groups.

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

[2] Segment result is segment revenue less segment expenses and excludes the items listed in note 3(H). It is the key financial measure that is presented to the chief operating decision makers.

3. SEGMENT INFORMATION (continued)

(B) CUSTOMER SECTOR GROUPS

	HYDROCARBONS		MINERALS, METAL & CHEMICALS		INFRASTRUCTURE		TOTAL	
	2016 $'M	2015 $'M	2016 $'M	2015 $'M	2016 $'M	2015 $'M	2016 $'M	2015 $'M
Professional services revenue	3,444.8	4,196.2	634.1	894.3	893.2	901.8	4,972.1	5,992.3
Construction and fabrication revenue	561.6	857.9	-	-	-	-	561.6	857.9
Procurement revenue at margin	259.6	277.8	8.4	9.3	89.5	86.0	357.5	373.1
Other income	0.9	0.2	-	0.1	0.8	3.9	1.7	4.2
Total segment revenue	4,266.9	5,332.1	642.5	903.7	983.5	991.7	5,892.9	7,227.5
Segment result	329.0	484.3	39.9	46.5	59.9	19.1	428.8	549.9
Segment margin	7.7%	9.1%	6.2%	5.1%	6.1%	1.9%	7.3%	7.6%

(C) RECONCILIATION OF SEGMENT REVENUE TO TOTAL REVENUE AND OTHER INCOME PER THE STATEMENT OF FINANCIAL PERFORMANCE

	TOTAL	
	2016 $'M	2015 $'M
Segment revenue	5,892.9	7,227.5
Procurement revenue at nil margin (including share of revenue from associates)	2,226.4	2,038.0
Share of revenue from associates	(342.5)	(514.6)
Interest income	8.8	6.6
Net gain on revaluation of investments previously accounted for as joint operations	4.5	-
Total revenue and other income per the Statement of Financial Performance	7,790.1	8,757.5

(D) RECONCILIATION OF SEGMENT RESULT TO PROFIT/ (LOSS) AFTER INCOME TAX EXPENSE PER THE STATEMENT OF FINANCIAL PERFORMANCE

	TOTAL	
	2016 $'M	2015 $'M
Segment result	428.8	549.9
Global support costs	(98.6)	(103.4)
Interest and tax for associates	(8.3)	(6.7)
Amortization of acquired intangible assets	(19.2)	(21.8)
Total underlying earnings before interest expense and tax expense (underlying EBIT)	302.7	418.0
Total underlying EBIT margin on aggregated revenue for the Group	5.1%	5.8%
Staff restructuring costs[1]	(76.8)	(38.3)
Onerous lease contracts[2]	(86.4)	(20.2)
Onerous engineering software licenses	(14.3)	-
Other restructuring costs	(4.6)	(3.8)
Write-down of investments in equity accounted associates	(12.1)	-
Certain functional currency related foreign exchange gains	15.9	-
Net gain on revaluation of investments previously accounted for as joint operations	4.5	-
Impairment of goodwill	-	(198.6)
Arkutun-Dagi project settlement costs	-	(70.0)
Total EBIT	128.9	87.1
EBIT margin on aggregated revenue for the Group	2.2%	1.2%
Net borrowing costs	(60.0)	(55.4)
Income tax expense	(20.3)	(70.7)
Profit/(loss) after income tax expense per the Statement of Financial Performance	48.6	(39.0)

[1] Includes staff restructuring costs incurred in equity accounted investments.

[2] Includes onerous lease costs incurred in equity accounted investments.

(E) RECONCILIATION OF GLOBAL SUPPORT COSTS TO THE STATEMENT OF FINANCIAL PERFORMANCE

	TOTAL	
	2016 $'M	2015 $'M
Global support costs per Segment Information	98.6	103.4
Staff restructuring costs	76.8	38.3
Staff restructuring costs attributable to professional services costs, construction and fabrication costs and staff restructuring costs incurred by equity accounted associates	(70.8)	(37.8)
Other restructuring costs	4.6	-
Global support costs per the Statement of Financial Performance	109.2	103.9

(F) GEOGRAPHIC SEGMENTS[1]

Revenue from external customers[2]

2016	AGGREGATED REVENUE $'M	ADD: PROCUREMENT REVENUE AT NIL MARGIN $'M	LESS: SHARE OF REVENUE FROM ASSOCIATES $'M	LESS: OTHER INCOME[3] $'M	TOTAL REVENUE FROM EXTERNAL CUSTOMERS $'M
Australia, Pacific, Asia and China	1,366.7	14.1	(120.3)	(1.7)	1,258.8
Europe, Middle East and Africa	2,059.4	42.1	(154.3)	-	1,947.2
Americas	2,466.8	2,170.2	(67.9)	-	4,569.1
Total	**5,892.9**	**2,226.4**	**(342.5)**	**(1.7)**	**7,775.1**
Other income					6.2
Interest income					8.8
Total revenue and other income per the Statement of Financial Performance					**7,790.1**

2015	AGGREGATED REVENUE $'M	ADD: PROCUREMENT REVENUE AT NIL MARGIN $'M	LESS: SHARE OF REVENUE FROM ASSOCIATES $'M	LESS: OTHER INCOME $'M	TOTAL REVENUE FROM EXTERNAL CUSTOMERS $'M
Australia, Pacific, Asia and China	1,599.0	15.2	(176.6)	(3.2)	1,434.4
Europe, Middle East and Africa	2,355.2	251.8	(247.3)	-	2,359.7
Americas	3,273.3	1,771.0	(90.7)	(1.0)	4,952.6
Total	**7,227.5**	**2,038.0**	**(514.6)**	**(4.2)**	**8,746.7**
Other income					4.2
Interest income					6.6
Total revenue and other income per the Statement of Financial Performance					**8,757.5**

	2016 $'M	2015 $'M
Non-current assets by geographical location:[4]		
Australia, Pacific, Asia and China	112.6	126.0
Europe, Middle East and North Africa	115.3	136.1
Americas	125.1	146.5
Non-current assets by geographical location	**353.0**	**408.6**

[1] Geographic locations are presented across all business lines. This is different to the internal reports presented to the chief operating decision makers.

[2] Revenue is attributed to the geographic location based on the entity providing the services.

[3] Excludes net gain on revaluation of investments previously accounted for as joint operations.

[4] Excludes goodwill, deferred tax assets and derivative financial instruments.

3. SEGMENT INFORMATION (continued)

(G) IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has identified its operating segments based on the monthly internal reports that are reviewed and used by the Chief Executive Officer (CEO), Group Managing Director Finance / CFO and other Group Managing Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources. Effective 1 July 2015, the Group established its advisory and consulting business, Advisian, as an additional business line. As a result, the business operations are managed and reported by the following business lines: Services, Major Projects, *Improve* and Advisian. Changes in business lines reporting also included, amongst other changes, the Group's Canadian construction and fabrication business Cord now being reported as a part of Major Projects. In addition, during the financial year 2016, a fully costed information technology model was introduced which resulted in transition of selected costs from global support costs as disclosed in the previous period to each of the operating business lines in the current period. This represents a change to the operating segments reported in the previous corresponding period. The previously reported segment results for the year ended 30 June 2015 have been restated to be comparable with the revised segmentation approach as required by AASB 8 *Operating Segments*. The Group has also included additional information segmented according to its customer sector groups.

(H) ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

Segment revenues and expenses 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 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 in the prior period.

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:

- impairment of goodwill;
- global support costs;
- Arkutun-Dagi project settlement costs;
- interest and tax for associates;
- amortization of acquired intangible assets;
- staff restructuring costs;
- onerous lease contracts;
- onerous engineering software licenses;
- write-down of investments in equity accounted associates;
- certain functional currency related foreign exchange gains;
- net gain on revaluation of investments previously accounted for as joint operations;
- net borrowing costs; and
- income tax expense.

(I) MAJOR CUSTOMERS

The most significant customer accounted for 5.6% (2015: 6.4%) of aggregated revenue and is within the Services, Major Projects, *Improve* and Advisian business lines and Hydrocarbons customer sector group.

	CONSOLIDATED	
	2016 $'M	2015 $'M
4. REVENUE AND OTHER INCOME		
Professional services revenue	4,641.8	5,517.9
Procurement revenue	2,571.7	2,370.9
Construction and fabrication revenue	561.6	857.9
Interest income	8.8	6.6
Revenue	**7,783.9**	**8,753.3**
Net gain on revaluation of investments previously accounted for as joint operations	4.5	-
Gain on sale of Exmouth Power Station	-	1.3
Other	1.7	2.9
Total revenue and other income	**7,790.1**	**8,757.5**

During the year ended 30 June 2016, the Group finalized the acquisition accounting for an additional net interest in entities which had previously been accounted for as joint operations. This resulted in a $4.5 million net gain on revaluation of investments previously accounted for as joint operations. There was no such transaction during the year ended 30 June 2015.

RECOGNITION AND MEASUREMENT

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. Revenues are recognized net of the amount of goods and services tax (GST). The following specific recognition criteria must be met before revenue is recognized:

Professional services and construction and fabrication

Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. Contract revenue and costs 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. For fixed price contracts, the stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract.

Procurement

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.

Interest

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

Dividends

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

KEY ESTIMATES

Percentage of completion

The percentage of completion is estimated by qualified professionals. The Group considers the terms of the contract, internal models and other sources when estimating the projected total cost and the stage of completion.

5. EXPENSES AND LOSSES/ (GAINS)

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

	CONSOLIDATED	
	2016 $'M	2015 $'M
EXPENSES AND LOSSES		
Short term employee benefits	3,559.8	4,119.3
Post-employment benefits	106.5	138.0
Share based payments	1.2	12.9
Total staff costs	3,667.5	4,270.2
Impairment of goodwill	-	198.6
Write-down of investment in equity accounted associates	12.1	-
Arkutun-Dagi project settlement costs	-	70.0
Total other costs	12.1	268.6
Operating lease rentals - minimum lease payments	151.1	210.6
Amortization	65.0	85.4
Depreciation	25.1	24.6
MOVEMENTS IN PROVISIONS		
Employee benefits	166.0	204.7
Onerous leases	86.4	20.2
Warranties	6.3	9.8
Insurance	(5.1)	(2.9)
Other	27.9	25.3

RECOGNITION AND MEASUREMENT

Employee benefits

Employee benefits expenses are charged against profit on a net basis in their respective categories.

(i) Share based payments – 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 equity settled 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.

5. EXPENSES AND LOSSES/ (GAINS) (continued)

Fair value per right at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-traded 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 and the SPPRs. For the EPS, EBIT and "continuous employment" condition, the Black-Scholes model is utilized. Total fair value at grant date 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.

(ii) Employee share plan

Employees in eligible countries were invited to participate in an employee share plan. Shares purchased under the employee share plan are subject to dealing restrictions until the restriction end date. The Group will grant one bonus entitlement to a share for every five shares purchased through the employee share plan which vests on the restriction end date at which point it will convert to an ordinary share. The Group accounts for the bonus entitlements as equity settled share based payments. The employee share plan has closed to new participants, effective from 1 May 2016.

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:

- interest on bank overdrafts, and short term and long term loans and borrowings;
- amortization of discounts or premiums relating to loans and borrowings and non-current payables; and
- finance lease charges.

Operating lease rentals – minimum lease payments

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 part of the total lease expense.

Depreciation and amortization

Property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost 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.

Identifiable intangible assets

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 for an intangible asset with a finite useful life is 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. 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 5-20 years;
- computer software 5 years; and
- other 3-10 years.

Goods and Services Tax (GST)

Expenses are recognized net of the amount of GST except where the GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognized as part of the expense.

	CONSOLIDATED	
	2016 $'M	2015 $'M
6. INCOME TAX		
(A) INCOME TAX EXPENSE		
Current tax	124.8	81.0
Deferred tax	(104.8)	(8.1)
Under/(over)provision in previous financial periods	0.3	(2.2)
Income tax expense	**20.3**	**70.7**
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(105.7)	10.6
Increase/(decrease) in deferred tax liabilities	0.9	(18.7)
Deferred tax	**(104.8)**	**(8.1)**

	CONSOLIDATED 2016 $'M	2015 $'M
(B) RECONCILIATION OF PRIMA FACIE TAX PAYABLE TO INCOME TAX EXPENSE		
Profit before income tax expense	68.9	31.7
Prima facie tax expense at WorleyParsons Limited's statutory income tax rate of 30% (2015: 30%)	20.7	9.5
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible impairment of goodwill	-	59.6
Non-deductible share based payments expense	0.4	3.8
Non-taxable gain on acquisitions	(1.4)	-
Non-deductible impairment of associates	3.6	-
Share of losses/(profits) of associates accounted for using the equity method	0.7	(3.2)
Tax losses not previously recognized	(1.7)	(0.7)
Under/(over)provision in previous financial periods	0.3	(2.2)
Other	(2.3)	3.9
Income tax expense	**20.3**	**70.7**
(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:		
Deferred tax - credited directly to equity	(20.1)	(3.5)
(D) TAX LOSSES		
The Group has tax losses for which no deferred tax asset is recognized on the Statement of Financial Position:		
Unused tax losses for which no deferred tax asset has been recognized	84.1	57.6
Potential tax benefit at 30%	25.2	17.3

The benefit for tax losses will only be recognized if:

- 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
- the losses are transferred to an eligible entity in the consolidated entity; and
- the consolidated entity continues to comply with conditions for deductibility imposed by tax legislation; and
- no changes in legislation adversely affect the consolidated entity in realizing the benefit from the deductions for the losses.

RECOGNITION AND MEASUREMENT

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 as well as any adjustments required between prior periods' current tax expense and income tax returns and any relevant withholding taxes.

Current and deferred tax amounts relating to items recognized directly in equity are recognized in equity and not in the Statement of Financial Performance.

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.

	NOTES	CONSOLIDATED 2016 $'M	2015 $'M

7. CASH AND CASH EQUIVALENTS

	NOTES	2016 $'M	2015 $'M
Balance per the Statement of Financial Position		**373.1**	**381.9**
The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:			
Cash at bank and on hand		373.1	381.9
Cash and cash equivalents		373.1	381.9
Less: bank overdraft	13	-	(1.1)
Balance per the Statement of Cash Flows		**373.1**	**380.8**
Reconciliation of profit/(loss) after income tax expense to net cash inflow from operating activities:			
Profit/(loss) after income tax expense		48.6	(39.0)
NON-CASH ITEMS			
Impairment of goodwill		-	198.6
Amortization		65.0	85.4
Depreciation		25.1	24.6
Share based payments expense		1.2	12.9
Doubtful debts expense		3.5	13.9
Share of associates' dividends received in excess of share of (losses)/profits		8.6	5.0
Net gain on revaluation of investments previously accounted for as joint operations		(4.5)	
Write-down of investments in equity accounted associates		12.1	-
Write-down of onerous engineering software licenses		14.3	-
Other		3.2	1.3
Cash flow adjusted for non-cash items		177.1	302.7
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES			
Decrease/(increase) in trade and other receivables		223.7	(48.4)
Increase in prepayments and other assets		(17.4)	(26.9)
Increase in deferred tax assets		(85.2)	(11.5)
Decrease/(increase) in income tax receivable		39.2	(41.2)
(Decrease)/increase in trade and other payables		(2.5)	58.4
(Decrease)/increase in billings in advance		(93.8)	11.3
Increase/(decrease) in income tax payable		1.4	(22.7)
Increase/(decrease) in deferred tax liabilities		1.1	(12.6)
(Decrease)/increase in provisions		(51.6)	42.2
Net cash inflow from operating activities		**192.0**	**251.3**

RECOGNITION AND MEASUREMENT

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.

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 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 is classified as an operating cash flow.

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 below.

PROCUREMENT AND RESTRICTED CASH AND CASH EQUIVALENTS

Included within cash and cash equivalents is $83.6 million (2015: $107.5 million) which has been identified as for procurement ($69.4 million) or restricted, but available for use under certain circumstances by the Group ($14.2 million).

Procurement cash is held in relation to procurement activities undertaken by the Group on behalf of its customers (refer note 27). Restricted cash is held in relation to guarantees (refer note 25(A)) and financing activities.

	NOTES	CONSOLIDATED 2016 $'M	2015 $'M

8. TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES

	NOTES	2016 $'M	2015 $'M
Trade receivables		832.9	949.5
Unbilled contract revenue		823.2	952.4
Retentions		42.8	65.7
Allowance for impairment of trade receivables		(50.7)	(49.5)
		1,648.2	**1,918.1**
Allowance for impairment of trade receivables			
Balance at the beginning of the financial year		49.5	36.4
Net charge to the Statement of Financial Performance		3.5	13.9
Amounts written off against the opening allowance		(3.1)	(3.7)
Differences arising on translation of foreign operations		0.8	2.9
Balance at the end of the financial year		**50.7**	**49.5**

The Group's exposure to credit, currency and interest rate risk for trade receivables and unbilled contract revenue is disclosed in note 18.

OTHER RECEIVABLES

	NOTES	2016 $'M	2015 $'M
Other receivables		176.6	164.6
Amounts owing by associates and related parties	30(B)	54.4	60.2
		231.0	**224.8**

RECOGNITION AND MEASUREMENT

All trade and other receivables are recognized at the original amounts less an allowance for any impairment of receivables. An allowance for impairment of receivables 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. Receivables are stated with the amount of GST included.

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 Group's activities in general.

	NOTES	CONSOLIDATED 2016 $'M	2015 $'M

9. TRADE AND OTHER PAYABLES

	NOTES	2016 $'M	2015 $'M
CURRENT			
Trade payables		477.7	499.0
Accruals		500.2	449.0
Payables to associates and related parties	30(B)	16.7	11.0
Billings in advance		83.2	177.0
Accrued staff costs		158.7	203.0
Other payables		7.8	11.1
		1,244.3	**1,350.1**
NON-CURRENT			
Other payables		30.4	29.5
		30.4	**29.5**

The Group's exposure to currency and interest rate risk for trade and other payables is disclosed in note 18.

RECOGNITION AND MEASUREMENT

Liabilities for trade and other payables 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. Payables are stated with the amount of GST included.

	CONSOLIDATED	
	2016 $'M	2015 $'M

10. INTANGIBLE ASSETS

	2016 $'M	2015 $'M
Goodwill		
At cost	2,090.7	2,107.0
Accumulated impairment	(200.2)	(200.2)
	1,890.5	**1,906.8**
Customer contracts and relationships		
At cost	191.3	189.3
Accumulated amortization	(162.6)	(149.0)
	28.7	**40.3**
Trade names		
At cost	83.9	84.8
Accumulated amortization	(72.8)	(69.5)
	11.1	**15.3**
Computer software		
At cost	301.1	244.7
Accumulated amortization	(165.4)	(131.4)
	135.7	**113.3**
Other		
At cost	25.9	24.5
Accumulated amortization	(14.7)	(9.9)
	11.2	**14.6**
Total intangible assets	**2,077.2**	**2,090.3**

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	OTHER $'M	TOTAL $'M
Balance at 1 July 2015	1,906.8	40.3	15.3	113.3	14.6	2,090.3
Additions	8.6	4.9	-	49.4	1.5	64.4
Impairment	-	-	-	-	-	-
Amortization	-	(15.5)	(3.7)	(26.9)	(4.8)	(50.9)
Differences arising on translation of foreign operations	(24.9)	(1.0)	(0.5)	(0.1)	(0.1)	(26.6)
Balance at 30 June 2016	**1,890.5**	**28.7**	**11.1**	**135.7**	**11.2**	**2,077.2**
Balance at 1 July 2014	1,860.3	42.6	20.8	86.3	19.2	2,029.2
Additions due to the acquisition of entities	106.6	13.1	-	-	-	119.7
Additions	-	-	-	58.4	-	58.4
Impairment	(198.6)	-	-	-	-	(198.6)
Amortization	-	(16.8)	(5.0)	(31.8)	(4.8)	(58.4)
Differences arising on translation of foreign operations	138.5	1.4	(0.5)	0.4	0.2	140.0
Balance at 30 June 2015	**1,906.8**	**40.3**	**15.3**	**113.3**	**14.6**	**2,090.3**

RECOGNITION AND MEASUREMENT

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 controlled entities or associates. 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.

Identifiable intangible assets

Intangible assets acquired separately or in a business combination have finite useful lives and 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.

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.

Impairment of assets

Goodwill is not amortized; instead, it is tested annually, unless impairment is indicated. Goodwill is carried at cost less accumulated impairment.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units (CGUs) 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 CGUs. Goodwill is allocated to six CGUs. These CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Each CGU is set out below. Impairment is determined by assessing the recoverable amount of the groups of CGUs to which the goodwill relates. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognized.

Impairment losses recognized for goodwill are not subsequently reversed. 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 (CGUs). Impairment testing calculations use cash flow projections based on financial forecasts of how the business is expected to perform consistent with current and historical experience and external data. The estimation of future cash flows requires assumptions to be made regarding future uncertain events. Management has risk adjusted the future cash flows to recognize challenging market conditions. The risk adjusted revenue growth rates for the all CGUs range from 2% to 5%. The Group has initiated an overhead reduction program and intends to decrease total costs (including direct and overhead) by approximately 5%, excluding any benefits from uncommitted restructuring. A risk premium is included in determining each CGU's discount rate, reflecting the level of forecasting, size, country and financing risks for that CGU.

KEY ESTIMATES

The goodwill allocated to the material CGUs and the key assumptions used for the value in use impairment testing are as follows:

2016	SERVICES – AMERICAS $'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA, $'M	SERVICES – EUROPE, MIDDLE EAST, NORTH AFRICA $'M	MAJOR PROJECTS $'M	*IMPROVE* $'M	ADVISIAN $'M
Opening balance	571.8	550.2	420.1	145.9	119.5	99.3
Closing balance	255.8	514.3	398.4	338.2	118.3	265.5
Risk-weighted pre-tax discount rate	12.5%	14.0%	14.9%	11.6%	12.7%	13.2%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

2015	SERVICES – AMERICAS $'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA, $'M	SERVICES – EUROPE, MIDDLE EAST, NORTH AFRICA $'M	MAJOR PROJECTS $'M	*IMPROVE* $'M
Opening balance	527.7	505.1	430.2	189.2	168.4
Closing balance	571.8	550.2	420.1	145.9	119.5
Risk-weighted pre-tax discount rate	11.9%	12.1%	11.9%	10.5%	12.1%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%

SENSITIVITY ANALYSIS

The combined fair value in the all the CGUs exceed the carrying value by over $800 million. Management recognizes that the cash flow projections, discount and growth rates used to calculate the value in use may vary from what has been estimated.

The value in use estimate is particularly sensitive to the achievement of long-term growth rates, discount rates and the forecast performance improvement program. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable.

Sensitivity analysis on the inputs for all CGUs are as follows:

- Terminal growth rates: a 1% decrease in the terminal growth rate will result in all CGUs listed above being free of impairment at reporting date;
- Post tax discount rates: a 0.5% increase in the discount rate will result in all the CGUs listed above being free of impairment at reporting date; and
- Forecast cash flows: a 3% decrease in the forecast cash flows will result in all the CGUs listed above being free of impairment at reporting date

	CONSOLIDATED 2016 $'M	2015 $'M
11. PROVISIONS		
CURRENT		
Employee benefits	204.4	266.2
Deferred revenue and project provisions	123.0	109.6
Insurance	18.5	22.6
Onerous leases	25.6	23.3
Warranties	18.6	31.0
Deferred consideration	6.3	23.7
Other	9.6	11.5
	406.0	**487.9**
NON-CURRENT		
Employee benefits	32.2	40.0
Onerous leases	34.6	-
Warranties	16.2	0.3
Deferred consideration	-	6.0
Other	1.4	1.8
	84.4	**48.1**

RECONCILIATIONS

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

	CONSOLIDATED						
CURRENT	EMPLOYEE BENEFITS $'M	DEFERRED REVENUE AND PROJECT PROVISIONS $'M	INSURANCE $'M	ONEROUS LEASES $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Balance at 1 July 2015	266.2	109.6	22.6	23.3	31.0	23.7	11.5
Additional provisions/ transfers from non current provisions	227.2	171.8	2.8	51.1	9.8	6.1	2.6
Release of unused provision	(70.1)	(61.3)	(7.9)	-	(19.4)	(0.2)	(1.6)
Amounts utilized	(219.2)	(95.7)	-	(47.7)	(0.5)	(24.3)	(1.9)
Differences arising from translation of foreign operations	0.3	(1.4)	1.0	(1.1)	(2.3)	1.0	(1.0)
Balance at 30 June 2016	**204.4**	**123.0**	**18.5**	**25.6**	**18.6**	**6.3**	**9.6**
Balance at 1 July 2014	270.5	106.0	19.8	2.3	19.7	-	8.2
Provision from entities acquired	3.2	1.7	-	0.0	0.0	0.0	0.0
Additional provisions	231.7	124.3	-	21.0	22.0	23.9	1.5
Release of unused provision	(43.5)	(36.7)	(2.9)	-	(12.2)	-	(0.2)
Amounts utilized	(222.8)	(94.9)	0.0	-	0.0	0.0	0.0
Differences arising from translation of foreign operations	27.1	9.2	5.7	-	1.5	(0.2)	2.0
Balance at 30 June 2015	**266.2**	**109.6**	**22.6**	**23.3**	**31.0**	**23.7**	**11.5**

NON-CURRENT	CONSOLIDATED EMPLOYEE BENEFITS $'M	ONEROUS LEASES $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Balance at 1 July 2015	40.0	-	0.3	6.0	1.8
Additional provisions	10.0	35.3	16.2	-	1.1
Release of unused provision/transfer to current provision	(1.1)	-	(0.3)	(6.1)	(0.5)
Amounts utilized	(17.5)	-	-	-	-
Differences arising from translation of foreign operations	0.8	(0.7)	-	0.1	(1.0)
Balance at 30 June 2016	**32.2**	**34.6**	**16.2**	**-**	**1.4**
Balance at 1 July 2014	32.6	0.9	0.3	-	1.5
Additional provisions	16.5	0.1	-	6.0	0.6
Release of unused provision	-	(0.9)	-	-	(0.7)
Amounts utilized	(12.2)	-	-	-	-
Differences arising from translation of foreign operations	3.1	(0.1)	-	-	0.4
Balance at 30 June 2015	**40.0**	**-**	**0.3**	**6.0**	**1.8**

RECOGNITION AND MEASUREMENT

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.

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, severance pay 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 high quality corporate bond rate with terms to maturity approximating the terms of the related liability, is used.

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 4. It is expected this revenue will be earned within two years of balance date.

Project provisions

Where the outcome for a services contract is expected to result in an overall loss over the life of the project, this loss is provided for when it first becomes known that a loss will be incurred.

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.

Onerous leases

Provisions for onerous leases are recognized when the unavoidable costs of meeting the lease obligations under the contract exceed the economic benefits expected to be received under it.

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. It is expected that these costs will be incurred within two years of balance date.

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.

11. PROVISIONS (continued)

Deferred consideration

Deferred consideration arising from 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*. 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.

Dividends payable

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

12. 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 equity, which the Group defines as profit after income tax expense divided by the average 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 2016 and 30 June 2015 was as follows:

	CONSOLIDATED	
	2016 $'M	2015 $'M
Total interest bearing loans and borrowings[1]	1,243.9	1,240.1
Less: derivatives[2]	(94.8)	(73.6)
Less: cash and cash equivalents	(373.1)	(381.9)
Net debt	776.0	784.6
Total equity	1,879.9	2,017.6
Gearing	**29.2%**	**28.0%**

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.

[1] Excluding capitalized borrowing costs

[2] Including mark-to-market of cross currency swaps.

	CONSOLIDATED	
	2016 $'M	2015 $'M

13. INTEREST BEARING LOANS AND BORROWINGS

	2016 $'M	2015 $'M
Current		
Notes payable	227.5	12.9
Unsecured bank loans	20.4	8.6
Finance lease liability	2.2	3.0
Bank overdraft	-	1.1
Capitalized borrowing costs	(0.9)	(0.1)
	249.2	**25.5**
Non-current		
Notes payable	861.1	1,048.1
Unsecured bank loans	132.4	163.4
Finance lease liability	0.3	3.0
Capitalized borrowing costs	(3.6)	(4.1)
	990.2	**1,210.4**

RECOGNITION AND MEASUREMENT

Interest bearing loans and borrowings

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Loans and borrowings 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.

Finance lease liability

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.

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. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs include:

- interest on bank overdrafts, and short term and long term loans and borrowings;
- amortization of discounts or premiums relating to loans and borrowings and non-current payables; and
- finance lease charges.

TERMS AND CONDITIONS

Notes payable

Unsecured notes payable were issued in the United States private debt capital market in May 2007, April 2008, March 2011 and September 2012 as follows:

AMOUNT, MILLION	DATE OF ISSUE	DATE OF MATURITY	FIXED COUPON PER ANNUM
USD 205.0	September 2012	September 2022	4.00%
USD 75.0	September 2012	September 2019	3.45%
USD 20.0	September 2012	September 2017	3.09%
USD 175.0	March 2011	March 2021	5.56%
USD 22.0	March 2011	March 2018	4.86%
USD 10.0	March 2011	March 2016 (matured)	4.16%
USD 144.5	April 2008	April 2018	6.50%
USD 169.5	May 2007	May 2017	5.76%

Cross currency swaps have been entered into, swapping USD 289.3 million (2015: USD 299.3 million) of notes payable into CAD 288.3 million (2015: CAD 298.2 million). This represents 45.1% of the outstanding notes issued in 2008, 2011 and 2012.

Finance lease liability

The Group leases various plant and equipment under finance leases with terms of three to eight years.

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.

	CONSOLIDATED			
	2016 NUMBER OF SHARES	$'M	2015 NUMBER OF SHARES	$'M

14. ISSUED CAPITAL

	2016 NUMBER OF SHARES	$'M	2015 NUMBER OF SHARES	$'M
Ordinary shares, fully paid[1]	247,867,335	1,264.9	247,263,344	1,255.0
Special voting share	1	-	1	-
	247,867,336	**1,264.9**	**247,263,345**	**1,255.0**

(A) MOVEMENTS IN SHARES

	2016 NUMBER OF SHARES	$'M	2015 NUMBER OF SHARES	$'M
Balance at the beginning of the financial year	247,263,345	1,255.0	246,531,762	1,239.7
Ordinary shares issued on redemption of exchangeable shares	580,189	15.5	197,150	5.3
Exchangeable shares exchanged for ordinary shares	(580,189)	(15.5)	(197,150)	(5.3)
Transfer from performance rights reserve on issuance of shares	555,636	9.9	731,583	15.3
Ordinary shares issued from WorleyParsons Limited Plans Trust	48,355	0.0	-	-
Balance at the end of the financial year	**247,867,336**	**1,264.9**	**247,263,345**	**1,255.0**

RECOGNITION AND MEASUREMENT

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.

(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 2016, 580,189 (2015: 197,150) 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.

[1] Included in ordinary shares are 2,540,875 (2015: 3,121,064) 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. Ordinary shares have no par value and the Company does not have a limited amount of authorized capital. The WorleyParsons Limited Plans Trust holds 218,818 (2015: 267,173) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

(C) PERFORMANCE RIGHTS

The policy in respect of performance rights is outlined in note 5.

	NUMBER OF PERFORMANCE RIGHTS AND SPPR	
	2016	2015
Balance at the beginning of the financial year	2,226,779	2,891,244
Rights granted	1,874,717	1,042,685
Rights exercised	(555,636)	(731,583)
Rights lapsed or expired	(715,280)	(975,567)
Balance at the end of the financial year	**2,830,580**	**2,226,779**
Exercisable at the end of the financial year	1,874	864
Weighted average exercise price	$nil	$nil

Performance rights

The outstanding balance as at 30 June 2016 is represented by:

- 1,874 performance rights, vested on 30 September 2015 and expiring on 18 October 2019;
- 68,422 performance rights, vesting on 30 September 2016 and expiring on 18 October 2019;
- 297,444 performance rights, vesting on 30 September 2016 and expiring on 24 October 2020;
- 91,932 performance rights, vesting on 30 September 2017 and expiring on 24 October 2020;
- 602,618 performance rights, vesting on 30 September 2017 and expiring on 30 October 2021;
- 152,644 performance rights, vesting on 30 September 2018 and expiring on 30 October 2021;
- 26,641 performance rights, vesting on 30 September 2016 and expiring on 1 April 2022;
- 1,009,252 performance rights, vesting on 30 September 2018 and expiring on 28 October 2022;
- 256,705 performance rights, vesting on 30 September 2019 and expiring on 28 October 2022;
- 26,641 performance rights, vesting on 30 September 2017 and expiring on 1 April 2022;
- 100,175 performance rights, vesting on 31 October 2017 and expiring on 28 October 2022; and
- 196,232 performance rights, vesting on 31 October 2017 and expiring on 28 October 2022.

Weighted average remaining contractual life

The weighted average remaining life for the rights outstanding as at 30 June 2016 is 5.7 years (2015: 5.4 years).

Weighted average fair value

The weighted average fair value of rights granted during the financial year was $4.82 (2015: $10.60).

KEY ESTIMATES

Pricing model

The following table lists the inputs to the models used for the financial years ended 30 June 2016 and 30 June 2015:

	PERFORMANCE RIGHTS PLAN 2016 TSR, EPS AND SPPR		PERFORMANCE RIGHTS PLAN 2015 TSR & EPS	
	CEO	EXECUTIVES	CEO	EXECUTIVES
Dividend yield (%)	7.80-8.40	7.80-8.40	6.43	6.43-7.34
Expected volatility (%)	45	45	30	30-35
Risk-free interest rate (%)	1.76-1.95	1.76-1.95	2.85	1.75-2.85
Expected life of rights (years)	2-4	2-4	4	0.5-4
Rights exercise price ($)	nil	nil	nil	nil
Weighted average share price at measurement date ($)	6.52	6.52	13.70	9.34 & 13.70

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.

	CONSOLIDATED	
	2016 $'M	2015 $'M

15. RESERVES

	2016 $'M	2015 $'M
Foreign currency translation reserve	(266.2)	(159.0)
Hedge reserve	14.5	10.7
Performance rights reserve	38.2	46.9
Acquisition reserve	(9.6)	(9.6)
	(223.1)	**(111.0)**

(A) FOREIGN CURRENCY TRANSLATION RESERVE

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

(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. Amounts are recognized in the Statement of Financial Performance when the associated hedged transaction affects the profit and loss.

The total amount recognized in the Statement of Financial Performance in relation to hedge ineffectiveness was a loss of $0.3 million (2015: $0.0 million). This amount is included in professional services costs.

RECOGNITION AND MEASUREMENT

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 foreign 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.

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.

(C) PERFORMANCE RIGHTS RESERVE

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

(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.

	CONSOLIDATED	
	2016 CENTS	2015 CENTS

16. EARNINGS/(LOSS) PER SHARE

ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED

	2016 CENTS	2015 CENTS
Basic earnings/(loss) per share	9.5	(22.2)
Diluted earnings/(loss) per share	9.5	(22.2)

The following reflects the income and security data used in the calculation of basic and diluted earnings/(loss) per share:

(A) RECONCILIATION OF EARNINGS/(LOSS) USED IN CALCULATING EARNINGS/(LOSS) PER SHARE

	$'M	$'M
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share	23.5	(54.9)

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	Number	Number
Weighted average number of ordinary securities used in calculating basic earnings/(loss) per share	247,676,851	247,078,995
Performance rights which are considered dilutive[1]	657,337	-
Adjusted weighted average number of ordinary securities used in the calculating diluted earnings/(loss) per share	248,334,188	247,078,995

Within the total number of performance rights which are considered dilutive, the weighted average number of converted, lapsed or cancelled potential ordinary shares used in calculating diluted earnings/(loss) per share was 38,923 (2015: nil). In the previous reporting period, 308,430 of such potential ordinary shares were considered antidilutive.

[1] In the period performance rights which could be considered dilutive but were considered antidilutive were 1,204,233.

MEASUREMENT

Basic earnings/(loss) per share

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

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated as profit/(loss) 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.

	CONSOLIDATED	
	2016 $'M	2015 $'M

17. DIVIDENDS

(A) FINAL DIVIDEND PROPOSED

Dividend in respect of the six months to 30 June 2016:		
Nil cents per share	-	-
Dividend in respect of the six months to 30 June 2015:		
22.0 cents per share, unfranked[1]	-	54.4

The directors have resolved not to pay a final dividend (2015: 22.0 cents per share, unfranked). The Company will make total dividend payments of nil per share for the financial year (2015: 56.0 cents per share including the half year (interim) dividend).

(B) DIVIDENDS PAID DURING THE FINANCIAL YEAR

Dividend in respect of the six months to 30 June 2015:		
22.0 cents per share (unfranked)	54.4	-
Dividend in respect of the six months to 31 December 2014:		
34.0 cents per share (2.7 cents franked)	-	84.1
Dividend in respect of the six months to 30 June 2014:		
51.0 cents per share (10.5 cents franked)	-	125.7
	54.4	**209.8**

(C) IMPUTATION CREDIT BALANCE OF THE PARENT ENTITY

The amount of imputation credits available on a tax paid basis for future tax distributions is:		
Imputation credits balance as at the end of the financial year at the corporate tax rate of 30% (2015: 30%)	1.2	5.2
Imputation debits arising from the payments of refunds of income tax provided in this financial report	(1.2)	(5.2)
Imputation credits available for distribution	-	-
Imputation debits that will arise from the payment of the final dividend	-	-
Imputation credits available for future dividends	**-**	**-**

18. 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.

[1] The Group has sufficient credits in its foreign income account to ensure that there should be no Australian dividend withholding tax withheld on dividends paid to non-resident shareholders. The unfranked portion of the dividend represents conduit foreign income.

18. FINANCIAL RISK MANAGEMENT (continued)

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. 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 maximum exposure to credit risk is 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.

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.

Guarantees

Details of outstanding guarantees are provided in note 25(A). 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.

Maximum credit exposure

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	
	2016 $'M	2015 $'M
Cash and cash equivalents	373.1	381.9
Trade receivables, unbilled contract revenue and retentions	1,648.2	1,918.1
Other receivables	176.6	164.6
Amounts owing by associates and related parties	54.4	60.2
Derivatives	95.5	74.5
	2,347.8	**2,599.3**

The ageing of the Group's trade receivables, unbilled contract revenue and retentions at the reporting date was:

	GROSS 2016 $'M	PROVISION FOR IMPAIRMENT 2016 $'M	GROSS 2015 $'M	PROVISION FOR IMPAIRMENT 2015 $'M
Unbilled contract revenue	823.2	-	952.4	-
0-30 days	448.0	-	517.4	(0.5)
Past due 31-60 days	80.6	-	206.8	(0.1)
Past due 61-90 days	53.3	(0.8)	50.1	(0.1)
Past due 91-120 days	15.7	(0.3)	53.3	(0.2)
More than 121 days	278.1	(49.6)	187.6	(48.6)
	1,698.9	**(50.7)**	**1,967.6**	**(49.5)**

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.

(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.

The Group has unrestricted access at balance date to the following lines of credit:

	CONSOLIDATED	
	2016 $'M	2015 $'M
UNSECURED FACILITIES		
Total facilities available:		
Loan facilities	2,076.5	1,950.8
Overdraft facilities	102.7	130.0
Bank guarantees and letters of credit	1,159.3	1,196.1
	3,338.5	**3,276.9**
Facilities utilized at balance date:		
Loan facilities[1]	1,241.4	1,233.0
Overdraft facilities	-	1.1
Bank guarantees and letters of credit	646.6	753.6
	1,888.0	**1,987.7**
Facilities available at balance date:		
Loan facilities	835.1	717.8
Overdraft facilities	102.7	128.9
Bank guarantees and letters of credit	512.7	442.5
	1,450.5	**1,289.2**
The maturity profile in respect of the Group's total unsecured loan and overdraft facilities is set out below:		
Due within one year	382.3	173.6
Due between one and four year(s)	1,286.9	1,319.1
Due after four years	510.0	588.1
	2,179.2	**2,080.8**
SECURED FACILITIES		
Total facilities available:		
Finance lease facilities	2.5	6.0
	2.5	**6.0**
Facilities utilized at balance date:		
Finance lease facilities	2.5	6.0
	2.5	**6.0**
The maturity profile in respect of the Group's secured facilities is set out below:		
Due within one year	2.2	3.0
Due between one and four year(s)	0.3	3.0
	2.5	**6.0**

[1] Excludes capitalized borrowing costs.

18. FINANCIAL RISK MANAGEMENT (continued)

The table below analyses 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 AND OTHER PAYABLES $'M	PAYABLES TO ASSOCIATES AND RELATED PARTIES $'M	INTEREST BEARING LOANS AND BORROWINGS $'M	EXPECTED FUTURE INTEREST PAYMENTS $'M	DERIVATIVES $'M	TOTAL FINANCIAL LIABILITES $'M
As at 30 June 2016						
Due within one year	485.5	16.7	250.1	11.8	4.8	768.9
Due between one and four year(s)	30.4	-	483.8	25.1	-	539.3
Due after four years	-	-	510.0	137.5	-	647.5
	515.9	**16.7**	**1,243.9**	**174.4**	**4.8**	**1,955.7**
As at 30 June 2015						
Due within one year	510.1	11.0	25.6	0.5	2.9	550.1
Due between one and four year(s)	29.5	-	626.4	63.5	-	719.4
Due after four years	-	-	588.1	162.6	-	750.7
	539.6	**11.0**	**1,240.1**	**226.6**	**2.9**	**2,020.2**

(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 the 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. 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 costs incurred.

The Group uses forward exchange contracts and foreign currency options 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 loans and 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, GBP and USD denominated.

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 the equity attributable to members of WorleyParsons Limited. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(1) 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)	
			2016	2016	2015	2015
	2016	2015	$'M	$'M	$'M	$'M
Contracts to buy USD and sell CAD						
Matured 24 March 2016	-	0.99	-	-	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 72.3	CAD (72.3)	USD 72.3	CAD (72.3)
Maturing 13 September 2019	1.01	1.01	USD 75.0	CAD (76.0)	USD 75.0	CAD (76.0)
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	
	2016 $'M	2015 $'M
Fair value gain on cross currency hedge	94.8	73.6
Foreign exchange loss on hedge relationship	(89.1)	(74.4)
Net gain pre-tax in hedge relationship	5.7	(0.8)

(2) FORWARD EXCHANGE CONTRACTS

The Group is exposed to foreign exchange rate transaction risk on foreign currency sales and purchases, and loans to and from related entities. The most significant foreign exchange risk is USD receipts by Australian and other 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 and are generally accounted for as cash flow hedges.

At balance date, the details of significant outstanding contracts were:

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2016	2015	2016 $'M	2016 $'M	2015 $'M	2015 $'M
Maturing in the next 6 months to 31 December 2016						
Buy AUD and Sell USD	1.32	1.15	AUD 24.4	USD (18.5)	AUD 9.1	USD (7.9)
Buy CAD and Sell USD	-	1.24	-	-	CAD 40	USD (32.3)
Buy CNY and Sell AUD	4.79	-	CNY 121.4	AUD (25.3)	-	-
Buy CNY and Sell CAD	-	5.08	-	-	CNY 2.5	CAD (0.5)
Buy CNY and Sell USD	6.60	-	CNY 83.5	USD (12.6)	-	-
Buy EUR and Sell AUD	-	0.69	-	-	EUR 0.3	AUD (0.4)
Buy EUR and Sell KRW	-	2.97	-	-	EUR 1.4	KRW (0.5)
Buy EUR and Sell KWD	2.92	-	EUR 0.7	KWD (0.2)	-	-
Buy EUR and sell USD	1.10	-	EUR 6.8	USD (7.5)	-	-
Buy GBP and Sell AUD	-	0.49	-	-	GBP 3.5	AUD (7.1)
Buy GBP and Sell CNY	9.90		GBP 2.6	CNY (26.1)		
Buy GBP and Sell EUR	0.66	0.77	GBP 0.1	EUR (0.2)	GBP 1.9	EUR (2.4)
Buy GBP and Sell RUB	-	0.01	-	-	GBP 0.6	RUB (37.8)
Buy GBP and Sell USD	1.46	-	GBP 2.2	USD (3.2)	-	-
Buy INR and Sell USD	68.36	-	INR 62.9	USD (0.9)	-	-
Buy MYR and Sell AUD	3.00	2.86	MYR 1.7	AUD (0.6)	MYR 10	AUD (3.5)
Buy MYR and Sell CAD	3.24	-	MYR 8.0	CAD (2.5)	-	-
Buy MYR and Sell GBP	6.75	-	MYR 1.4	GBP (0.2)	-	-
Buy MYR and Sell USD	4.37	-	MYR 9.7	USD (2.2)	-	-
Buy NOK and Sell AUD	6.10	5.92	NOK 135.0	AUD (22.1)	NOK 179	AUD (30.2)
Buy NOK and Sell SGD	0.17		NOK 0.0	SGD (0.2)		
Buy NZD and Sell AUD	1.06	1.12	NZD 6.0	AUD (5.7)	NZD 5.5	AUD (4.9)
Buy SGD and Sell AUD	0.99	1.04	SGD 7.3	AUD (7.4)	SGD 2.6	AUD (2.5)
Buy SGD and Sell USD	1.38		SGD 0.8	USD (0.6)		
Buy USD and Sell AUD	-	0.77	-	-	USD 10.0	AUD (13.0)
Buy USD and Sell CAD	1.31		USD 11.9	CAD (15.5)		
Buy USD and Sell GBP	-	1.57	-	-	USD 5.6	GBP (3.6)
Buy ZAR and Sell EUR	16.33	-	ZAR 19.7	EUR (1.2)	-	-
Maturing in the next 6-12 months to 30 June 2017						
Buy AUD and Sell USD	-	1.31	-	-	AUD 3.0	USD (2.3)
Buy CNY and Sell USD	6.66	-	CNY 10.7	USD (1.6)		
Buy EUR and Sell KWD	-	2.95	-	-	EUR 0.7	KWD (0.2)
Buy GBP and Sell CNY	10.24	-	GBP 1.3	CNY (13.7)		
Buy GBP and Sell EUR	-	0.80	-	-	GBP 0.4	EUR (0.5)
Maturing in the next 12-18 months to 31 December 2017						
Buy AUD and Sell USD	1.0	-	AUD 0.0	USD (0.0)	-	-

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	
	2016 $'M	2015 $'M
Effective hedge – unrealized gains	1.5	0.9
Effective hedge – unrealized losses	(2.0)	(2.9)
Net unrealized losses, pre-tax	(0.5)	(2.0)

18. FINANCIAL RISK MANAGEMENT (continued)

(3) 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:

	CONSOLIDATED				
As at 30 June 2016	CAD[1] $'M	GBP[1] $'M	USD[1] $'M	EUR[1] $'M	OTHER[1] $'M
Cash and cash equivalents	0.5	3.4	96.8	3.4	14.1
Trade receivables and unbilled contract revenue	1.4	1.8	61.6	13.0	7.2
Trade payables	(4.0)	(3.1)	(86.4)	(7.5)	(6.5)
Gross Statement of Financial Position exposure	(2.1)	2.1	72.0	8.9	14.8
As at 30 June 2015					
Cash and cash equivalents	0.5	4.7	87.7	2.1	23.7
Trade receivables and unbilled contract revenue	0.8	2.8	83.1	5.7	70.1
Trade payables	(0.2)	(0.7)	(60.6)	(32.6)	(39.3)
Gross Statement of Financial Position exposure	1.1	6.8	110.2	(24.8)	54.5

(4) CURRENCY SENSITIVITY ANALYSIS

A 10% weakening of the Australian dollar against the following currencies at 30 June 2016 in relation to the preceding foreign currency exposures 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 2015.

	CONSOLIDATED			
	2016		2015	
EFFECTS IN MILLIONS OF AUD	EQUITY	PROFIT	EQUITY	PROFIT
CAD	-	(0.2)	-	0.1
GBP	-	0.3	-	1.1
USD	-	7.5	-	11.1
EUR	-	1.0	-	(2.8)
Other	-	1.0	-	3.8

A 10% strengthening of the Australian dollar against the above currencies at 30 June 2016 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 the AUD applied during the financial year:

	AVERAGE EXCHANGE RATE		REPORTING DATE SPOT EXCHANGE RATE	
	2016	2015	2016	2015
CAD	0.9653	0.9774	0.9647	0.9542
GBP	0.4912	0.5305	0.5595	0.4914
USD	0.7284	0.8370	0.7450	0.7737
EUR	0.6565	0.6958	0.6712	0.6907

[1] Represented in AUD currency millions as indicated.

(ii) 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.

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.

(1) INTEREST RATE RISK EXPOSURES

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:

	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 2016										
Cash and cash equivalents	1.4	373.1	-	-	-	-	-	-	-	373.1
Bank loans [1]	2.3	-	20.4	-	132.4	-	-	-	-	152.8
Notes payable[1]	5.1	-	227.5	250.3	-	100.7	234.9	275.2	-	1,088.6
Finance lease liabilities	2.8	-	2.2	0.3	-	-	-	-	-	2.5
AS AT 30 JUNE 2015										
Cash and cash equivalents	1.5	381.9	-	-	-	-	-	-	-	381.9
Bank loans and overdrafts[1]	2.0	-	9.7	163.4	-	-	-	-	-	173.1
Notes payable[1]	5.1	-	12.9	219.1	240.9	-	96.9	491.2	-	1,061.0
Finance lease liabilities	2.1	-	3.0	2.8	0.2	-	-	-	-	6.0

As the largest component of interest bearing liabilities, being notes payable, are at fixed interest rates, the effect of changes in interest rates on equity and profit of the Group is negligible. All other financial assets and financial liabilities are non-interest bearing.

19. FAIR VALUES

DETERMINATION OF FAIR VALUES

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.

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 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.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

FAIR VALUES COMPARED TO CARRYING AMOUNTS

The fair values of financial assets and liabilities approximate their carrying values with the exception of interest bearing loans and borrowings which have a fair value of $1,394.0 million (2015: $1,385.5 million) and a carrying value of $1,243.9 million (2015: $1,240.1 million).

The Group uses the following hierarchy for determining the fair value of a financial asset or liability:

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The Group's interest bearing loans and borrowings and derivative instruments including interest rate swaps and forward exchange contracts fall within Level 2 of the hierarchy.

Derivative instruments including interest rate swaps and forward exchange contracts are restated to fair values at each reporting date based on market observable inputs such as foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Fair values of the Group's interest bearing loans and borrowings are determined by discounting future cash flows using period-end borrowing rates on loans and borrowings with similar terms and maturity.

There were no transfers between Level 1 and 2, and no financial instruments were measured at Level 3 (where fair value is measured using unobservable inputs for the asset or liability) for the periods presented in this report.

[1] Excludes capitalized borrowing costs.

ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2016 %	2015 %

20. INVESTMENTS IN CONTROLLED ENTITIES

(A) SIGNIFICANT ENTITIES

Entity	Country of incorporation	2016 %	2015 %
Worley No 2 Pty Limited[1]	Australia	100	100
WorleyParsons Canada Services Ltd	Canada	100	100
WorleyParsonsCord Limted	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
Rosenberg WorleyParsons AS	Norway	100	100
Beijing MaisonWorleyParsons Engineering & Technology Co Limited	China	80	80
WorleyParsons Kazakhstan LLP	Kazakhstan	100	100

In accordance with the accounting standards, the Group discloses only significant entities identified on the basis of materiality.

(B) ACQUISITION OF CONTROLLED ENTITIES

During the year ended 30 June 2016, the Group finalized the acquisition accounting for an additional net interest in entities which had previously been accounted for as joint operations. This resulted in a $4.5 million net gain on revaluation of investments previously accounted for as joint operations.

On 24 October 2014, the Group acquired 100% of the voting shares of MTG Limited (MTG) and its controlled entities. MTG is a US based management consulting firm in the oil and gas, petrochemicals and chemicals industries with operations in North America, the United Kingdom and Australia. The acquisition was made as a building block in the growth of Advisian, the advisory business of the Group.

There were no other changes to the acquisition values recognized in the 30 June 2015 financial statements.

RECOGNITION AND MEASUREMENT

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.

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 the profit and loss.

[1] Entities subject to Australian Securities and Investments Commission Class Order 98/1418 relief.

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, irrespective of the extent of any non-controlling interest. 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.

21. EQUITY ACCOUNTED ASSOCIATES

(A) DETAILS OF EQUITY ACCOUNTED ASSOCIATES

The Group's largest equity accounted associates are listed below. None is considered individually material to the Group.

ENTITY	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2016 %	OWNERSHIP INTEREST CONSOLIDATED 2015 %	CARRYING AMOUNT CONSOLIDATED 2016 $'M	CARRYING AMOUNT CONSOLIDATED 2015 $'M
Significant investments						
Transfield Worley Power Services Pty Limited	Australia	Infrastructure	50	50	23.5	22.4
DeltaAfrik Engineering Limited	Nigeria	Hydrocarbons	49	49	21.3	22.9
Ranhill WorleyParsons Sdn Bhd	Malaysia	Hydrocarbons	49	49	13.6	20.3
Nana WorleyParsons LLC	USA	Hydrocarbons	50	50	12.6	13.9
Cegertec WorleyParsons Inc	Canada	Minerals, Metals & Chemicals	50	50	3.0	12.7
Other investments[1]					12.8	24.0
					86.8	**116.2**

(B) CARRYING AMOUNT OF EQUITY ACCOUNTED ASSOCIATES

	CONSOLIDATED 2016 $'M	CONSOLIDATED 2015 $'M
Balance at the beginning of the financial year	116.2	115.5
Share of net (losses)/profits of investments accounted for using the equity method	(2.3)	10.8
Dividends declared by equity accounted associates	(6.3)	(15.8)
Change in nature of investment	(0.8)	-
Write-down of investments in equity accounted associates	(12.1)	-
Movement in foreign currency translation reserve of equity accounted associates	(7.9)	5.7
Balance at the end of the financial year	**86.8**	**116.2**

(C) NET PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

Profits before income tax expense	2.7	14.8
Income tax expense	(5.0)	(4.0)
Net profits of equity accounted associates	**(2.3)**	**10.8**

(D) REVENUE ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

Share of revenue from equity accounted associates	**342.5**	**514.6**

(E) RESERVES ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(11.7)	(17.4)
Change in nature of investment	0.2	
Movement in reserve	(8.1)	5.7
Balance at the end of the financial year	**(19.6)**	**(11.7)**

[1] In July 2015 the ownership of Sakhneftegaz Engineering LLC changed from 50% to 100% and the entity was consolidated from July 2015. The financial result of change of nature of the investment did not have a significant impact to the financial statements at 30 June 2016.

	CONSOLIDATED	
	2016 $'M	2015 $'M

21. EQUITY ACCOUNTED ASSOCIATES (continued)

(F) RETAINED PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

	2016 $'M	2015 $'M
Balance at the beginning of the financial year	106.4	111.4
Share of net (losses)/profits of investments accounted for using the equity method	(2.3)	10.8
Write-down of investments in equity accounted associates	(12.1)	-
Change in nature of investment	(0.9)	-
Dividends declared by equity accounted associates	(6.3)	(15.8)
Balance at the end of the financial year	**84.8**	**106.4**

(G) SHARE OF EQUITY ACCOUNTED ASSOCIATES' CONTINGENT LIABILITIES

	2016 $'M	2015 $'M
Performance related guarantees issued	5.0	7.4

(H) SHARE OF EQUITY ACCOUNTED ASSOCIATES' EXPENDITURE COMMITMENTS

	2016 $'M	2015 $'M
Operating lease commitments	1.5	0.6

(I) SUMMARY OF FINANCIAL POSITION OF EQUITY ACCOUNTED ASSOCIATES

The consolidated entity's share of aggregate assets and liabilities of equity accounted associates is:

	2016 $'M	2015 $'M
Current assets	124.3	165.4
Non-current assets	72.3	90.2
Current liabilities	(98.5)	(131.9)
Non-current liabilities	(11.3)	(15.4)
Net assets	86.8	108.3
Goodwill	-	7.9
Balance at the end of the financial year	**86.8**	**116.2**

RECOGNITION AND MEASUREMENT

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.

22. INTERESTS IN JOINT OPERATIONS

JOINT OPERATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2016 %	2015 %
The Group's largest joint operation is listed below. It is not individually material to the Group.			
Kazakh Projects Joint Venture	Hydrocarbons	50	50

The consolidated entity's interests in the assets and liabilities employed in all joint operations are included in the Statement of Financial Position under the following classifications:

	CONSOLIDATED 2016 $'M	2015 $'M
ASSETS		
Current assets		
Cash and cash equivalents	7.8	7.7
Trade and other receivables	35.4	41.2
Other	1.5	4.6
Total current assets	**44.7**	**53.5**
Non-current assets		
Property, plant and equipment	0.0	0.1
Total non-current assets	**0.0**	**0.1**
TOTAL ASSETS	**44.7**	**53.6**
LIABILITIES		
Current liabilities		
Trade and other payables	38.8	50.6
Provisions	0.1	-
Total current liabilities	**38.9**	**50.6**
Non-current liabilities		
Other non-current liabilities	-	-
Total non-current liabilities	**-**	**-**
TOTAL LIABILITIES	**38.9**	**50.6**
NET ASSETS	**5.8**	**3.0**

RECOGNITION AND MEASUREMENT

The Group recognizes its proportionate interest in the assets, liabilities, revenues and expenses of any joint operations. These balances are incorporated in the financial statements under the appropriate headings.

23. ASSETS AND LIABILITIES HELD FOR SALE

At 30 June 2016, the investment in the equity accounted associate Cegertec WorleyParsons Inc (Cegertec) and certain assets and liabilities of the WorleyParsons business in South Africa were in the process of being sold. The details are listed below:

- Cegertec is an investment accounted for as an equity accounted associate. At 30 June 2016, the total investment was $3.0m, after an impairment charge of $7.5m recognized in FY2016. The value of investment into Cegertec as at 30 June 2016 represents the amount expected to be recovered through sale.
- Certain net assets of the WorleyParsons Public Infrastructure business in South Africa totaling $2.0m at 30 June 2016 are expected to be recovered through sale.

Whilst these businesses are assessed as assets held for sale as at 30 June 2016 and have been measured at fair value in accordance with accounting standards, they have not been reclassified as current assets in the Statement of Financial Position on the basis of materiality.

RECOGNITION AND MEASUREMENT

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 except where the amounts involved are considered immaterial.

	CONSOLIDATED	
	2016 $'M	2015 $'M
24. COMMITMENTS FOR EXPENDITURE		
(A) OPERATING LEASES		
Commitments for minimum lease payments in relation to non-cancelable operating leases are payable as follows:		
Within one year	170.0	201.0
Later than one year and not later than five years	375.9	403.2
Later than five years	24.8	65.4
Commitments not recognized in the financial statements	**570.7**	**669.6**
(B) OPERATING EXPENDITURE COMMITMENTS		
Estimated commitments for operating expenditure in relation to software and information technology are payable as follows:		
Within one year	92.2	110.6
Later than one year and not later than five years	26.2	14.1
Commitments not recognized in the financial statements	**118.4**	**124.7**

Commitments are disclosed net of the amount of GST payable to the taxation authority.

25. 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	
	2016 $'M	2015 $'M
Bank guarantees outstanding at balance date in respect of contractual performance	646.6	753.6
Commitments not recognized in the financial statements	646.6	753.6

Contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

(B) 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 11.

(C) 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.

26. SUBSEQUENT EVENTS

Since the end of the financial year, the directors have resolved to pay no dividend (2015: 22.0 cents per share, unfranked).

Unless disclosed elsewhere in the financial statements, no other material matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

27. 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 revenues and costs, and assets and liabilities have been recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position:

	CONSOLIDATED	
	2016 $'M	2015 $'M
REVENUE AND EXPENSES[1]		
Procurement revenue at margin	345.3	336.0
Procurement costs at margin	(331.6)	(325.1)
Procurement revenue at nil margin	2,226.4	2,034.9
Procurement costs at nil margin	(2,226.4)	(2,034.9)
ASSETS AND LIABILITIES		
Cash and cash equivalents	69.4	91.6
Trade and other receivables	324.7	171.2
Trade and other payables	(326.7)	(123.0)

[1] Revenue and expenses exclude procurement revenue and expenses from associates.

	CONSOLIDATED	
	2016 $'M	2015 $'M

28. PROPERTY, PLANT AND EQUIPMENT

	2016 $'M	2015 $'M
Land and buildings		
At cost	9.1	9.8
Accumulated depreciation	(4.5)	(0.5)
	4.6	**9.3**
Leasehold improvements		
At cost	170.5	196.2
Accumulated amortization	(139.3)	(149.8)
	31.2	**46.4**
Plant and equipment		
At cost	173.4	190.3
Accumulated depreciation	(145.2)	(145.0)
	28.2	**45.3**
Computer equipment		
At cost	76.9	79.8
Accumulated depreciation	(67.6)	(73.6)
	9.3	**6.2**
Total property, plant and equipment	**73.3**	**107.2**

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 2015	9.3	46.4	45.3	6.2	107.2
Additions	-	8.1	9.1	6.2	23.4
Disposals	(0.7)	(8.3)	(3.2)	(0.8)	(13.0)
Other movements	-	(0.7)	(4.6)	-	(5.3)
Depreciation	(3.9)	-	(18.9)	(2.3)	(25.1)
Amortization	-	(14.1)	-	-	(14.1)
Differences arising on translation of foreign operations	(0.1)	(0.2)	0.5	-	0.2
Balance at 30 June 2016	**4.6**	**31.2**	**28.2**	**9.3**	**73.3**
Balance at 1 July 2014	1.2	60.5	46.3	7.7	115.7
Additions due to the acquisition of entities	-	-	0.2	0.2	0.4
Additions	8.2	9.8	16.2	2.4	36.6
Disposals	-	(0.6)	(1.1)	(0.4)	(2.1)
Depreciation	(0.3)	-	(19.8)	(4.5)	(24.6)
Amortization	-	(27.0)	-	-	(27.0)
Differences arising on translation of foreign operations	0.2	3.7	3.5	0.8	8.2
Balance at 30 June 2015	**9.3**	**46.4**	**45.3**	**6.2**	**107.2**

RECOGNITION AND MEASUREMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortization and impairment, if any.

	CONSOLIDATED 2016 $'M	2015 $'M

29. DEFERRED TAX

(A) DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Amounts recognized in the Statement of Financial Performance:

	2016 $'M	2015 $'M
Allowance for impairment of receivables	9.0	7.2
Employee benefits provisions	42.0	45.1
Warranty provisions	3.6	4.4
Project provisions	16.7	17.2
Other provisions	55.3	41.7
Property, plant and equipment	19.3	14.6
Sundry accruals	19.7	17.0
Recognized tax losses	35.3	16.2
Unused foreign tax credits	40.2	11.7
Unrealized foreign exchange losses	51.3	0.0
Lease incentives	3.0	2.4
Other	1.0	12.9
	296.4	190.4
Amounts recognized directly in equity:		
Foreign exchange losses	1.1	21.9
Deferred tax assets	**297.5**	**212.3**
Balance at the beginning of the financial year	212.3	195.6
Acquisition of controlled entities	-	6.6
Credited to the Statement of Financial Performance	105.7	(10.6)
Charged to equity	(20.8)	(4.9)
Disposal of subsidiary	-	(0.5)
Differences arising on translation of foreign operations	0.3	26.1
Balance at the end of the financial year	**297.5**	**212.3**

29. DEFERRED TAX (continued)

(B) DEFERRED TAX LIABILITIES

	CONSOLIDATED 2016 $'M	CONSOLIDATED 2015 $'M
The balance comprises temporary differences attributable to:		
Amounts recognized in the Statement of Financial Performance:		
Identifiable intangible assets and goodwill	70.6	69.1
Unbilled contract revenue	20.1	20.7
Property, plant and equipment	0.5	0.1
Unrealized foreign exchange gains	34.2	13.7
Prepayments	1.4	1.3
Other	(13.3)	6.7
	113.5	111.6
Amounts recognized directly in equity:		
Other	3.3	4.1
Deferred tax liabilities	**116.8**	**115.7**
Balance at the beginning of the financial year	115.7	122.3
Acquisition of controlled entities	-	4.7
Credited to the Statement of Financial Performance	0.9	(18.7)
Charged to equity	(0.7)	(1.4)
Disposal of subsidiary	-	(0.4)
Differences arising on translation of foreign operations	0.9	9.2
Balance at the end of the financial year	**116.8**	**115.7**

RECOGNITION AND MEASUREMENT

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 and loss.

Deferred tax assets and liabilities 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.

KEY ESTIMATES

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.

30. RELATED PARTIES

(A) DIRECTORS

The names of persons who were directors of the Company at any time during the financial year were as follows:

John Grill (Chairman)

Ron McNeilly (Deputy Chairman and Lead Independent Director)

Larry Benke

Jagjeet Bindra

Erich Fraunschiel

John M Green

Christopher Haynes

Catherine Livingstone

Wang Xiao Bin

Andrew Wood (Chief Executive Officer).

(B) OTHER RELATED PARTIES

	CONSOLIDATED 2016 $'M	CONSOLIDATED 2015 $'M
Aggregate amounts brought to account in relation to other transactions with each class of other related parties were as follows:		
Loans advanced to:		
Associates and related parties	2.1	0.3
Loan repayments from:		
Associates and related parties	(2.6)	1.2
Dividends received from:		
Dividend revenue from associates	6.3	15.8
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	54.4	60.2
Current payables		
Associates and related parties	16.7	11.0

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.

31. REMUNERATION OF AUDITORS

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
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	3,018,158	3,571,935
Other auditors of controlled entities	115,666	149,839
	3,133,824	**3,721,774**
Amounts received for other services:		
Tax related services	835,817	757,757
Acquisition related assurance services	12,211	52,240
Other non-audit services	83,594	567,365
	931,622	**1,377,362**
	4,065,446	**5,099,136**

32. KEY MANAGEMENT PERSONNEL

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Short term employee benefits	9,679,055	6,976,197
Post-employment benefits	252,791	215,807
Termination benefits	522,770	-
Other long term benefits	120,929	56,543
Share based payments	845,544	698,033
Total compensation	**11,421,089**	**7,946,580**

33. PARENT ENTITY DISCLOSURES

(A) PARENT ENTITY

WorleyParsons Limited parent entity financial statements include investments in the following entities:

ENTITY	COUNTRY OF INCORPORATION	2016 $'M	2015 $'M
WorleyParsons Financial Services Pty Limited	Australia	440.1	440.1
WorleyParsons Canada Holdings Pty Limited	Australia	197.9	197.9
WorleyParsons Canada Callco Ltd	Canada	121.0	121.0
WorleyParsons Engineering Pty Limited	Australia	100.0	100.0
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	94.7	94.7
		953.7	**953.7**

The parent entity's summary financial information as required by the *Corporations Act 2001* is as follows:

	2016 $'M	2015 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	13.0	159.6
Income tax benefit/(expense)	1.0	(21.2)
Profit after income tax	**14.0**	**138.4**
Profit attributable to members of WorleyParsons Limited	14.0	138.4
Retained profits at the beginning of the financial year	130.7	199.3
Dividends paid[1]	(53.8)	(207.0)
Retained profits at the end of the financial year	**90.9**	**130.7**
STATEMENT OF COMPREHENSIVE INCOME		
Profit after income tax expense	14.0	138.4
Total comprehensive income, net of tax	**14.0**	**138.4**
STATEMENT OF FINANCIAL POSITION		
Current assets	1,040.6	1,006.4
Total assets	2,013.5	1,990.0
Current liabilities	589.1	527.9
Total liabilities	619.5	557.4
Net assets	**1,394.0**	**1,432.6**
Issued capital	1,264.9	1,255.0
Performance rights reserve	38.2	46.9
Retained profits	90.9	130.7
Total equity	**1,394.0**	**1,432.6**

The parent entity has bank guarantees in respect of contractual performance outstanding at 30 June 2016 for the amount of $381.8 million (2015: $484.2 million). These commitments have not been recognized in the financial statements.

The parent entity has no commitments for expenditure.

[1] Dividends paid by the Parent Entity exclude dividends paid to holders of exchangeable shares.

(B) CLOSED GROUP

WorleyParsons Limited together with Worley No 2 Pty Limited, WorleyParsons Engineering Pty Limited, WorleyParsons Financial Services Pty Limited, WorleyParsons Services Pty Limited and Engineering Securities Pty Limited entered into a Deed of Cross Guarantee on 26 May 2003. On 23 June 2016, Advisian Group Pty Limited, Worley SPV1 Pty Limited, WorleyParsons EA Holdings Pty Limited, WorleyParsons Infrastructure Holdings Pty Limited, WorleyParsons SEA Pty Limited, WorleyParsons South America Holdings Pty Limited and WorleyParsons Africa Holdings Pty Limited also became parties to the Deed of Cross Guarantee. 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. As a result, Australian Securities and Investments Commission Class Order 98/1418 relieves certain of the controlled entities from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports.

Comparative information for 2015 has been restated to include unincorporated joint ventures of WorleyParsons Services Pty Limited and also foreign branches of WorleyParsons Engineering Pty Limited.

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	
	2016 $'M	2015 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	85.0	95.6
Income tax expense	(10.5)	(15.6)
Profit after income tax expense	**74.5**	**80.0**
Profit attributable to members of WorleyParsons Limited	74.5	80.0
Retained profits at the beginning of the financial year	226.1	354.2
Retained profits of entities that became party to the Deed during the financial year	310.5	-
Dividends paid[1]	(53.8)	(208.1)
Retained profits at the end of the financial year	**557.3**	**226.1**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	18.4	29.5
Trade and other receivables	979.2	1,748.3
Other current assets	43.6	74.6
Total current assets	**1,041.2**	**1,852.4**
Non-current assets		
Deferred tax assets	67.7	74.4
Intangible assets	217.1	191.0
Property, plant and equipment	9.0	14.1
Other non-current assets	2,140.7	948.7
Total non-current assets	**2,434.5**	**1,228.2**
TOTAL ASSETS	**3,475.7**	**3,080.6**
LIABILITIES		
Current liabilities		
Trade and other payables	285.6	366.6
Provisions	86.6	109.2
Total current liabilities	**372.2**	**475.8**
Non-current liabilities		
Trade and other payables	1,078.0	852.4
Interest bearing loans and borrowings	198.7	191.9
Deferred tax liabilities	12.7	16.2
Total non-current liabilities	**1,289.4**	**1,060.5**
TOTAL LIABILITIES	**1,661.6**	**1,536.3**
NET ASSETS	**1,814.1**	**1,544.3**
EQUITY		
Issued capital	1,264.9	1,255.0
Reserves	(8.1)	63.2
Retained profits	557.3	226.1
TOTAL EQUITY	**1,814.1**	**1,544.3**

[1] Dividends paid by the Closed Group exclude dividends paid to holders of exchangeable shares.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of WorleyParsons Limited, I state that:

1. 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 2016 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards 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 Company will be able to pay its debts as and when they become due and payable; and
   (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33(B) 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.
2. This declaration has been made after receiving the declarations required to be made to the Directors from the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

On behalf of the Board

JOHN GRILL, AO
Chairman
Sydney, 24 August 2016

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of WorleyParsons Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WorleyParsons Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2016, 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.

In our opinion:

the accompanying financial report of WorleyParsons Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's consolidated financial position as at 30 June 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Building a better working world

1. **Recognition and Measurement - Professional Services and Construction & Fabrication Revenue**

Refer to Note 4 'Revenue and other income'

Why significant	How our audit addressed the matter
This is a key audit matter due to the nature and extent of estimates made and the wide variety of unique contract conditions, which leads to contract revenue recognition being complex and judgmental. The accurate recording of revenue is highly dependent upon the following factors: ► Detailed knowledge of the individual characteristics and status of contracts such as industry, geography of project, length and type, for example lump sum versus time and material contracts; ► Determination of variations and claims provided to customers, including an assessment of when the Group believes it is probable that amounts will be approved and can be recovered from the customer; and ► Determination of claims received from customers, including an assessment of when the Group believes it is probable that such claims will result in an outflow of economic resources.	We evaluated and tested the Group's processes for recognising contract revenues. We selected a sample of contracts for testing based on qualitative and quantitative factors. We performed the following procedures for each contract selected in relation to the key judgments in the Group's calculation of contract revenue: ► We assessed the Group's ability to deliver contracts within budgeted margins by analyzing the historical accuracy of forecasting margins and the relationship of cost versus billing status on contracts; ► We tested material variations and claims both within contract revenue and contract costs to supporting documentation; ► We understood the contract terms and conditions and evaluated whether the individual characteristics of each contract were reflected in the Group's estimate; and ► For contracts accounted for using the percentage of completion method we assessed the forecast costs to complete through evaluating the Group's assessments. We considered the effect of contract performance in the period since year end to the date of this report on year end revenue recognition judgments. We considered the adequacy of financial report disclosures included in the summary of significant accounting policies in Note 4 to the financial statements.

2. Valuation of Trade Receivables

Refer to Note 8 'Trade and Other Receivables' and Note 18B 'Financial Risk Management – Credit Risk'

Why significant	How our audit addressed the matter
As outlined in note 18B, there were trade receivables as at 30 June 2016 more than 60 days past due. The collectability of the Group's trade receivables, including unbilled contract revenue, and the valuation of the allowance for impairment of trade receivables is a key audit matter due to the judgment involved.	We evaluated and tested the Group's processes for trade receivables and unbilled contract revenue, including the provisioning and collection processes. We tested that trade receivables and unbilled contract revenue were subsequently collected. Where there were indicators that trade receivables were unlikely to be collected within contracted payment terms, we assessed the adequacy of the allowance for impairment of trade receivables. To do this: ► We assessed the ageing of trade receivables, quantum of other contract assets, contract performance, disputes with customers and the past payment and credit history of the customer; ► We evaluated evidence from legal and external experts' reports on contentious matters; ► We assessed the profile of trade receivables and the economic environment applicable to these customers; and ► We considered the historical accuracy of forecasting the allowance for impairment of trade receivables.

3. Impairment of Goodwill

Refer to Note 10 'Intangible assets'

Why significant	How our audit addressed the matter
The impairment assessment made by the Group over its goodwill balances is a key audit matter as it incorporates significant judgments in respect of factors such as current work in hand and future contract wins, forecast cash flows, growth rates and discount rates, as well as economic assumptions such as inflation and foreign currency rates.	Our audit considered whether the methodology and principles applied by the Group to their value in use impairment model met the requirements of Australian Accounting Standard AASB 136 Impairment of Assets. We assessed the determination of the Group's cash generating units based on our understanding of the nature of the Group's business, how earnings streams are monitored and reported and the economic environment in which it operates. We evaluated the Group's process for determining any asset impairments. Together with our valuation specialists we assessed and tested the assumptions and methodologies used in the Group's value in use model. In doing so: ► We assessed the basis for the Group's cash flow

forecasts including consideration of the historical accuracy of previous estimates;

- We compared the discount rate, growth rates and other economic assumptions to available internal and external data; and
- We performed sensitivities and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of the CGU to exceed its recoverable amount.

We considered the adequacy of the financial report disclosures contained in Note 10 regarding those assumptions, to which the outcome of the impairment test is most sensitive. That is, those which have the most significant effect on the determination of the recoverable amount of goodwill and other identifiable intangible assets.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities 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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 50 of the Directors' Report for the year ended 30 June 2016.

In our opinion, the Remuneration Report of WorleyParsons Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

The engagement partner on the audit resulting in this independent auditor's report is Steve Ferguson.

Ernst & Young

SJ Ferguson

Partner
Sydney
24 August 2016

SHAREHOLDER INFORMATION

TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 17 AUGUST 2016

NAME	SHARES	% OF ISSUED CAPITAL	RANK
HSBC Custody Nominees (Australia) Limited	73,286,577	29.54	1
J P Morgan Nominees Australia Limited	51,869,298	20.91	2
National Nominees Limited	19,237,089	7.75	3
Citicorp Nominees Pty Limited	16,326,044	6.58	4
Wilaci Pty Limited <The Serpentine A/c>	11,778,006	4.75	5
Serpentine Foundation Pty Limited <Serpentine Foundation A/c>	4,844,825	1.95	6
BNP Paribas Noms Pty Ltd <DRP>	3,925,932	1.58	7
Mr John Michael Grill	2,569,342	1.04	8
HSBC Custody Nominees (Australia) Limited - A/c 3	1,921,130	0.77	9
Haju Pty Limited <Haju A/c>	1,500,000	0.60	10
Juha Pty Limited <Juha A/c>	1,500,000	0.60	11
Taylor Square Designs Pty Ltd	1,423,641	0.57	12
UBS Bank Canada TR Chalet Holdings Inc	1,077,475	0.43	13
Argo Investments Limited	972,336	0.39	14
Inmac Engineering Pty Ltd	890,000	0.36	15
Citicorp Nominees Pty Limited <Colonial First State Inv A/c>	873,087	0.35	16
HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA/NV A/c>	830,000	0.33	17
Lujeta Pty Ltd <The Margaret Account>	828,500	0.33	18
Dubotu Pty Ltd	800,000	0.32	19
UBS Nominees Pty Ltd	760,000	0.31	20
Total	**197,213,282**	**79.46**	

Total number of current holders for all named classes is 23,188.
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 17 AUGUST 2016*

NAME	NOTICE DATE	SHARES
John Grill and associated companies	31 May 2010	25,313,786
Franklin Resources, Inc and its affiliates	24 March 2016	22,328,837
UBS Group AG and related bodies corporate	9 August 2016	22,195,218
Polaris Capital Management, LLC	22 March 2016	18,445,731
Veritas Asset Management LLP	31 October 2014	14,393,694
Allan Gray Australia	24 February 2016	12,528,580
BlackRock Group and subsidiaries	22 July 2016	12,423,313

* As disclosed in substantial shareholder notices received by the Company.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 17 AUGUST 2016

	HOLDERS	SHARES	% OF ISSUED CAPITAL
1 – 1,000	15,650	6,459,544	2.60
1,001 – 5,000	6,239	13,983,888	5.64
5,001 – 10,000	737	5,421,364	2.19
10,001 – 100,000	487	12,031,749	4.85
100,001 and over	75	210,189,607	84.72
Total	**23,188**	**248,086,152**	**100.00**

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $500 parcel at $7.91 per unit	64	1,657	53,660

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 as part of the consideration for the acquisition of the Colt Group.

VOTING RIGHTS

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 that carries an aggregate number of votes equal to the number of votes attached to the ordinary shares into which the exchangeable shares are exchangeable.

GLOSSARY

Term	Definition
Americas	Services business line region encompassing Canada, United States of America and Latin America.
APAC	Services business line region encompassing Australia, Pacific, Asia, China.
Backlog	Backlog is the total dollar value of the amount of revenues expected to be recorded for the next 36 months as a result of work performed under contracts or purchase/work orders awarded to WorleyParsons. With respect to long term agreements and framework agreements an amount is included for the work expected to be received over the period under consideration. The view of backlog is sensitive to timing of awards and as such a conservative view of timing has been adopted.
Downstream	The refining of petroleum crude oil and the processing and purifying of raw natural gas, as well as the marketing and distribution of products derived from crude oil and natural gas.
EBIT	Earnings before interest and tax.
EMEA	Services business line region encompassing Europe, Middle East and Africa.
EPC	Engineering, Procurement and Construction.
EPS	Earnings per share.
GDC	Global Deliver Center.
HSE	Health Safety and Environment.
OneWayTM	Our enterprise-wide integrity management framework which establishes our corporate expectations for zero harm to our business.
PMC	Project Management Consultancy.
Upstream	The searching for potential underground or underwater crude oil and natural gas fields, drilling of exploratory wells, and the subsequent drilling and operation of the wells that recover and bring the crude oil and/or raw natural gas to the surface.

CORPORATE INFORMATION

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

John Grill (Chairman)
Ron McNeilly (Deputy Chairman and Lead Independent Director)
Larry Benke
Jagjeet (Jeet) Bindra
Erich Fraunschiel
John M Green
Christopher Haynes, OBE
Catherine Livingstone, AO
Wang Xiao Bin
Andrew Wood (Chief Executive Officer)

COMPANY SECRETARY

Peter Janu

REGISTERED OFFICE

Level 12
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

Banco Bilbao Vizcaya Argentaria
Bank of America Merrill Lynch
BNP Paribas
Commonwealth Bank of Australia
HSBC
JPMorgan Chase
National Australia Bank
Royal Bank of Canada
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
UBS
Wells Fargo
Westpac Banking Corporation

LAWYERS

Herbert Smith Freehills

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
Australia

Phone: 1300 850 505

resources & energy

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