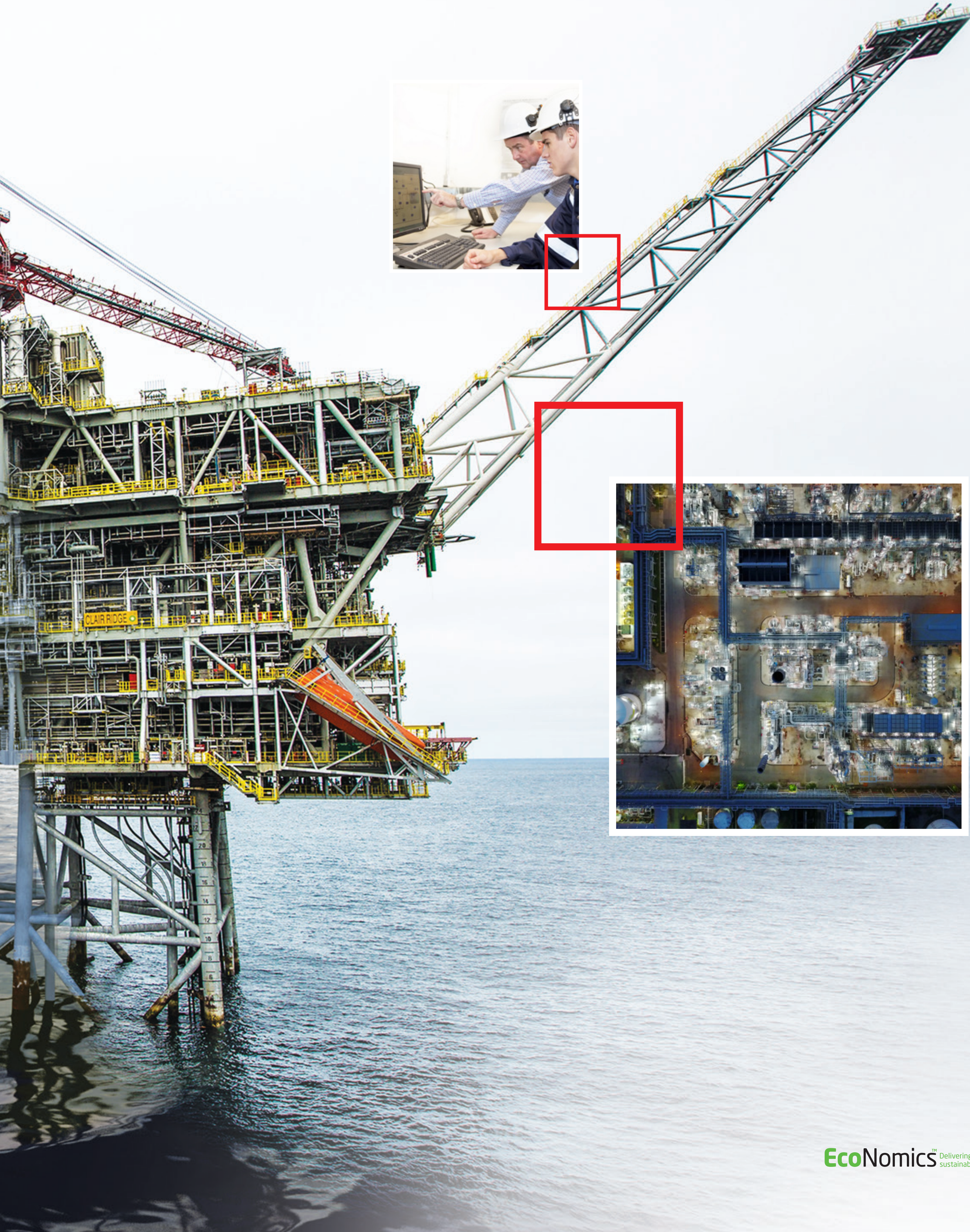
WorleyParsons

resources & energy

Annual Report 2018



EcoNomics™ Delivering profitable sustainability

We help our customers meet the world's changing resources and energy needs

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.

Annual General Meeting

WorleyParsons Limited 2018 Annual General Meeting will be held on Tuesday 23 October 2018 commencing at 2.00pm (AEDT) at The Westin Sydney, 1 Martin Place, Sydney.

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Our values

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

Relationships

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

Agility

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

Leadership

- Energy and excitement
- Integrity in all aspects of business
- Minimum bureaucracy
- Committed, empowered and innovative people
- Delivering profitable sustainability
- Innovation delivering value for our customers

We have created our 2018 shareholder results microsite, which offers our 2018 results documents and detailed information on our business operations.

Visit us online

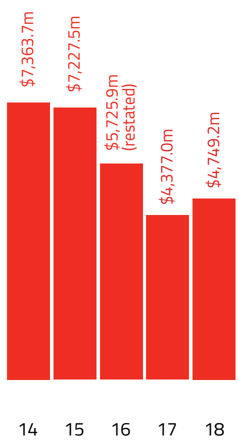
annualreport2018.worleyparsons.com

Front Cover BP's Clair Ridge Platform, North Sea, UK

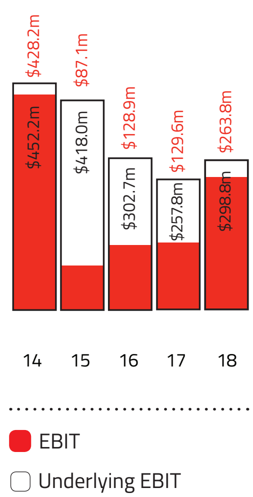
Group Financial Highlights

Five year performance at a glance

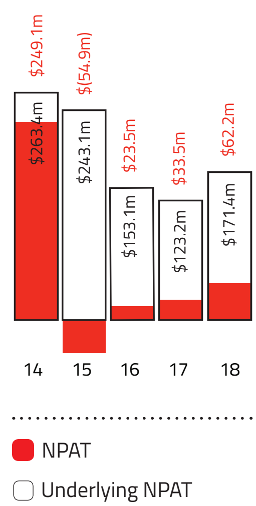
Aggregated revenue
$4,749.2m



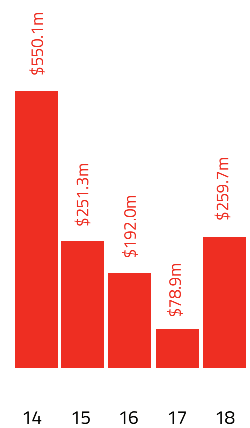
EBIT
$263.8m



Net profit after tax
$62.2m



Cash flow from operations
$259.7m



$m	2014	2015	2016	2017	2018	% change
Aggregated revenue[1]	7,363.7	7,227.5	5,725.9	4,377.0	**4,749.2**	8.5
EBIT	428.2	87.1	128.9	129.6	**263.8**	103.5
EBIT margin	5.8%	1.2%	2.3%	3.0%	**5.6%**	2.6pp
Net profit after tax	249.1	(54.9)	23.5	33.5	**62.2**	85.7
Net profit margin	3.4%	(0.8%)	0.4%	0.8%	**1.3%**	0.5pp
Cash flow from operations	550.1	251.3	192.0	78.9	**259.7**	229.2
Return on equity	12.5%	9.2%	6.9%	5.5%	**6.8%**	1.3pp
Basic EPS normalized (cents)[2]	108.5	(14.7)	16.3	20.1	**27.9**	38.8
Basic EPS (cents)	101.0	(22.2)	9.5	13.4	**23.3**	73.9
Dividends (cents per share)	85.0	56.0	–	–	**25.0**	n/m

[1] Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, pass-through revenue at nil margin, and interest income. 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.

Chairman's Report

Welcome to the WorleyParsons Annual Report for financial year 2018.

Four years ago we initiated a transformation that is now starting to deliver results. All our operating and financial metrics are heading in the right direction. We have the processes, systems and people in place to ensure we have performance discipline and operating leverage into the future. We are seeing increased business development opportunities. Our customers tell us that the quality of our work is good and getting better. The integration of our North Sea acquisition has been very successful and the financial results are exceeding targets.

The market is returning

Having undergone a significant level of change across the business, we now have a solid platform to better service our customers across the entire asset life-cycle. We have changed how we operate internally as well as how we service our customers. We have shaped our business to best suit the needs of changing energy and resources industries.

The reorganization of our operating model into four separate business lines, supported by a single focused global business development group, has continued to mature and bear results. Our ability to deliver a full range of services has enabled greater flexibility to provide services that suit our customers' requirements. In industries that continue to evolve at an ever-increasing rate, these requirements will continue to change and our business is ideally placed to adapt as they do.

Our global front-end group within Advisian is a compelling differentiator in the market. It enables us to provide expertise to our customers as they evaluate the development of new resources and energy projects. The acquisition of our UK Integrated Solutions business and the acquisition in the Chemicals sector in Germany provide the company key growth platforms in the global Maintenance, Modifications and Operations (MMO) and European Chemicals markets.

Clear direction provided by the strategy architecture introduced last year has provided the basis for bold action this year. We are committed to being a key player in the energy and resources markets. Andrew Wood will provide further details of the progress we have made in the past 12 months on page 6.

Market dynamic – a new normal

The resources and energy markets are going through a period of significant change. An extended period of depressed resource prices led to declined levels of economic activity across the industry. Last year we mentioned we believed the market had reached an inflexion point. This view has been confirmed with the industry continuing to return to greater financial health. Over the past 12 months we have seen our customers begin to cautiously increase planned expenditure levels for both greenfield and brownfield assets.

Our customers' investments are being made with a focus on value rather than investment for growth at any cost. Our customers and their shareholders are demanding improved lower cost solutions to those delivered previously. The continued evolution of digital technology has meant we need to change the way we will deliver projects. The utilization of digital technology across the entire project delivery process is one of the ways we will ensure we continue to help our customers achieve good return on their investments.

In the industries we serve, supply and demand fundamentals will continue to drive the need for investment. The medium-term picture continues to be bright with the need to bridge the energy supply-demand gap caused by under-investment of recent years.

The unstoppable global shift toward cleaner energy continues to drive the energy mix with renewable energy sources continuing to grow their contribution. The global energy transition will require innovative thinking and approaches and your company is well positioned to make a significant contribution to that transition.

Financial performance

The Group reported an underlying net profit after tax of $171.4 million (which excludes $109.2 million of one off costs) up 39.1% on the 2017 underlying result. The Group delivered a positive operating cash flow of $259.7m. Our gearing at 23.0% is slightly below our target range, and leverage has reduced to 1.9 times.

In another positive sign for the Company the Board resolved to re-commence the payment of dividends for the first time since 2015. The Board made this decision based on the improved operating and cash performance of the company coupled with improving market expectations. The Board declared a final dividend payment of 15.0 cents per fully paid ordinary share, unfranked. This is in addition to the interim dividend of 10.0 cents per share for a total dividend of 25.0 cents per share for the full year. As a result 39.9% of our full year underlying net profit after tax for FY2018 will be distributed to shareholders as a dividend.

John Grill AO
Chairman and Non-Executive Director

> "The medium-term outlook for our industries continues to be bright"

Health, safety and environment (HSE)

WorleyParsons' commitment to health, safety and environment continues to deliver industry leading results. Key performance indicators suggest that our safety performance remains one of the best in the industry. This year our Total Recordable Case Frequency Rate (TRCFR) was 0.15 across the Group for employees and contractors, including the expanded workforce from our new UK Integrated Solutions business.

People

I am delighted to see our employee numbers increase to 26,050 in the past twelve months. This has largely been driven by our recent acquisitions in the UK and Germany.

Our employees have demonstrated enormous commitment and dedication to the Company over the past few years in what has been a challenging period. The last 12 months have been no exception with the attitude of our people being instrumental to the Company's upward trajectory. The Board is acutely aware of the fact that the Company's success is underpinned by its people and the Board expresses its deep appreciation for their contribution during the year.

CHAIRMAN'S REPORT

Board changes

Over the past 12 months the Company Board has undergone several changes with Ron McNeilly and Jagjeet (Jeet) Bindra departing, and Tom Gorman and Anne Templeman-Jones joining.

Ron was a member of the Board since listing in 2002, including many years as Chairman and Deputy Chairman. We thank Ron for his enormous contribution to the growth and development of WorleyParsons during his tenure.

Jeet served on the Company Board from 1 July 2015. In his time on the Board he fulfilled a number of important roles including the Chairman of the Remuneration Committee, and a member of the Health, Safety and Environment and Nominations Committees.

I would like to take this opportunity to thank both Ron and Jeet for their contributions to the Board.

Tom Gorman was appointed to the Board effective 18 December 2017. He is Chairman of the Remuneration Committee and a member of the Health, Safety and Environment and Nominations Committees. His appointment follows a 30-year career in executive positions at Ford Motor Company and Brambles Limited. He is also a director of High Resolves, an Australian-based non-profit focused on middle school education.

Anne Templeman-Jones was appointed to the Board on 1 November 2017 and is the Chairman of the Audit and Risk Committee and a member of the Nominations Committee. Anne has executive experience in institutional and commercial banking, wealth management and insurance, strategy and risk, having previously held a number of senior executive roles in Switzerland and Australia with PricewaterhouseCoopers, the Bank of Singapore (OCBC Bank), ANZ and Westpac.

Tom and Anne were appointed following a rigorous search and selection process that involved interviews and background checks to ensure they were the right fit for the Company. In addition to possessing the desired competencies, skills, experience and independence identified in the Company's ongoing succession planning, Tom and Anne also demonstrated commitment to the high ethical standards that the Company's reputation is built upon. Their appointments are the result of tenure, selection and renewal processes that are carefully designed to be aligned with the Company's strategy and governance approach to enable the Board to discharge its duties effectively and to add value.

Ethics and corporate responsibility

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. We are committed to complying with the law and conducting our business to the highest standard.

The expectations our shareholders and our customers have for our people, partners and our agents are outlined in our Code of Conduct. To reinforce these expectations, training continues to be delivered and refreshed annually to all our people, contractors and business partners. We also want to know that our customers take a responsible approach to business as seriously as we do and this year we introduced a responsible business assessment requirement covering such areas as ethical business practices, carbon emissions intensity and social license.

WorleyParsons has a climate change position statement with strategic actions that forms the focus of our climate change program. Our climate change working group has been established to review and design the climate change program. So far, the program has embedded climate change within core risk and strategy processes and has started to assess climate-related risks and opportunities. The program takes account of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The target set for our greenhouse gas emissions was achieved. We continue to focus on our own operational energy efficiency and offer lower carbon solutions to our customers.

As a company and as individuals, we encourage everyone to be a partner in delivering sustained economic and social progress. Once again our people's willingness to support WorleyParsons Foundation projects continues to be a driving factor behind delivering on our local corporate responsibility activities within the communities in which we operate.

We remain staunch in our support of diversity including indigenous participation and human rights. Key initiatives support gender equality including reducing the gender pay gap.

Corporate governance

The Company is focused on continuously seeking opportunities to strengthen its corporate governance arrangements. To this end, the Company has established a working group to design the implementation program for the draft 4th edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations when they are finalized.

The Board is confident that there is a strong corporate governance system in place and is pleased to confirm that the Company's corporate governance arrangements (as outlined in the Corporate Governance Statement) already address a number of the new issues raised in the consultation draft of the 4th edition. The Corporate Governance Statement is available on our website and provides detail on how the Board has adopted appropriate charters, codes and policies and established a number of committees to effectively govern the Company.

As part of WorleyParsons' governance arrangements, the Group maintains a comprehensive independent internal audit program that reports directly to the Audit and Risk Committee. This function allows the Board to focus on special areas of interest, such as material risks and ethical and legal dealings, and also provides assurance annually to the Audit and Risk Committee on the adequacy and effectiveness of the Group's internal controls.

Conclusion

I would like to thank the directors, the Group Leadership Team, and most importantly our people for their contribution in a year where we have begun to see the rewards of a lot of hard work put in over the past few years. Significant progress has been made by the Company and I would like to take this opportunity to thank our shareholders for their continued support and I look forward to realizing our future together.

John Grill AO
Chairman and Non-Executive Director

Board of Directors

Andrew Wood
Chief Executive Officer and Executive Director

Tom Gorman
Non-Executive Director
Tom is Chairman of the Remuneration Committee, a member of the Nominations Committee and a member of the Health, Safety and Environment Committee.

Christopher Haynes OBE
Non-Executive Director
Chris is Chairman of the Health, Safety and Environment Committee, a member of the Nominations Committee and a member of the Remuneration Committee.

Catherine Livingstone AO
Non-Executive Director
Catherine is a member of the Audit and Risk Committee and a member of the Nominations Committee.

John Grill AO
Chairman and Non-Executive Director
John is Chairman of the Nominations Committee, a member of the Remuneration Committee and a member of the Health, Safety and Environment Committee.

Anne Templeman-Jones
Non-Executive Director
Anne is Chairman of the Audit and Risk Committee and a member of the Nominations Committee.

Wang Xiao Bin
Non-Executive Director
Xiao Bin is a member of the Audit and Risk Committee and a member of the Nominations Committee.

Nuala O'Leary
Group Company Secretary

Erich Fraunschiel
Non-Executive Director
Erich is a member of the Audit and Risk Committee and a member of the Nominations Committee.

For detailed information on Directors and the Group Company Secretary see pages 37 to 38.

Chief Executive Officer's Review

It is an exciting time for WorleyParsons with the past twelve months being one of the most dynamic in recent years.

We believe the changes we have made as a company have us very well positioned as one of the most future-ready players at a very exciting time to be in the energy and resources industries.

The energy and resources industries continue to change and evolve as they undergo one of the biggest transitions of the past few decades. This transition brings with it some challenges but for WorleyParsons it brings many opportunities.

Last year we noted that we were at an inflexion point in the energy and resources markets. This year we can look backwards and say that we have moved past that inflexion point and are now seeing increased activity.

Demand and consumption of energy and resources continues to increase. Supply is tightening while existing fields and mines decline. Investment to meet that tightening demand into the near future has declined significantly in recent years. Our customers have now returned to financial health. We expect increased investment to follow.

While the demand for oil and gas continues to grow, this year is the year that fossil based power generation globally starts to decline as renewables move into the main stream, creating opportunities for our New Energy team.

We are looking at strong market fundamentals in the medium term, and WorleyParsons is positioned well for the future with the right know how and market strategy.

Operational performance

In FY2018, our aggregated revenue grew to $4,749.2 million (up 8.5% on prior corresponding period) and underlying net profit after tax (NPAT) was up 39.1% to $171.4 million – the highest in five years. Combined with our sustained cost reductions, this gives us strong operating leverage.

We delivered cash flow of $259.7 million, compared to $78.9 million in FY2017. Our backlog is increasing across all sectors and geographies. WorleyParsons operational and financial metrics are all sound.

Safety performance

Our unyielding stand on safety continues to deliver industry leading results. As outlined in the Chairman's Report, we have maintained a stable safety performance across our group recording a TRCFR of 0.15 which remains one of the best performing ratings across the industry. In our pursuit of improvement, we have launched a review of our OneWay™ safety framework to incorporate a greater focus on human factors. Caring for the safety of our people, remains our primary emphasis.

Andrew Wood
Chief Executive Officer

Project work

This year we saw the successful commencement in operations for two of the largest projects in our Company's history. The 1850km cross-continental Trans-Anatolian Natural Gas Pipeline (TANAP) celebrated its grand opening, and ExxonMobil's Hebron offshore platform entered first production. We also continue to deliver on the Tengizchevroil project (TCO) which, once complete, will be one of the largest and most complex oil and gas developments of its kind in the world. Based on these successes, our backlog is increasing and we are moving onto new projects.

Future ready

Our business is ready to capitalize on the growth we expect in the resources and energy industries. The focus is now on ensuring that the operational efficiencies gained in the past 24 months remain within the business. This will be achieved through our "Sustaining Performance" management program which focuses on a range of key business performance metrics. At the group level, key operating metrics such as staff utilization and backlog remain strong.

Strategy in action

WorleyParsons has a rich history of using acquisition opportunities to realize our strategic plans. The strategic acquisition of our UK Integrated Solutions business fast-tracked our strategy of building a world class global MMO capability and gave us a robust entry into the UK North Sea market. We also accelerated our entry into the European chemicals market through a smaller acquisition of the M+W Group's chemicals engineering business in Germany.

Our strategy architecture

Pillar 1

Viable and competitive business

- ensuring performance discipline by every unit of the organization
- maintaining a competitive cost structure and sustainable business (including GDC)
- current performance = future business

Pillar 2

All our value to all our customers

- intensive group pursuit of large opportunities (increasing market share)
- intensive campaigns to take proven offerings to known customers (increasing market size)
- expanding our existing Integrated Solutions capability *(fabrication, construction and Maintenance, Modification & Operations capability)*

All focused on areas of strategic priority

Pillar 3

Key player in the new world

- participating in the emerging resources & energy arenas
- enhance how we work through automation and digitization of core processes including talent management
- develop new commercial models that align our interests with our customers'

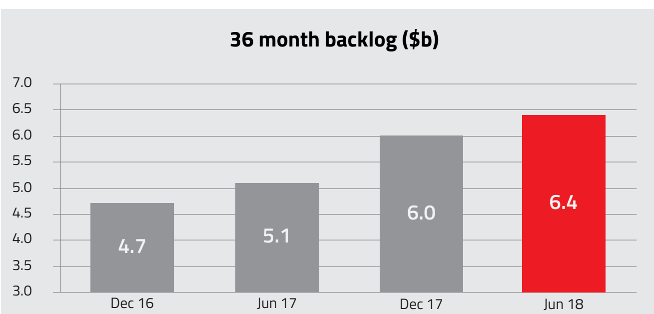
OPERATIONAL EXCELLENCE + GROW THE BUSINESS

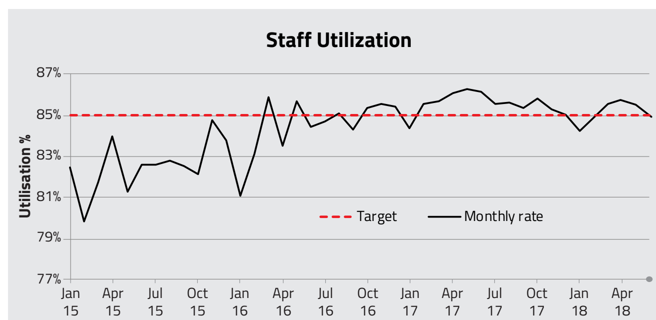
Viable and competitive business

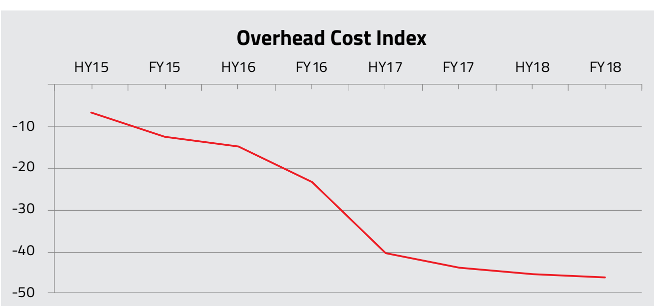
Our strategy provides our business a solid platform from which we can grow, while maintaining cost out.

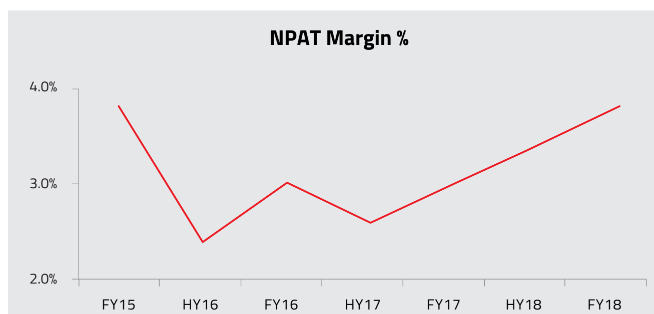
Some of the key successes within the past 12 months include an improved 36-month backlog figure from $5.1billion to $6.4billion, an improvement in operating margin percentage and other key operational metrics such as overhead ratios, gearing and leverage.

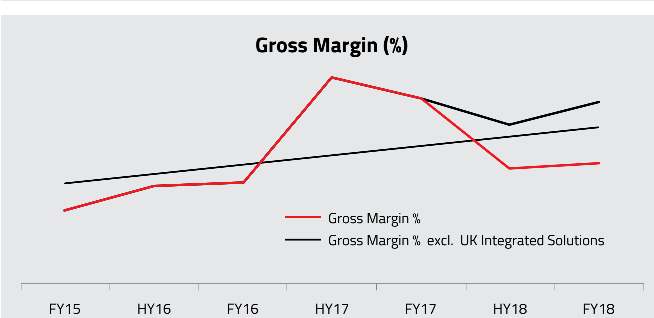
Our staff headcount has grown to 26,050 people and operating with a staff utilisation ratio on target of 85%.

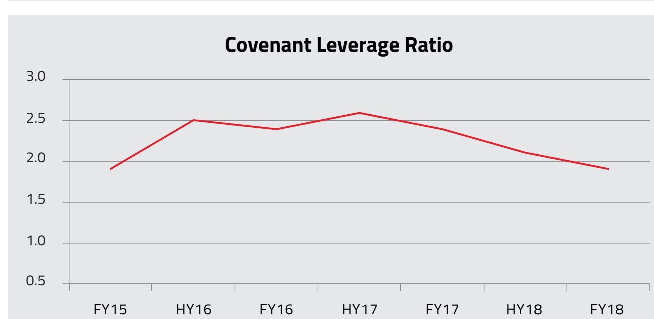












Our future

As commodity prices improve, our customers’ confidence and spend are growing. The consumption, and therefore demand, of energy and resources continues to increase. The global energy transition is providing opportunities in our core, growth and emerging markets. For WorleyParsons, this equates to a viable and exciting future.

Core market trends

Energy

Hydrocarbons

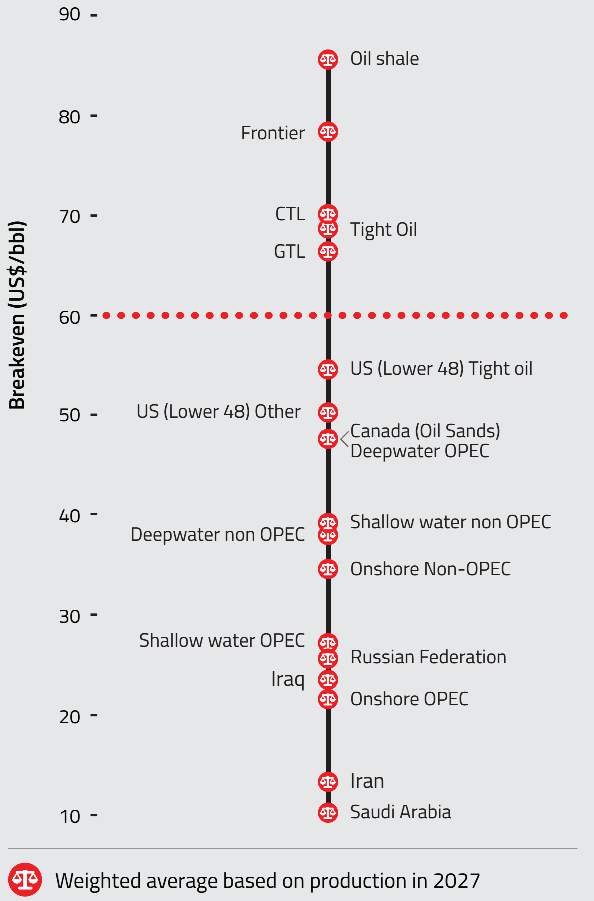
Hydrocarbons remains our largest customer sector. Global macro trends such as population growth and economic development of underdeveloped nations continue to drive world energy demand.

While long term energy forecasts differ slightly between our major customers, energy agencies and industry bodies, all outlooks forecast growth in core oil and gas markets to 2040. This includes a resurgence in the medium-term LNG market with LNG seen as a key mid-term clean fuel source to fill an expected resource gap caused by the reduced acceptance of coal. A lack of investment in the past four of years has accentuated a growing supply gap expected around 2022 for both gas and liquids. To counter this, final investment decisions (FIDs) on projects within the hydrocarbons market are expected to triple from 2017 levels by 2019.

Although we are seeing increases in our customers’ budgets we expect continued capital discipline, focused on projects in the lower end of the cost curve. This includes an increase in offshore projects following a major rebasing of construction and technology costs in that sector.

Our strategic focus on onshore conventional (including in Saudi Arabia), offshore and MMO will continue while we have added refining and LNG to our key strategic priorities at a global level. MMO reflects our ongoing commitment to the operating phase within the asset life cycle. We will globalize the capabilities gained through the recent acquisition of our UK Integrated Solutions business. Refining will focus on activity in the Middle East and Asia and, in the longer term, changes in the output product mix as gasoline is displaced by electricity as a transport fuel.

Global liquid production breakeven cost



Source: Wood Mackenzie, Global Oil Cost Curves and Pre-FID Breakevens, March 6 2018

Power

The power market is experiencing rapid transformation as it responds to the global energy transition. Supported by the decline in technology costs in solar and wind and increased financing for lower carbon fuel sources, renewable energy adoption continues to gather momentum. Albeit from a low base, we are experiencing growth in offshore wind particularly where we can leverage our hydrocarbons experience to improve installation, operations, and safety performance. We are also active in some of the world’s leading solar thermal power and storage projects.

Gas-fired power remains attractive for providing base load in developing countries and system security in developed economies. An emphasis on lower carbon power generation is also renewing interest in new hydro and nuclear in certain geographies. Power Networks, which includes power transmission, distribution, storage and micro-grids, continues to experience growth in both developed and developing economies. Our strong advisory capability in New Energy positions us well to navigate the energy transition together with our expanding delivery and operations offering successfully delivering for our power customers in all corners of the globe.

Resources

Minerals & Metals

Expenditure across the Minerals & Metals industry continues to build with improved market sentiment across core commodities. With a need to maintain existing production levels and address supply shortfalls, there is a renewed interest in exploration with budgets the highest they have been over the last five years. This global capital investment growth is seen to prefer investment aimed at maintaining market share and existing operational efficiencies in producing assets. The industry is in a time of disruption with miners seeking innovation in project delivery with the concept of a digital mine seen as a way to increase both capital and operational efficiency. We have identified a number of growth opportunities across commodities and regions, particularly in copper, gold, iron ore and phosphate. Our immediate strategic focus is being driven by iron ore investment in Australia and phosphate assets in North Africa and Middle East.

Chemicals

Global megatrends such as urbanization, population growth and sustainability continue to drive long-term demand growth within the chemicals market. While the overall trend is positive a constant balancing equation between feedstock and market dynamics continues. For this reason, North America, South-East Asia and China have seen significant investment in the last decade. We are also seeing increased recent investment in integrated downstream assets across the Middle East. This market and feedstock balance will continue to drive the changing geographic focus over the next decade. We expect a shift towards integrated refining and chemicals assets across Asia with the increased demand from countries such as India to impact market demand. Recent large scale acquisitions have continued the trend of customer consolidation. We expect this to spurn expansion of major chemicals producers from China and the Middle East. We continue to increase our presence in Europe with the recent acquisition of the M+W business in Germany providing us a greater level of capability in the region and augmenting our global delivery solution.

Infrastructure

Our Infrastructure business continues to be focused on energy and resource customers in front-end and delivery services relating to transport, logistics, terminals, water supply and management, specialist consulting and non-process infrastructure. Market sentiment is improving in the sector, as demonstrated by elevated planned investment across both public infrastructure and resource infrastructure markets. Furthermore, infrastructure is growing its share of total project development costs as new reserves are typically becoming more remote, shifting into emerging countries with under-developed existing infrastructure. Our Infrastructure strategy is focused towards regions with large resource infrastructure markets. The Middle East, for example, reflects these conditions with growth expected to be underpinned by significant Program Management Consultant (PMC) opportunity in transport, water and social infrastructure. The Belt & Road Initiative continues to grow in opportunity across all regions and we are committed to further strengthening our China relationships.

Market driven strategic priorities

Throughout the year we conduct formal reviews of our Group's key strategic priorities to adapt to market conditions and position our business for growth across the short, medium and long term. The Group's strategic priorities for the upcoming financial year are outlined below.

Horizon 1
Core growth

- **Onshore Conventional**
- **Offshore**
- **Maintenance, Modifications and Operations** (MMO)
- **Resource Infrastructure**

Horizon 2
Growth Potential

- **Chemicals & Petrochemicals** (Europe)
- **Minerals & Metals** (MENA Phosphates and Australia)
- **Refining**
- **LNG** (including LNG to Power)
- **Saudi Arabia**

Horizon 3
Emerging markets & products

- **New Energy** (includng power networks)
- **Digital** (Internal and External)
- **Belt & Road Initiative**

Strategy delivery case study – Offshore

Low Motion Floating Facility – industry recognition of innovative design

For developments in water-depths greater than 150m, the offshore facility must float on the water surface (rather than be fixed to the sea floor). Whilst this floating solution has many differing forms, they all share a common disadvantage, namely the movements suffered in response to the wave, wind and currents of an offshore environment. This in turn effects the facility performance, causes fatigue in key structural elements and requires the use of "turrets" to enable the facility to "weathervane".

To address these challenges, WorleyParsons' specialist sub-sea and floating facility division INTECSEA, created the Low Motion Floating Facility bringing together tried and tested components in a manner that, in combination, represents true innovation in design. This was recognised by the industry with the award of E&P's "Best Engineering Innovation".

Strategy delivery case study – MMO

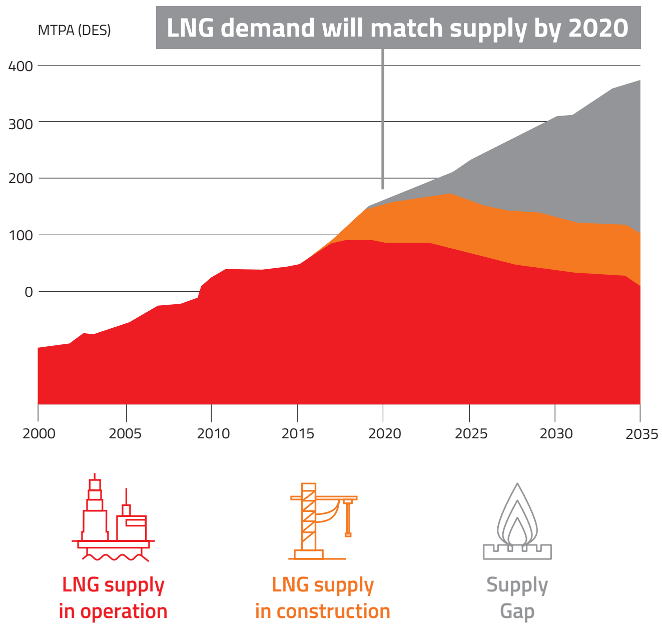
In line with our strategy to build a world class MMO capability WorleyParsons acquired the North Sea operations of Amec Foster Wheeler business in October 2017.

This acquisition provides us with 45+ years' experience operating in the North Sea providing services across the full asset lifecycle. With over 3,000 employees in seven offices in the UK and the Middle East, the business is a leader in the MMO market on the UK continental shelf. This provides our business an excellent platform from which we can create a truly global capability.

Digital twin for BP's Clair Ridge

WorleyParsons is delivering both the hook up and the digital twin of BP's giant Clair Ridge development in the North Sea, West of Shetland. The digital twin has been built and hosted in WorleyParsons' Asset Information Hub, an information management environment designed to support the life of the asset, projected to be in production until 2050. As well as providing real time data and visualization of the offshore asset onshore, it will help to increase reliability, safety and value, while reducing the risk and cost of production operations, maintenance and future brownfield development.

Emerging LNG supply-demand gap



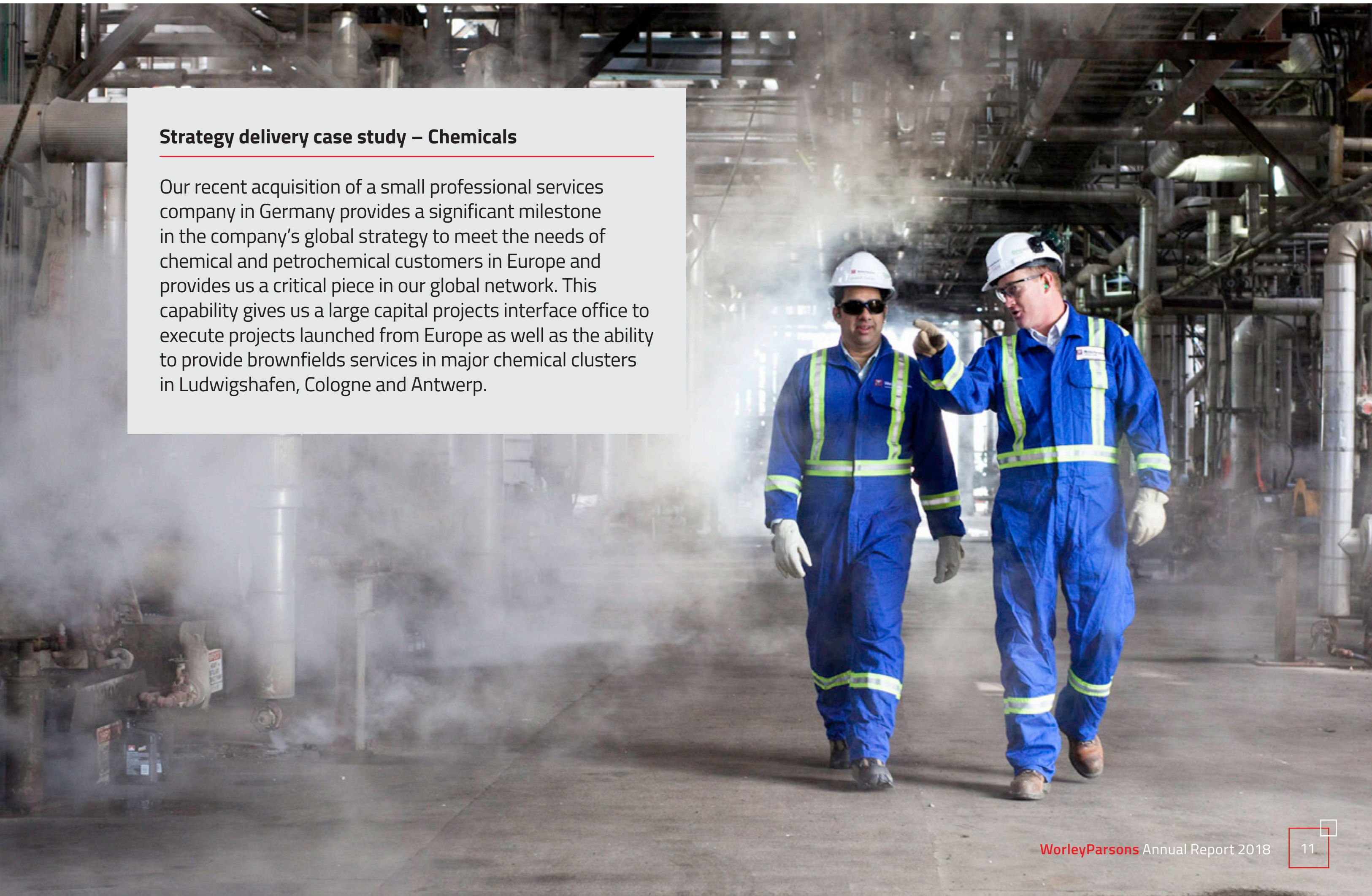
Source: Shell 2018 LNG Outlook

Strategy delivery case study – Liquified Natural Gas (LNG)

LNG Regasification, Singapore LNG Terminal, Powergas, Singapore.

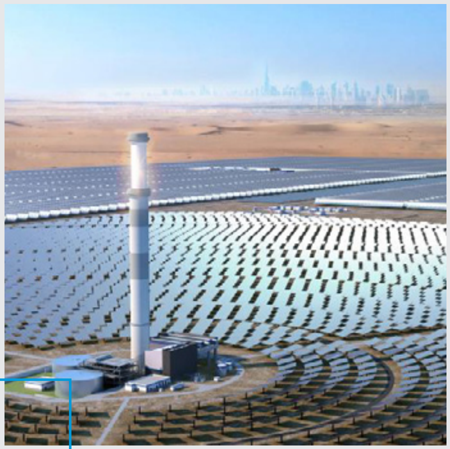
To increase the security of Singapore's domestic gas supply, Powergas is constructing the first LNG regasification terminal on Jurong Island. WorleyParsons is providing the basis of design and FEED, including the development of the EPC contractor tender documents and subsequent evaluation and recommendations.

WorleyParsons' expertise in hydrocarbons, power and infrastructure, coupled with a 20-year heritage in Singapore and a global process capability are critical to the success of this important project.



Strategy delivery case study – Chemicals

Our recent acquisition of a small professional services company in Germany provides a significant milestone in the company's global strategy to meet the needs of chemical and petrochemical customers in Europe and provides us a critical piece in our global network. This capability gives us a large capital projects interface office to execute projects launched from Europe as well as the ability to provide brownfields services in major chemical clusters in Ludwigshafen, Cologne and Antwerp.



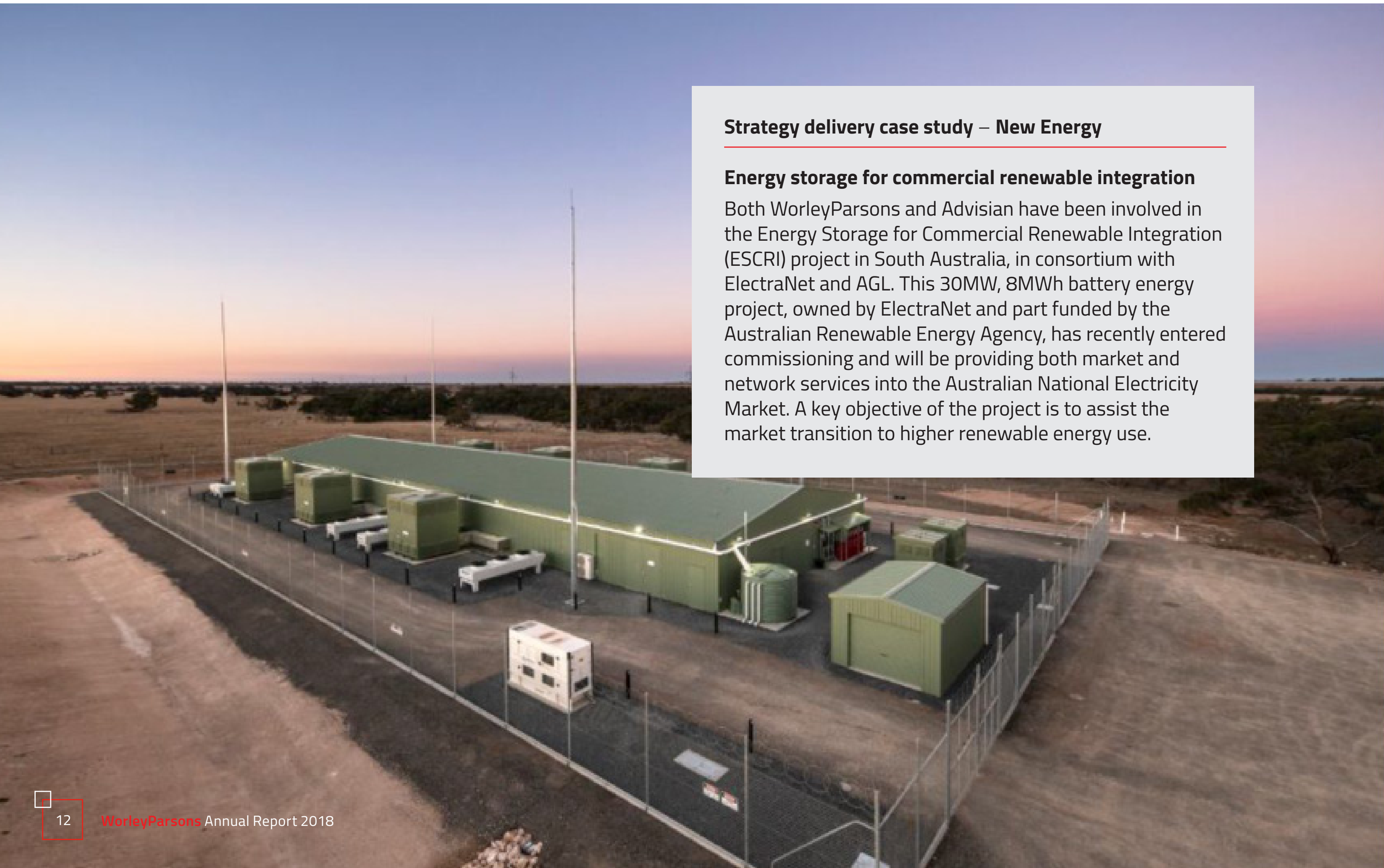
Strategy delivery case study – New Energy

World's largest solar power project

The Dubai Electricity and Water Authority (DEWA) has awarded the 700 megawatt Concentrating Solar Power (CSP) fourth phase (DEWA IV) of the Mohammed bin Rashid Al Maktoum Solar Park in Dubai to a consortium formed by ACWA Power and Shanghai Electric. The consortium together with DEWA have formed the Noor Energy 1 entity to design, build and operate what will be the largest CSP project in the world.

Noor Energy 1 has appointed Advisian as the project Owner's Engineer. Advisian will provide a review of the basic and detailed engineering, will help manage technology risk and will provide technical support as required during the construction and commissioning of the plant. Advisian will also participate in Factory Acceptance Tests and support the Noor Energy 1 Construction and Commissioning team during these phases of the project.

Advisian will deliver the project using the specialized CSP technology team based in the Renewable Energy Center of Excellence in Madrid, Spain with support from Shanghai based engineers, to interface with the power block design, and the Dubai office for site supervisory support.



Strategy delivery case study – New Energy

Energy storage for commercial renewable integration

Both WorleyParsons and Advisian have been involved in the Energy Storage for Commercial Renewable Integration (ESCRI) project in South Australia, in consortium with ElectraNet and AGL. This 30MW, 8MWh battery energy project, owned by ElectraNet and part funded by the Australian Renewable Energy Agency, has recently entered commissioning and will be providing both market and network services into the Australian National Electricity Market. A key objective of the project is to assist the market transition to higher renewable energy use.

Strategy delivery case study – Digital

We're working with Rio Tinto to develop the first 'intelligent mine' through the Koodaideri Mine development, using leading-edge technology to integrate the processing plant with existing autonomous capabilities, optimizing productivity, production throughput and HSE goals.

Strategy delivery case study – Digital

The energy and resources industries continue to undergo a significant level of digital disruption with the scale and velocity of this change only increasing. Our organization-wide digital strategy continues to develop and arms us with the capability needed to thrive in the new operating world.

This year we have seen progress made in this digital realm across both stand-alone digital offerings as well as ways in which we can integrate new digital technologies and capabilities to improve our traditional project delivery processes.

Requis

Following its launch last year our online procurement platform, Requis, continues to gain traction with our customers. We have been awarded a five-year contract from Shell Qatar's Gas-to-Liquids Operations to manage the sale of materials and goods via the Requis Marketplace.

Digital delivery

We automated many of the repetitive tasks during delivery on the TANAP project, one of the world's largest pipelines. Examples include:

- we automated pipelines alignment sheet generation; implemented a staged transfer of the 3D model to reduce the number of design deliverables, including removal of approximately 9000 traditional isometrics;
- we created an integrated Spatial Services platform and web-portal containing enormous geo-spatial data volumes, multiple interfaces, multiple data sources and real-time updates;
- we enhanced the speed and efficiency in processing site queries and deviation requests from project contractors through a customized Interface Management System;
- we implemented a centralized Master Tag Register and Data Warehouse across the project managing circa 300,000 tagged items; and
- we developed a 3D digital asset for handover to operations and a Spatial Services Platform.

> "Our challenge moving forward is to leverage growth in market activity while ensuring key overhead areas remain right sized."

Meeting the challenges ahead

Our challenge is to continue to adapt, change and deliver the solutions required in the expanding and dynamic energy and resources markets. While doing this we must leverage growth in market activity while ensuring key overhead areas remain right sized as business increases. We have put in place initiatives to ensure our overheads as a percentage of revenue will reduce as market activity increases.

Our customers tell us that the quality of our work is good and getting better. The best form of business development is to continue this trend. We believe our structure, aligned with the way our customers deliver projects, gives us the platform to lead the industry.

We must also continue our progress towards industry leading performance in working capital management. We now have most parts of the business in that position but we must do more.

Conclusion

In summary, we have exited FY2018 as a strong business, poised for a very exciting future. We have all our operational and financial metrics in target zones. We have continued to make strategic progress to position the business as the market returns. We have successfully completed a transformational acquisition with associated capital raising.

What is clear is the resources and energy industries provide significant opportunity for WorleyParsons over the short, medium and long term. We see opportunities to expand and diversify our revenue streams within these industries.

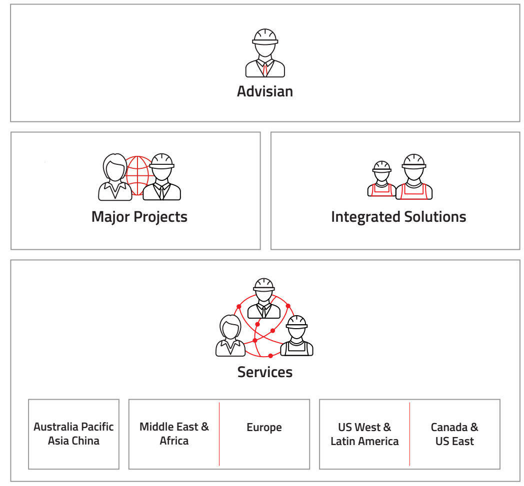
WorleyParsons has a remarkable group of people who have brought us to this position where we see a bright future. We have transformed the business over a number of difficult years, and in FY2018 demonstrated the viability of its new form. I thank each and every one of our people for their hard work.

To our shareholders, your support is appreciated and I look forward to working with you to create an exciting future for your company.

Andrew Wood
Chief Executive Officer

Group Leadership Team

The Group Leadership Team is the senior leadership team for WorleyParsons. It comprises the leaders of our business lines and functions. The Group Leadership Team advises the Chief Executive Officer with regard to the effective and efficient functioning of the global business of WorleyParsons.



Andrew Wood
Chief Executive Officer

Francis McNiff
Director of Transformation

Nuala O'Leary
Group Company Secretary

Tony Frencham
Group Managing Director - Power & New Energy

Alan Gordon
Regional Managing Director - Services, Europe

Adrian Smith
Group Managing Director - Advisian

Denis Lucey
Regional Managing Director - Services, APAC

Marian McLean
Group Managing Director - People and Assurance

Tom Honan
Group Managing Director - Finance/ CFO

Bradley Andrews
Group Managing Director - Digital

Chris Ashton
Group Managing Director - Major Projects and Integrated Solutions

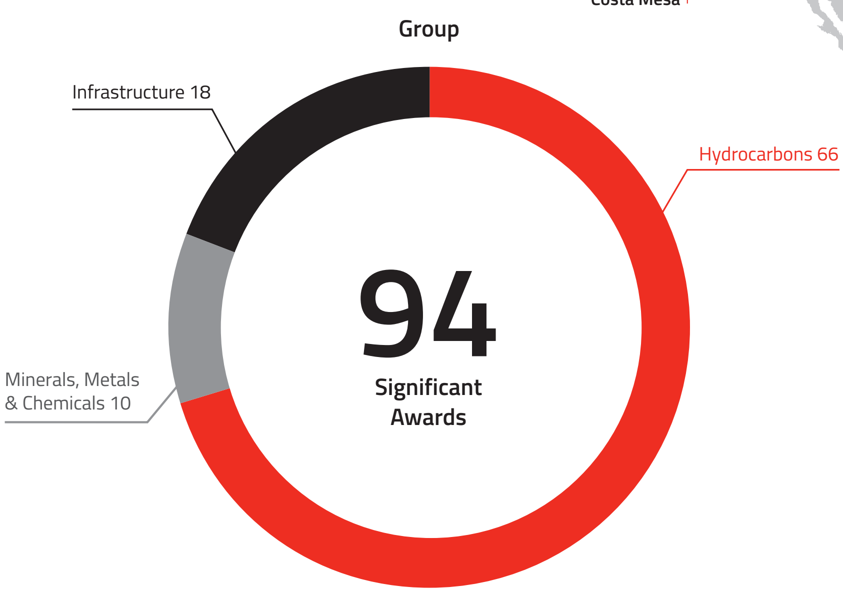
Neil Robertson
Regional Managing Director - Services, US West and Latin America

Karen Sobel
Regional Managing Director - Services, Canada and US East

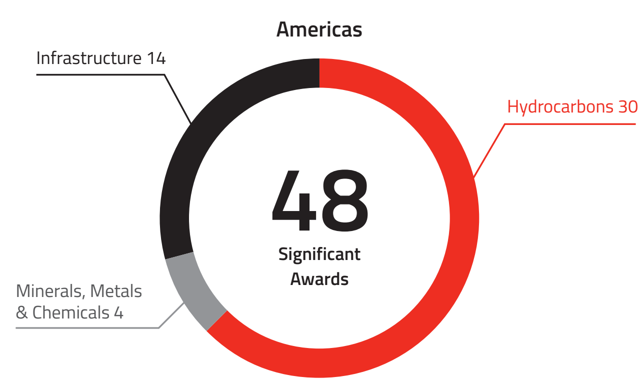
Krishnaswamy (Krish) Iyer
Regional Managing Director - Services, Middle East and Africa

Detailed information on the Group Leadership Team can be found on the website
www.worleyparsons.com/investors/leadership/group-leadership-team

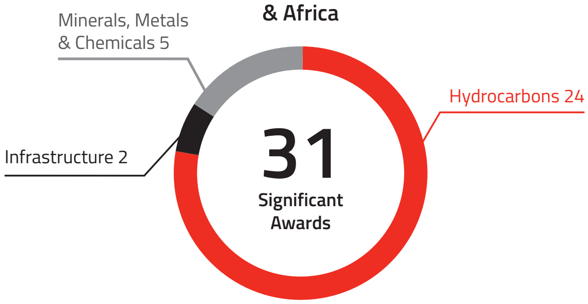
Global Operations and Significant Contract Awards



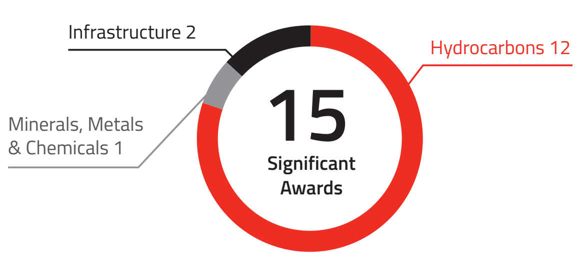
42 Countries
116 Offices
26,050 Employees



Europe, Middle East & Africa



Australia, Pacific, Asia and China



Environmental, Social and Governance

Progress of our Environmental, Social and Governance (ESG) objectives and our corporate responsibility program contribute to the Group's social license credentials. WorleyParsons is committed to working responsibly and is positioned to help customers meet their own ESG objectives.

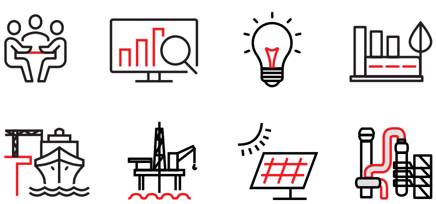
Our business

We have a business framework which embeds Environmental, Social and Governance (ESG) objectives into the way we do business.

We help our customers meet the world's changing resources and energy needs.

About us

We are 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 in a responsible manner.



Our people represent many nationalities, cultures and speak many languages. Their energy and resources are directed to deliver projects, provide expertise in engineering, procurement and construction and offer 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.

Our values

Our values are approved by the Board and are communicated through the business. We exhibit these through:

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

Relationships

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

Agility

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

Leadership

- Energy and excitement
- Integrity in all aspects of business
- Minimum bureaucracy
- Committed, empowered and innovative people
- Delivering profitable sustainability
- Innovation delivering value for our customers

Corporate governance

The Board provides oversight and leadership for our business. The Board regards good corporate governance as critical in achieving our objectives and high standards of safety and performance.

The Board has adopted appropriate charters codes and policies to achieve this.

We recognize that we have responsibilities to our shareholders, customers, employees and suppliers as well as to the environment and the communities in which we operate.

Leadership and culture

Our approach to a responsible business

- Our reputation for honesty, integrity and ethical practices is our most important asset.
- We are committed to complying with the law and conducting our business to the highest standards.
- We expect all our people and partners (including suppliers and agents) to uphold this commitment and live up to our reputation every day.

Embedding our approach

- Our Enterprise Management System (EMS) establishes a globally consistent approach for how we do business.
- Our Code of Conduct sets the standard for ethical and professional behavior we expect our people and partners to uphold.
- OneWay™ is the integrity framework guiding the way we work.
- EcoNomics™ describes the philosophy of providing profitable sustainability to our customers.
- The WorleyParsons Foundation is one of the ways we deliver sustained economic and social progress.
- We set targets, monitor and report progress across a number of nonfinancial metrics that define good business practices specific to our business.

Progress and Milestones

Governance

As an Australian incorporated company, WorleyParsons Limited complies with the Corporations Act 2001. In addition, as an entity listed on the Australian Securities Exchange (ASX), WorleyParsons Limited complies with the ASX Listing Rules. Our Corporate Governance Statement, reports on the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and is located in the Investor Relations section of our Company website. A working group has commenced to review and design an implementation program to adopt the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations within the required time frame.

ESG reporting

Since 2012, we have been structuring our corporate disclosure through an integrated reporting process aligned to leading international reporting standards. This year, we delivered ESG-related reporting for:

- the 6th year aligning with the internationally-recognized GRI sustainability reporting framework;
- the 6th year in fulfilling the Group's obligations as a signatory to the United Nations (UN) Global Compact;
- the 2nd year of adopting the UN Sustainable Development Goals;
- the 9th year participating in the Carbon Disclosure Project (CDP) sharing how we measure, disclose and manage vital environmental information; and
- investor presentations and also complying with all mandatory diversity reporting requirements, including Australian and UK, relevant entities submitted Workplace Gender Equality Reports for the reporting period.

Climate change

WorleyParsons has a climate change position statement underpinned with strategic actions that forms the focus of our climate change program. So far the program has embedded climate change considerations within our core risk and strategy processes and has started to assess climate-related risks and opportunities. This program takes account of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The TCFD followed the 2016 Paris Climate Agreement and aims to assist organizations like ours to take account of climate-related issues and disclose the financial impact that climate risks have on business.

We will continue to analyze our physical and transitional exposures to climate change and the risks and opportunities it presents to our business.

Climate change position statement

We recognize that climate change will have significant implications for the industries we serve. Together with our customers and industry partners, we use the principles of EcoNomics™ and the UN Sustainable Development Goals to help drive solutions for a lower carbon world. We are committed to being part of the solution, to reducing our own emissions intensity and protecting our people and assets from the physical impact of climate change.

Climate change strategic actions

We have committed to the following strategic actions:

- minimizing our own carbon emissions;
- responding to our industry and customers' climate change needs;
- protecting our people and assets from the physical and transitional impact of climate change; and
- demonstrating our corporate commitments to climate change as we educate, measure and report progress on our climate related disclosures.

Responsible business assessments

We want to know that our customers take a responsible approach to business as seriously as we do. Responsible business assessments are embedded within our sales processes and risk assessments for new projects and contracts across our business, assessing the risk profile of customers and projects. This year, we introduced assessments for ethical business practices, carbon emissions intensity and social license.

Databases and tools provide information regarding legal judgments or equivalent for:

- bribery and corruption;
- human rights violations;
- environmental damages;
- labour management issues and
- safety

Economic contribution through taxes paid

With approximately $450 million paid in effective tax contributions in FY2017, there is a significant indirect economic contribution made in economies where we operate. As our employees spend their wages locally on diverse goods and services, there is a further, indirect economic contribution. We do not measure this indirect economic benefit globally, but it is an important component of our contribution in the 42 countries where we operate.

Data protection and cyber security

Protecting the personal information of our people and information of customers and our business is a priority. With increasing risks and regulatory expectations, we now have a dedicated team who manage the exposure with a number of enhanced solutions such as intrusion blocking, virus detecting/cleaning, data encryption and system monitoring software systems in place to prevent and/or stop unauthorized system activity.

Corporate responsibility materiality review

We asked our stakeholders what sustainability issues, risks and opportunities aligned to the UN Sustainable Development Goals, are important to them and our business. The ranked results are plotted on a materiality matrix and are reviewed by our leadership team to consider within strategy and risk processes.

Ethics and whistle blowing

This year, our Code of Conduct training was delivered to more than 26,000 contractors, employees and business partners. An ethics helpline is available to all our people in 42 countries.

Our enhanced Whistle Blowing Policy provides protection to whistle blowers and encourages reporting of contraventions. The key mechanisms for the protection of whistle blowers are confidentiality, anonymity, protection of employment conditions and appropriate support to prevent any other forms of retaliation.

WorleyParsons complies with all applicable prevention of bribery and corruption legislation, extends the requirement of compliance, including the prohibition of facilitation payments, and has zero tolerance for bribery, fraud and other types of corruption. We continue to apply our Gifts and Entertainment Policy with a strict protocol for registering gifts and entertainment.

Safety

Our teams have maintained an industry-leading performance in safety. Over the past 10 years, OneWay™ has been the integrity framework guiding the way we work throughout WorleyParsons. It encompasses the tools and processes that we follow to ensure the wellbeing of people, assets and the environment. Recently, we have recognized that we should incorporate the principles of human performance, which is in line with our customers and industry. OneWay™ will evolve to reflect these changes.

Transparency and communications

As an Australian incorporated company, we comply with the ASX Listing Rules. Those rules require listed entities to publish a corporate governance statement and other key documents on their company websites and to provide periodic and continuous disclosure to the market.

We updated our company website and reached out to over 500,000 followers of our social media platforms to communicate to our broader community.

Internal communication websites, online discussion groups and emails are used to deliver important messages. Our people are encouraged to openly share their opinions, subject matter expertise and voice their concerns.

Corporate Responsibility Program

As a company and as individuals, we encourage everyone to be a partner in delivering sustained economic and social progress.

The willingness of our personnel to volunteer their time and make donations in support of their local corporate responsibility activities was a key driver to the success of our corporate responsibility achievements for the financial year ended 30 June 2018 (FY2018). Contributions to developing our local communities via skills transfer, education, local employment and enterprise development are providing support to our aims of long term positive social impact and hence helping the UN Sustainable Development Goals.

The target set for greenhouse gas emissions for FY2020 was achieved and we have seen progress towards gender diversity with the FY2020 measurable objective for woman senior executives met in FY2018.

For FY2018, we saw an increase in volunteering hours, contributions by our people and active champions throughout our virtual corporate responsibility network.

The WorleyParsons Foundation continues to grow, supporting an even more diverse range of activities and projects across the globe, providing the Group with larger-scale opportunities to deliver tangible positive outcomes and enhance the Group's social impact.

We remain staunch in our support of diversity including indigenous participation and human rights with a number of key initiatives supporting gender equality.

In FY2018, our global gender pay gap between male and female remuneration has reduced.

Corporate Responsibility Policy

WorleyParsons is committed to working responsibly 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.**

Supporting local communities through our network of volunteering corporate responsibility champions. The Big Umbrella, Melbourne.

WorleyParsons Foundation

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 our key corporate responsibility themes. The Foundation Awards are now entering their sixth year. In FY2018, awards were given to over 700 individuals in 48 offices in 31 countries. They were responsible for championing social impact by taking the lead in local volunteering activities.

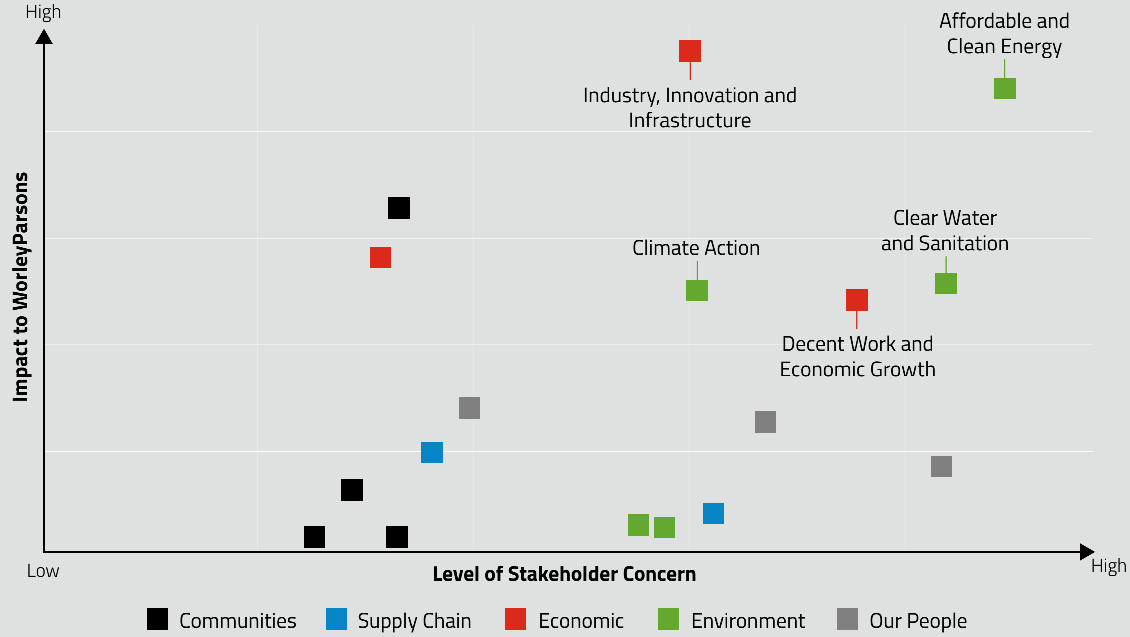
All our selected WorleyParsons Foundation projects involve skilled volunteering from our people alongside financial contributions, delivered in a pro bono offering. The social impact delivered from a broad range of WorleyParsons Foundation projects continues to grow with these projects supported in FY2018:

- sponsoring another 16 WorleyParsons employees to attend the Pollinate Energy Fellowship Program, India;
- supporting water extraction and donating water management equipment to the refugee communities in Kakuma, Uganda;
- enhancing community projects with technical studies prompting solutions for water and sanitation in small communities, Papua New Guinea;
- installing water solutions to community schools in the Lake Turkana region working with Winds of Change, Kenya;
- supporting engagement in high schools through Power of Engineering across Australia and other selected offices;
- supporting micro-finance and education programs with Opportunity International, India;
- expanding accommodation and activities for disadvantaged kids at Five Acres, USA;
- supporting Houston Hurricane recovery efforts of United Way, USA;
- supporting the Cystic Fibrosis Foundation via the 21st Annual Breath of Life Golf Tournament, Houston;
- installing water facilities and solar power and refurbishing school facilities across a number of villages, India;
- supporting water and sanitation workshops with the Centre of Affordable Waste and Sanitation Technology, Colombia; and
- sponsoring film production celebrating local culture, Timor Leste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Corporate responsibility materiality review

A corporate responsibility materiality review was conducted where we asked over 500 of our stakeholders what sustainability issues, risks and opportunities are important to them. These ranked results, aligned to the UN Sustainable Development Goals, have the most potential to impact our business and are important to our stakeholders.



Issues of most concern across stakeholders with the highest impact on WorleyParsons

- Affordable and clean energy
- Decent work and economic growth
- Industry, innovation and infrastructure
- Climate action
- Clear water and sanitation

Further information on our corporate responsibility materiality review and the associated materiality matrix is included in the 2018 Corporate Responsibility Performance Report.

Activity highlights

In addition to supporting our customers on their sustainability programs through our project delivery and consulting services, the Group undertook various corporate responsibility activities across our operations independent of customer influences in FY2018, including:

- participating directly in and reporting over 390 corporate responsibility activities across 31 countries, involving over 11,000 Group personnel;
- supporting local communities through the network of corporate responsibility champions across 48 offices;
- granting over $80,000 in scholarships and supporting education via 89 corporate responsibility activities with over 7000 volunteering hours. One example is WorleyParsons support for the international internship program of the Australian Government's Colombo Plan;
- reducing carbon emissions across a number of offices through office consolidation; LED lighting replacement; behavioral change programs; encouraging the use of public transport; flexible work options from home and recycling while also encouraging carbon offsets with tree planting;
- demonstrating responsible attitudes to water and sanitation with a recognized stewardship program in Colombia, Papua New Guinea, Singapore and rainwater recycling in South Africa; and
- participating in and contributing to various workshops and forums on sustainability, diversity, anti-corruption and human rights issues.

Diversity and inclusion highlights

The Group undertook various diversity and inclusion activities in FY2018, including:

- establishing our FY2018 diversity plan, with a focus on increasing gender representation at all levels, agreed by each leadership team;
- implementing our inaugural talent sponsorship program for active development of our top female talent;
- conducting gender pay gap assessments across comparable roles, tiers and regions, where our global gender pay gap between male and female remuneration has reduced approximately 1% (varying by office). At the manager and senior manager roles, the salary gap reduced by approximately 1% and 3% respectively;
- delivering cultural awareness, inclusive recruitment and promotion training and bias awareness workshops in some locations; and
- supporting diversity and Women of WorleyParsons networks across 21 regions, prompting local activities and progress via internal news websites.

Corporate responsibility indicators

Our teams continue to consolidate Group level reporting across a number of key indicators that track our progress in Corporate Responsibility.

We continued our global champion forums to provide guidance and support for corporate responsibility and diversity and inclusion initiatives and promote engagement with local networks. These champions report progress and tracking of 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 FY2018 were:

Indicators[1]	2018	2017	2012-2018
Contributions by operations	$1.10 million	$1.00 million	$14.05 million
Contributions by personnel members	$0.76 million	$0.69 million	$9.50 million
Volunteer hours by personnel members (community/internal)	25,501 hours	14,728 hours	141,604 hours
TRCFR	0.15	0.14	n/a
LWCFR	0.02	0.02	n/a

1 Definitions and clarifications, refer to: https://www.worleyparsons.com/~/media/Files/W/WorleyParsons/documents/cr/cr-definitions.pdf

The Board has set measurable objectives for achieving gender diversity. FY2018 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 2018 Corporate Governance Statement and progress towards achieving the objectives in FY2018 is set out in the table below:

Measures	Objectives	2018	2017
Women employees[1]	Increase the proportion of women employees to 30% by 2020	21%	21%
Women senior executives[2]	Increase the proportion of women senior executives to 25% by 2020	26%	26%
Women non-executive directors	Increase the number of women non-executive directors to 3 by 2020	3	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 levels.

As we adopt the recommendations of the TCFD, we have chosen to disclose a Climate Change Position Statement and strategic actions as part of our new Climate Change Program. We will continue to analyze our physical and transitional exposures to climate change and disclose our progress in FY2019.

The Group completed a response for the CDP for FY2017 which was reported in June/July 2018. 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.

An energy target for FY2020 was set at 5% reduction of total carbon dioxide equivalents (tCO2-e) against base year FY2016. In FY2017, a reduction of 13% was achieved well above the four-year target. Consolidation of office areas has contributed to this reduction, along with building upgrades and locally-designed initiatives to reduce energy consumption.

Data for greenhouse gas emissions and energy consumption for FY2017 and FY2016 were:

	2017		2016	
Indicators	Per Personnel Member[1]	Total	Per Personnel Member[1]	Total
Greenhouse gas emissions tCO2-e	2.19	49,853	2.35	57,534
Energy consumption MWh	5.27	120,090	7.84	246,043

1 Personnel include employees and contractors.

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 Australian Standard on Assurance Engagements ASAE 3000, over selected corporate responsibility performance data. No significant changes have been made to these reporting processes since the last review. The assurance statement is accessed here: https://www.worleyparsons.com/~/media/Files/W/WorleyParsons/documents/cr/fy15-assurance-statement.pdf

Limited assurance is planned for FY2019 corporate responsibility indicators.

Corporate Responsibility Performance Report

A more comprehensive analysis of our corporate responsibility program and progress made is shared in the Corporate Responsibility Performance Report. The report is published annually and is issued as our 'communication of progress' for the United Nations Global Compact, showing how we have adopted the Global Reporting Initiative standard.

For the 2018 Corporate Responsibility Performance Report, refer to our Company website.

www.worleyparsons.com/investors/corporate-governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Awards recognizing ESG-related achievements

WorleyParsons was awarded a silver recognition level by EcoVadis for our CSR Scorecard. This result places our Company among the top 30% of performers evaluated by EcoVadis.

WorleyParsons was recognized as a 2017 Top 100 Global Energy Leader and a Top 25 Oil & Gas Related Equipment and Services Global Leader by Thomson Reuters. The study, the first holistic assessment of its kind, objectively identifies today's leading energy companies with the fortitude to excel in a complex business environment.

WorleyParsons was awarded the Global Mobility Team of the Year (large program) award at the FEM EMEA EMMAs (Expatriate Management & Mobility Awards). The awards celebrate the best and brightest of the global mobility industry and the supporting suppliers and vendors.

WorleyParsons was named in the top 15 EPC contractors in the Middle East by Refining & Petrochemicals Middle East.

WorleyParsons was named the fifth best International Design Firm by Engineering News Record, for the second consecutive year WorleyParsons has been named in the top five.

WorleyParsons was named in the Top 200 Environmental Firms by Engineering News Record. ENR's list of the Top 200 Environmental Firms.

WorleyParsons was awarded the EPC Contractor of the Year Award at the second LNG Solutions Global Summit. WorleyParsons has also been shortlisted in the same category for 2018.

WorleyParsons was named the 27th most innovative company in Australia according to The Australian Financial Review.

Awards Recognizing Our People

Paul Bauman, an expert geophysicist in Calgary, was selected for the prestigious Craig J. Beasley Award. Craig J. Beasley was the driving force behind the founding of Geoscientists Without Borders®. In recognition of this contribution, the Craig J. Beasley Award for Social Contribution is given to a person or organization that has made a meritorious achievement that supports the application of geophysics to a humanitarian, public service, or other socially significant cause.

Karl Qiu, President of WorleyParsons China, was honored as one of the Top 10 Economic Figures in China's ICT industry during the recent 2017 China ICT Conference of Entrepreneurs. Karl delivered a keynote speech on 'Digital Enterprises in the Industrial Big Data Age' at the event and was recognized for his efforts in digital solutions for the industry.

William Beck, a WorleyParsons retiree, received the Construction Industry Institute's (CII) Richard L. Tucker Award, in recognition of his significant contribution to the advancement of CII's mission and success. William recently retired after serving WorleyParsons for 37 years.

Geeta Thakorlal, President of Advisian's INTECSEA business, was given an honoree award at the Houston Business Journal's second annual Women Who Mean Business Awards. The criteria for selection included career achievement, contribution to company and city success, community involvement and leadership.

Case studies showing how we support the UN Sustainable Development goals

Deploying a socio-environmental project in the Brazilian Amazon

Aimed at improving the lives of people in and around Altamira in the Brazilian Amazon, WorleyParsons teams are delivering a USD 2 billion project that includes constructing new housing, schools, sanitation and infrastructure as well as shipyards, a fish market and beaches. The sanitation efforts alone supply water and sewage for 100,000 people. Education activities have improved schools for 34,000 students and created classrooms for 15,000 additional children. The local economy has been strengthened with the construction of two shipyards, formation of 60 workers' organizations, 13 occupational health and safety courses, an artisanal fishing center and a fish market. Infrastructure improvements are vast, including the development of nine bridges, 32 kilometers of roads, six berths, the Natural Park of Altamira and three beaches. Extensive social monitoring and small business support has also bolstered this community. "Using our expertise to benefit communities is the greatest reward of our profession," said Neil Robertson, regional managing director and Group Leadership Team representative.

Finding clean water for nearly 60,000 refugees in Bangladesh

A WorleyParsons team performed a critical geophysical exploration for drinking water in the Kutupalong, Leda and Nayapara refugee camps, which were facing acute water shortages due to the lack of rain. A team of five WorleyParsons hydro-physicists, under a consulting agreement for the United Nations High Commission for Refugees, headed to Bangladesh to help find deeper wells. They used state-of-the-art mining and geophysical industry technology, such as: high resolution unmanned aerial vehicle (UAV) imagery, daily mapping and 3D interactive, cloud-based visualization technology. Our team have been long term supporters of water exploration for refugee camps. In 2016 and 2017, their water exploration resulted in clean water for 60,000 of the 185,000 refugees in Kakuma; and for 8,000 returnees to 22 villages and health clinics in Northern Uganda. The WorleyParsons Foundation is supporting the drilling and hand pump installation of 10 wells in the most recent Uganda project. "We were able to save the United Nations High Commission for Refugees months of drilling and exploration when our mapped area revealed big differences to theirs. We also found new possibilities for excavating and expanding existing surface reservoirs," explains Paul Bauman, an expert Geophysicist, based in Calgary.

Working to find sanitation solutions in Papua New Guinea

Colleagues from WorleyParsons and Advisian headed to the seaside community of Hanuabada to show how remote skills can be brought together to make a big difference to projects such as World Vision's Water, Sanitation and Hygiene (WASH) program in Papua New Guinea. In February 2018, three volunteers visited the coastal community of Hanuabada with three other volunteers providing expert technical input into the study from their respective offices. Under an arrangement with World Vision for provision of pro bono services, the volunteers led a feasibility study for the investigation and design of options for toilet systems to improve local sanitation conditions for the 12,000 people of Hanuabada. The WorleyParsons Foundation supported the non-labor costs and provided a donation to support the project execution. The team worked with World Vision and Asia P3 Hub to speak with various stakeholders in the community. "We were able to interview residents and meet and consult government representatives to gather insights while visiting existing toilet facilities," says Rajiv Venkatraman, from Advisian in Melbourne. Our WASH experts have been invited to participate in the next phase of this project as well as other projects with World Vision in other countries.

Mumbai volunteers set up a bright future for six small villages

Over the past four years, a team of volunteers from WorleyParsons' Mumbai office have had a significant impact on six humble villages on the outskirts of Mumbai, bringing much needed clean water, power and schooling facilities to the community. The Maya and Vishwas (meaning 'hope') projects were initially supported by WorleyParsons India in 2014 and became our benchmark WorleyParsons Foundation projects. Our passionate team of volunteers led by Jackin Ganger worked directly with the community to provide school infrastructure along with water and power for the remote communities. What started as one school on the outskirts of Mumbai has since grown to a total of four by the end of 2017 and two more community schools were updated in 2018. One of the principal objectives of the WorleyParsons Foundation is to bring about significant and sustainable changes in the lives of the underprivileged by undertaking life-changing projects for communities that will benefit their women and children in particular.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Supporting indigenous people across the world

WorleyParsons is committed to meaningful engagement with Indigenous communities. We recognize that our success in doing this depends on our demonstrated understanding of and respect for cultural values and the social, environmental and economic issues that affect Indigenous people. We have adopted the term Indigenous consistent with United Nations nomenclature, however local preferences are respected and utilized across our business for Aboriginal, traditional owners, First Nations etc.

Australia

For the past five years, WorleyParsons' Australia West business has welcomed Year 11 and 12 students into our workplace from Governor Stirling Senior High School. The aim of the work experience program is to expose the indigenous students to the diverse range of roles we have in our business to assist with their future career planning. Not only do the students enjoy the experience of seeing firsthand what engineers, cost controllers, environmental advisers and project managers do each day, our employees have gained an insight into Indigenous culture and how sharing their own career stories can inspire the students and provide future career options. To mark the five-year anniversary of the program, we were proud to welcome a group of students and teachers and the school's dance troupe to our offices. The troupe performed traditional dances and shared stories of where they were from and the significance of their culture in learning and the workplace. The school also presented us with a recognition gift of a didgeridoo which will be engraved with the names of all of the students who have worked with us since 2013.

Canada

The Pond Inlet Small Craft Harbour is part of Advisian's current Nunavut Marine Infrastructure Project with the Government of Nunavut. Advisian was contracted by the Government of Nunavut to provide engineering design and environmental baselines. An important component in our design and environmental work on this project has been obtaining and considering Inuit traditional knowledge from local hunters and fishers. A series of design workshops allowed members of the Hunters and Trappers Organization in Pond Inlet to work directly with our lead marine engineer, Harald Kullmann, and our Indigenous Knowledge lead, Diane Pinto, to provide valuable information on local site conditions, harvesting patterns, species of interest, travel routes and water/ice access. Inuit traditional knowledge was also obtained from interviews with key elders in the community and a focused workshop with hunters. The input resulted in design modifications to meet the needs of the community. Incorporation of Inuit traditional knowledge improved the team's plan and design.

Also, WorleyParsonsCord supports Indigenous apprentices in Alberta. In 2017, thanks to a partnership between Red Deer College, Montana First Nation and WorleyParsonsCord, Red Deer College launched the Virtual Reality and Co-operative Trades – The Next Generation Program. The program offered Aboriginal students the opportunity to develop the skills and experience needed for careers in welding. The program is funded in part by the Government of Canada's Flexibility and Innovation in Apprenticeship Technical Training program. The program included two groups of 25 students. "It's awesome. Everyday we just get up, get ready, go to class and use the virtual welders. It's good hands-on skills that are being taught", said a welding student from the Montana First Nation. WorleyParsonsCord was the industry partner of the virtual reality welding program and provided work placement opportunities for three of the program's first group of students.

United States

NANA WorleyParsons is a project delivery company focused on multidiscipline engineering and design, procurement and construction management services. Based in Alaska, our staff of project managers, engineers, designers and support personnel work in Anchorage, Kenai and client field operation facilities on the North Slope. Their extensive technical expertise in Arctic and Sub-Arctic engineering for remote locations is at the core of NANA WorleyParsons. Staff experience is backed by real-world success on projects often located in harsh and remote environments. NANA's owners, or shareholders, are Iñupiat, meaning "real people" who have inhabited Northwest Alaska for more than 10,000 years. Iñupiat are part of the Inuit, or circumpolar Indigenous people of the world.

Operating and Financial Review

1. OPERATIONS

1.1 OVERVIEW

WorleyParsons is a professional services provider to the resources and energy sectors. We operate in four business lines of Advisian, Major Projects, Integrated Solutions and Services. Major Projects and Integrated Solutions are combined into a single segment providing coverage of all construction and fabrication yard activity, easy access to Global Delivery Center resources and a shared management team in one group. This strengthens our capability and reputation in integrated Engineering, Procurement and Construction (EPC) with the aim of extending this offering to existing and new customers. To strengthen our integrated EPC offering as well as ensuring coverage of all construction and fabrication activity, the Major Projects and Integrated Solutions business lines operate under a single management team.

We report along three segments of Advisian, Major Projects and Integrated Solutions, and Services 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; and

Infrastructure – resource 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 major 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 17% of aggregated revenue. Our ten largest customers account for 43% 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 FY2018 was a net profit after tax (NPAT) of $62.2 million, compared with $33.5 million in FY2017. Underlying NPAT was $171.4 million for FY2018, up 39.1% on the previous corresponding period. Aggregated revenue increased by 8.5%, driven by the contribution of the UK Integrated Solutions business acquired in October 2017. Revenue grew 5.6% from the first half to second half. Revenue in the underlying business remained relatively flat compared to FY2017, reflecting the markets within which we operate.

WorleyParsons undertook a major transformation program between FY2015 and FY2017 to better align with our customers and to resize following the major market reduction caused by a decline in capital expenditure of our resources and energy customers. This transformation included reorganizing into four business lines and reshaping how we support the business with a program that achieved $500 million in overhead savings. In FY2018, we have seen the business maintain the cost out program while delivering improved financial and operating outcomes.

In FY2018, there have been a number of charges related to consultant fees and onerous leases relating to the transformation program which are included in the statutory result.

We now employ 26,050 people and still maintain a presence in 116 offices across 42 countries, compared with 22,800 people across 106 offices at 30 June 2017.

We secured 94 significant awards this year compared with 86 in FY2017. Backlog at 30 June 2018 was $6.4 billion, compared to $5.1 billion at 30 June 2017.

Our financial position remains sound with the Company's gearing ratio of 23.0% at 30 June 2018, slightly below the target range of 25% to 35%.

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 on the following page.

	FY2018 $'M	FY2017 $'M
EBIT	**263.8**	**129.6**
Staff restructuring costs	-	59.2
Onerous lease contracts	12.2	24.2
Other restructuring costs	14.2	38.9
Acquisition costs	5.9	-
Impairment of associate intangible assets	2.7	2.3
Onerous engineering software licenses	-	3.2
Net loss on sale of assets held for sale	-	0.4
Underlying EBIT	**298.8**	**257.8**

	FY2018 $'M	FY2017 $'M
NPAT attributable to members of WorleyParsons Limited	**62.2**	**33.5**
Staff restructuring costs, post tax	-	41.4
Onerous lease costs, post tax	8.9	17.0
Other restructuring costs, post tax	10.0	27.2
Acquisition costs	5.9	-
Impairment of associate intangible assets	2.7	1.6
Onerous engineering software licenses, post tax	-	2.2
Net loss on sale of assets held for sale	-	0.3
Tax from changes in US tax legislation	81.7	-
Underlying NPAT	**171.4**	**123.2**

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

1. AGGREGATED REVENUE;

2. EBIT (EARNINGS BEFORE INTEREST AND TAX); AND

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

			FY2018 $'M	FY2017 $'M	Comments	Movement
1.	**Aggregated revenue**		4,749.2	4,377.0	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 revenue at nil margin, pass-through revenue at nil margin and interest income.	Our aggregated revenue increased by 8.5% in FY2018 when compared with that for FY2017, driven by the acquisition of the UK Integrated Solutions business.
2.	**EBIT**	(statutory)	263.8	129.6	EBIT means earnings before interest and tax.	Our statutory EBIT increased by 103.5% in FY2018 when compared with that for FY2017, due primarily to the benefit of increased volume, a reduction in overhead costs with increased margins and lower restructuring costs.
		(underlying)	298.8	257.8		Underlying EBIT increased by 15.9% when compared with that for FY2017. This increase is due to increased volume and decreased overheads.
3.	**NPAT**	(statutory)	62.2	33.5	NPAT means net profit after tax.	Our statutory NPAT increased to $62.2 million in FY2018 compared with $33.5 million for FY2017, due primarily to the benefit of increased EBIT, and reduced restructuring costs being partially offset with charges relating to changes in US corporate tax law.
		(underlying)	171.4	123.2		Underlying NPAT increased by 39.1% when compared with that for FY2017, primarily due to increased volume and lower overheads during the year.

1.3.1 BUSINESS LINE PERFORMANCE

SERVICES

The Services business line effectively combines local service, knowledge, relationships and capability to deliver engineering services and projects of all sizes across the asset lifecycle. It is the local partner for companies and communities to deliver sustained economic and social progress. Working closely with WorleyParsons' other three business lines - Major Projects, Integrated Solutions and Advisian - Services brings together the local knowledge and global expertise to deliver all our value to all our customers.

The Services business line reported aggregated revenue of $2,391.3 million and segment result of $236.2 million (FY2017: aggregated revenue of $2,681.1 million and segment result of $242.8 million). The segment margin improved to 9.9% from 9.1%. Aggregated revenue was lower in the Middle East as some contracts moved to Major Projects for implementation and in the United States with some large projects completing during the period. Canada, Australia and New Zealand returned to growth.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2018	2,391.3	(11)	50	236.2	(3)	9.9
FY2017	2,681.1		61	242.8		9.1

MAJOR PROJECTS AND INTEGRATED SOLUTIONS

Major Projects specialize in the full project delivery of large, complex, strategically important projects wherever they are in the world. Integrated Solutions delivers maintenance, modification, operations, engineering, fabrication, construction, hook-up and commissioning services to, mainly, existing assets around the globe. The Major Projects and Integrated Solutions business lines reported aggregated revenue of $1,837.9 million and segment result of $172.2 million (FY2017: aggregated revenue of $1,213.4 million and segment result of $119.5 million). The segment margin declined to 9.4% from 9.8%.

Aggregated revenue increased with the acquisition of the UK Integrated Solutions business in the North Sea, as well as an upturn in the Norway business. Segment margin declined largely due to the lower margin Integrated Solutions business contributing a larger portion of revenue to the segment.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2018	1,837.9	51	39	172.2	44	9.4
FY2017	1,213.4		28	119.5		9.8

ADVISIAN

Advisian is a global consulting firm that provides strategic and front-end advice, integrated with deep technical expertise to clients in the hydrocarbons, resources and infrastructure sectors. Advisian reported aggregated revenue of $520.0 million and segment result of $17.7 million (FY2017: aggregated revenue of $482.5 million and segment result of $12.5 million). The segment margin improved to 3.4% from 2.6%.

Aggregated revenue increased across all three customer sectors with the largest increases coming from Hydrocarbons and Minerals, Metals and Chemicals customer sectors. The Minerals, Metals & Chemicals sector along with the Infrastructure sector improved their margin in FY2018.

The Company continues to invest in Advisian to shape this business to build a globally significant consulting and advisory business in the resources and energy markets. Advisian also contains the investment for the Company's strategic development in Digital and New Energy.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2018	520.0	8	11	17.7	42	3.4
FY2017	482.5		11	12.5		2.6

1.3.2 SECTOR PERFORMANCE

HYDROCARBONS

The Hydrocarbons sector reported aggregated revenue of $3,588.0 million and segment result of $347.7 million with a margin of 9.7% (FY2017: aggregated revenue of $3,105.6 million, segment result of $311.3 million and segment margin of 10.0%). Hydrocarbons' contribution to the Group's aggregated revenue was 76%, increasing from last year.

The increase in aggregated revenue was driven by the recent acquisition of our UK Integrated Solutions business operating in the North Sea, and a return to growth in Canada and Norway.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2018	3,588.0	16	76	347.7	12	9.7
FY2017	3,105.6		71	311.3		10.0

MINERALS, METALS & CHEMICALS

The Minerals, Metals & Chemicals sector reported aggregated revenue of $427.4 million and segment result of $23.7 million with a margin of 5.5% (FY2017: aggregated revenue of $441.1 million, segment result of $16.7 million and segment margin of 3.8%). Minerals, Metals & Chemicals contributed 9% to the Group's aggregated revenue. Chemicals now represents more than 55% of this sector's contribution.

The Minerals & Metals contribution declined with major project activity yet to materialize despite an increased level of study and front-end activity being seen in the market. Chemicals increased with a higher level of activity being seen in the United States and Europe, supported by our recent acquisition in Germany.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2018	427.4	(3)	9	23.7	42	5.5
FY2017	441.4		10	16.7		3.8

INFRASTRUCTURE

The Infrastructure sector reported aggregated revenue of $733.8 million and segment result of $54.7 million with a margin of 7.5% (FY2017: aggregated revenue of $830.0 million, segment result of $46.8 million and segment margin of 5.6%). Infrastructure's contribution to the Group's aggregated revenue declined to 15%.

The drop in aggregated revenue was driven by the conclusion of projects in Europe, Middle East and Africa. Growth was seen in our Integrated Solutions business in the operations of power facilities. Margins increased across both our Advisian and Major Projects and Integrated Solutions business due to improved project delivery performance and increased operational efficiency.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2018	733.8	(12)	15	54.7	17	7.5
FY2017	830.0		19	46.8		5.6

1.4 SIGNIFICANT CHANGES IN OPERATIONS

On 27 October 2017, the Group acquired 100% of the voting shares of AFW UK Oil & Gas Limited and its controlled entities (UK Integrated Solutions) for a total consideration of $384.3 million. With operations in the UK North Sea, UK Integrated Solutions is the leading Maintenance, Modifications and Operations (MMO) service provider in the UK oil and gas sector. The acquisition provides the Group with a robust entry into the UK North Sea and supports our global MMO strategy.

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.

	FY2018 $'M	FY2017 $'M	Comments	Movement
1. Operating cash flow	259.7	78.9	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 FY2018 represents an increase from FY2017, due largely to increased volume and lower cash restructuring costs.
2. Gearing ratio	23.0%	29.1%	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 decreased by 6.1 percentage points in FY2018 when compared with that for FY2017. This ratio is now slightly below our gearing target of 25% to 35%.
3. Debt facility utilization	60%	60%	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 remained stable in FY2018 when compared with that for FY2017.
4. Loan, overdraft and lease facilities	1,677	1,835	Our loan, overdraft and 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 continued to decrease during FY2018, due to the repayment of a US private placement note.

2.2 DIVIDENDS

Our directors resolved to pay a final dividend of 15.0 cents per fully paid ordinary share, including exchangeable shares, unfranked. This is in addition to the interim dividend of 10.0 cents per share. As a result, 39.9% of our full year underlying net profit after tax for FY2018 will be distributed to shareholders as a dividend.

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.

During FY2018, we acquired the UK Integrated Solutions business, as well as a small acquisition in the chemicals sector in Germany. We also acquired the remaining 35% of WorleyParsons Oman.

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; and
- operating expenditure commitments.

These future commitments represent approximately 11.4% of our expenses.

In general, we lease the space in 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

WorleyParsons has a strategy architecture to allow us to respond dynamically to the changing world. The architecture is a framework that integrates all the strategic processes at WorleyParsons, describing how they interact over the course of the financial year and how they systematically allow us to improve our collective performance, accelerate our revenue growth and address the dramatic changes in our industry.

The architecture is built around the following three pillars:

1. Operational excellence ensuring we always maintain a viable and competitive business;
2. Grow the business in the near term by offering all of our value to all of our customers; and
3. Position the business to grow as a key player in the new world.

The three pillars combine to provide a holistic view of strategy and all three are needed for our strategy to stand.

3.2 OUTLOOK

Driven by continued improvement in market conditions, our resources and energy customers are increasing early phase activity for the next cycle of investment. This is reflected in the recent level of contract awards and our growing backlog. By maintaining our focus and growing our position in the resources and energy markets we expect to deliver improved earnings in FY2019.

Our focus on costs will continue so that operating leverage is delivered as the business grows. We expect to continue to improve our balance sheet metrics in FY2019.

3.3 RISKS

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

Set out below is an overview of a number of key risks that we face in seeking to achieve those objectives. 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 objectives. 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, SAFETY AND ENVIRONMENT 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.

The nature of our work may give rise to environmental risk. We identify environmental aspects of our work and their potential impact and put in place controls and monitoring to address them. We continue to implement emissions reduction strategies and to support our customers in their efforts.

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, safety and environment. OneWay™ expectations are supported by our business processes and we use them in assessing our performance.

3.3.2 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.

Cybersecurity risk: Our work relies on the effective processing and storing of information using information technology. With the use of IT systems, there is a risk of unauthorized access, disruption, loss of critical or sensitive data and other security incidents as a result of cyberattacks. We are mitigating this risk through strengthened security measures, continual threat monitoring, user education, and by implementing information security policies in line with international standards.

3.3.3 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, safety and environment risk, project delivery risk, and internal reporting risk, are relevant to seek to preserve our reputation.

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 objectives 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.

Taxation risk: WorleyParsons operates in a large number of countries. We are currently seeing an increasing trend for Governments in all parts of the world to change their approach to the regulation and collection of tax. Consequently, there is a risk that the level of taxation imposed on WorleyParsons could change materially as a result of a change in legislation or approach in the countries in which we operate. WorleyParsons has a process in place to monitor such changes and ensure that we continue to pay the appropriate amount of tax in all jurisdictions.

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 three strategic pillars with a number of priority areas reviewed on a regular schedule and described in section 3.1 of this review.

Climate risk: Climate change will have both physical and transitional risk implications for the industries we serve. Regulatory and other changes may lead to increased cost, delays or cancellation associated with some projects. Conversely, the pace of other projects such as those associated with new energy may increase. We are committed to being part of the solution, to reducing our own emissions intensity and responding to our industry's and customers' climate change needs. To seek to mitigate this risk, we have embedded climate change considerations within core risk and strategy processes and are assessing climate-related risks and opportunities. In addition, we have established a climate change working group to review and design an implementation program for the Taskforce on Climate-related Financial Disclosure (TCFD).

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 publication, 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

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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.

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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 2018.

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

DIRECTORS

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

- John Grill (Chairman)
- Erich Fraunschiel (Lead Independent Director from 28 October 2017)
- Ron McNeilly (Deputy Chairman and Lead Independent Director until retirement on 27 October 2017)
- Jagjeet Bindra (resigned on 15 December 2017)
- Tom Gorman (appointed on 18 December 2017)
- Christopher Haynes
- Catherine Livingstone
- Anne Templeman-Jones (appointed on 1 November 2017)
- Wang Xiao Bin
- Andrew Wood (Chief Executive Officer)

DIRECTORS' 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	27,909,392	–
Erich Fraunschiel	218,631	–
Tom Gorman	13,500	–
Christopher Haynes	13,139	–
Catherine Livingstone	14,302	–
Anne Templeman-Jones	2,250	–
Wang Xiao Bin	11,000	–
Andrew Wood	1,091,043	642,305

Further details in relation to the rights issued by the Company are set out in the Remuneration Report and notes 15 and 16 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 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	10	10			6	6	6	6	6	6
Erich Fraunschiel	10	10	6	6	6	6				
Ron McNeilly*	5	5	2	2	2	2			2	2
Jagjeet Bindra**	5	5			2	2	2	2	2	2
Tom Gorman	5	5			3	3	4	4	4	4
Christopher Haynes	10	10			6	6	6	6	6	6
Catherine Livingstone	10	9	6	6	6	6				
Anne Templeman-Jones	5	5	4	4	4	4				
Wang Xiao Bin	10	10	6	6	6	6				
Andrew Wood	10	10								

* Ron McNeilly retired on 27 October 2017.
** Jagjeet Bindra resigned on 15 December 2017.

In addition to those meetings, special purpose Board Committee meetings and briefings were held during the financial year. The Board also attended regular Board briefings during the financial year.

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 the current financial year and previous financial year are as follows:

	2018 $'M	2017 $'M
Final dividend for the full year 2018 of 15.0 cents per ordinary share to be paid on 24 September 2018 (unfranked)	41.1	–
Interim ordinary dividend for half year 2018 of 10.0 cents per ordinary share paid on 26 March 2018 (unfranked)	27.3	–
Total dividends paid / to be paid	68.4	–

Since the end of the financial year, the directors have resolved to pay a final dividend of 15.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2017: 0 cents per share). In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed final dividend of $41.1 million is not recognized as a liability as at 30 June 2018.

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	
	2018 $'M	2017 $'M
Revenue and other income	4,835.8	5,220.6
Depreciation	(18.1)	(18.0)
Amortization	(49.9)	(62.8)
Write down of investment in equity accounted associates	–	(1.3)
Earnings before interest and tax (EBIT)	263.8	129.6
Net interest expense	(58.4)	(68.8)
Profit before income tax expense	205.4	60.8
Income tax expense	(129.7)	(4.6)
Statutory profit after income tax expense	75.7	56.2
Non-controlling interests	13.5	22.7
Statutory profit after income tax expense attributable to members of WorleyParsons Limited	**62.2**	**33.5**
Staff restructuring costs	–	59.2
Onerous lease costs	12.2	24.2
Other restructuring costs	14.2	38.9
Acquisition costs	5.9	–
Impairment of associate intangibles	2.7	2.3
Onerous engineering software licenses	–	3.2
Net loss on the sale of assets held for sale	–	0.4
Net tax expense on restructuring costs	(7.5)	(38.5)
Tax from changes in US tax legislation	81.7	–
Underlying profit after income tax expense attributable to members of WorleyParsons Limited[1]	**171.4**	**123.2**

	CONSOLIDATED	
	2018 $'M	2017 $'M
Revenue and other income	4,835.8	5,220.6
Less: Procurement revenue at nil margin (including share of revenue from associates)	(94.4)	(826.2)
Less: Pass-through revenue at nil margin	(157.3)	(229.0)
Add: Share of revenue from associates	170.6	218.7
Less: Interest income	(5.5)	(7.1)
Aggregated revenue[2]	**4,749.2**	**4,377.0**

	AGGREGATED REVENUE		EBIT		EBIT MARGIN	
	2018 $'M	2017 $'M	2018 $'M	2017 $'M	2018 %	2017 %
Services	2,391.3	2,681.1	236.2	242.8	9.9	9.1
Major Projects and Integrated Solutions	1,837.9	1,213.4	172.2	119.5	9.4	9.8
Advisian	520.0	482.5	17.7	12.5	3.4	2.6
	4,749.2	4,377.0	426.1	374.8	9.0	8.6
Global support costs[3]			(110.7)	(96.7)		
Interest and tax for associates			(2.4)	(3.5)		
Amortization of acquired intangible assets			(14.2)	(16.8)		
Underlying EBIT[1]			**298.8**	**257.8**	**6.3**	**5.9**

Aggregated revenue was $4,749.2 million, an increase of 8.5% on the prior financial year. Underlying EBIT of $298.8 million was up 15.9% from the prior financial year result of $257.8 million.

The underlying EBIT margin on aggregated revenue for the Group, increased to 6.3% compared with 5.9% in 2017. After tax, the members of WorleyParsons Limited earned an underlying profit, on aggregated revenue of 3.6%, compared to the 2017 profit of 2.8%.

The underlying effective tax rate of 23.1% compared with 22.8% in 2017.

The Group retains a strong cash position of $277.9 million (2017: $244.3 million) with gearing (net debt/net debt plus total equity) at financial year end of 23.0% (2017: 29.1%).

Operating cash inflow for the period was $259.7 million, compared to $78.9 million in 2017. Cash outflow from investing activities was $399.1 million (2017: $62.5 million).

[1] The directors consider that underlying profit information, which excludes significant non-recurring items, is important in order to understand the sustainable performance of the Company.

[2] Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement revenue at nil margin, pass-through revenue at nil margin and interest income. 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 to note 3 to the financial statements).

EARNINGS PER SHARE

	2018 CENTS	2017 CENTS (restated)[1]
Basic earnings per share	23.3	13.4
Diluted earnings per share	23.1	13.3

Underlying basic earnings per share was 64.3 cents, an increase of 30.7% from the previous financial year result of 49.2 cents[1].

Underlying basic earnings per share is determined by dividing the underlying profit attributable to members of WorleyParsons Limited (as set out on page 35) by the weighted average number of ordinary shares outstanding during the financial year (as set out in note 17 to the financial statements).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 27 October 2017, the Group acquired 100% of the voting shares of AFW UK Oil & Gas Limited and its controlled entities (referred to as UK Integrated Solutions) for cash consideration of $384.3 million. With operations in the UK North Sea, UK Integrated Solutions is a leading Maintenance, Modifications and Operations (MMO) service provider in the UK oil and gas sector. The acquisition provides the Group with a robust entry into the UK North Sea and supports the Group's global MMO strategy.

During the period, the Group raised $322.0 million through a 1 for 10 fully underwritten non-renounceable rights offer for ordinary fully paid shares in WorleyParsons Limited and incurred of $6.3 million of equity raising costs.

In December 2017, the Group refinanced its US$620 million syndicated debt facility that was due to expire in August 2018. The new arrangement consists of a US$700 million multi-currency facility. The new debt structure provides the Group with additional flexibility and liquidity to meet its working capital and strategic growth requirements. The new financing facility matures in December 2020.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors have resolved to pay a final dividend of 15.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2017: 0 cents per share). In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed final dividend of $41.1 million is not recognized as a liability as at 30 June 2018.

No other matter or circumstance has arisen since 30 June 2018 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 31.

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 $391,212.

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:

EY
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 2018, 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
22 August 2018

[1] In accordance with accounting standards, earnings per share were adjusted to reflect the equity raising during the period as disclosed in note 17 to the financial statements.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2018 may be accessed from the Company's website at http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx.

INFORMATION ON DIRECTORS AND GROUP 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 the Growth Centres Advisory Committee for the Department of Industry, Innovation and Science and Chairman of the Mindgardens Alliance, a partnership between the Black Dog Institute, Neuroscience Research Australia (NeuRA), South Eastern Sydney Local Health District (SESLHD) and the University of New South Wales.

ERICH FRAUNSCHIEL BCOM (HONS), FCPA, FAICD

LEAD INDEPENDENT DIRECTOR AND NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MARCH 2003

COUNTRY OF RESIDENCE – AUSTRALIA

Erich is Lead Independent Director of the Board and a member of the Audit and Risk Committee and 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

TOM GORMAN BA (ECONOMICS AND INTERNATIONAL RELATIONS), MBA (DISTINCTION) (HARVARD)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2017

COUNTRY OF RESIDENCE – UNITED STATES OF AMERICA

Tom was appointed to the Board effective 18 December 2017. He is Chairman of the Remuneration Committee and a member of the Health, Safety and Environment Committee and Nominations Committee. His appointment follows a 30-year career in executive positions at Ford Motor Company and Brambles Limited. He retired as CEO of Brambles in February 2017. He has worked in multiple functions including finance, operations, logistics, marketing, and business development and has lived and worked in the United States, England, France and Australia. He is a director of High Resolves, an Australian-based non-profit focused on middle school education. Tom graduated, cum laude, from Tufts University with degrees in Economics and International Relations and obtained an MBA, with distinction, from the Harvard Business School.

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 Remuneration Committee and 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 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 Chairman of Commonwealth Bank of Australia and a director of Saluda Medical Pty Limited, the Australian Ballet and is the Chancellor of University of Technology, Sydney. Catherine was the President of the Business Council of Australia from 2014 to 2016 and the Chairman of Telstra Corporation Limited from May 2009 to April 2016 and of CSIRO from 2001 to 2006. She has also served on the boards of Macquarie Bank Limited, Macquarie Group Limited, Goodman Fielder Limited and Rural Press Limited. Catherine was the Managing Director of Cochlear Limited from 1994 to 2000. 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
	Chairman	1 January 2017	n/a
Telstra Corporation Limited	Non-executive director	30 November 2000	27 April 2016
	Chairman	8 May 2009	27 April 2016

ANNE TEMPLEMAN-JONES BCOM, MRM, EMBA, CA, FAICD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE NOVEMBER 2017
COUNTRY OF RESIDENCE – AUSTRALIA

Anne was appointed to the Board on 1 November 2017 and is Chairman of the Audit and Risk Committee and a member of the Nominations Committee. Anne is a non-executive director of Commonwealth Bank of Australia, GUD Holdings Limited and The Citadel Group Limited. She previously served as a non-executive director of HT&E Limited, Cuscal Limited, HBF Health Limited, Pioneer Credit Limited, TAL Superannuation Fund, Notre Dame University and the McCusker Foundation for Alzheimers Research. Anne has executive experience in institutional and commercial banking, wealth management and insurance, strategy and risk, having previously held a number of senior executive roles in Switzerland and Australia with PricewaterhouseCoopers, the Bank of Singapore (OCBC Bank), ANZ and Westpac. Anne has a Masters in Risk Management from The University of New South Wales, an Executive MBA from the AGSM, The University of New South Wales and a Bachelor of Commerce from the University of Western Australia. Anne is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Commonwealth Bank of Australia	Non-executive director	5 March 2018	n/a
The Citadel Group Limited	Non-executive director	8 September 2017	n/a
GUD Holdings Limited	Non-executive director	1 August 2015	n/a
HT&E Limited (formerly APN News & Media Limited)	Non-executive director	20 May 2013	14 April 2018

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 PricewaterhouseCoopers 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 24 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.

NUALA O'LEARY LLB, BA

GROUP COMPANY SECRETARY – APPOINTED AUGUST 2016
COUNTRY OF RESIDENCE – AUSTRALIA

Nuala joined the Group in 2002. She is responsible for corporate governance for the Board and the Group Leadership Team and governance matters relevant to the listed entity, its capital structure, and its regulatory obligations. Nuala's specific Group accountabilities include continuous disclosure. Nuala has a background in corporate litigation, legal, governance and company secretary roles. She has previously worked in private legal practice. Nuala holds degrees in Law and Arts from The University of Sydney and a graduate diploma of Applied Corporate Governance. Nuala is a Solicitor of the Supreme Court of NSW.

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.

Remuneration Report

Our focus on delivering the business strategy was evident in our improved performance during the year

KEY MESSAGES FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders

Our focus on delivering the business strategy was evident in our improved performance during the year. The impact of this performance on the remuneration outcomes for our executives in FY2018 is provided in summary below and discussed in more detail within the Remuneration Report.

We believe that our executives' remuneration aligns to our remuneration principles and strategy. The Remuneration Report includes an explanation of each component of remuneration, the mix between fixed and variable pay, and our rationale for the use of cash or equity within the remuneration package.

On **fixed pay**, we decided based on a review of the external market not to increase our executives' fixed pay for FY2018, except for an executive who took on an expanded role and duties. The Chief Executive Officer maintained a voluntary 10% reduction of his fixed pay throughout FY2018. This reduction has been in place since 1 July 2015. For the NEDs, the Board decided that for the seventh consecutive year, annual fees should remain the same. In addition, Mr Grill waived his entire FY2018 Chairman fee for the second full financial year.

On **variable pay**, we have continued to adopt a proactive approach to ensure variable pay outcomes align to the changing priorities of the business. For the cash based component, FY2018 KPIs were returned to the pre-FY2017 structure, which includes a weighted mix of financial and strategic measures linked to sustaining and developing the business for the long term. By contrast the FY2017 KPI structure represented a unique requirement to focus executives on the achievement of critical short term group financial outcomes. Given our performance and the outcomes of the executives' FY2018 key performance indicators, we decided that executives should receive a cash payment as part of their variable pay.

The share price performance rights (SPPRs) granted to executives in 2015 vested during the period based on share price growth, continued employment and satisfactory performance during the two year vesting period.

The FY2015 long term equity performance hurdles of relative total shareholder return (TSR) have been achieved and earnings per share (EPS) growth has not been achieved, resulting in a partial vesting for that grant.

The portion of the FY2017 long term equity grant which was tied to a strategic performance hurdle, as highlighted in the FY2016 Remuneration Report, was measured against two key financial metrics at the end of FY2018 (a two year performance period). Based on these measures, the performance hurdles have been achieved and the performance rights will be converted to restricted shares. A further two year restriction period applies, ending on 30 September 2020.

The UK Integrated Solutions acquisition and capital raising are a significant area of focus for our management team during FY2018. The provision of a grant of performance rights with hurdles linked to the ongoing success of the acquisition was awarded to two executives that were key to the transaction during FY2018. Further details of the above grants and performance hurdles are provided within the report (see page 47).

Your Board appreciates the ongoing support and feedback from shareholders. We continue to ensure our executives focus on helping our customers meet the world's changing resources and energy needs.

Kind regards

Thomas J Gorman
Chairman, Remuneration Committee

The Company's directors present the Remuneration Report for the Company and for the consolidated entity for FY2018. It forms part of the Directors' Report and has been prepared in accordance with section 300A of the Corporations Act 2001 (Act). The information in the report has been audited as required by section 308(3C) of that Act.

THE REMUNERATION REPORT IS PRESENTED IN FIVE SECTIONS:

SECTION	PAGE
1. Remuneration in Brief - Key Management Personnel Covered in This Report, Key Shareholder Questions	40
2. Executive Remuneration in Detail - Guiding Remuneration Principles, Executive Remuneration Structure, Remuneration Outcomes in FY2018, Company Performance over a Five Year Period, Variable Pay in Detail, Employment Arrangements	43
3. Non-Executive Director Remuneration - Guiding Principles, Remuneration Structure, Remuneration Outcomes, Non-Executive Director Interests in Shares	48
4. Remuneration Governance Framework - Remuneration Decision Making, Executive Minimum Shareholding Requirement, Hedging, Clawback (Malus) Provision, Cessation of Employment and Change of Control	49
5. Remuneration Tables - Statutory and Actual Remuneration Outcomes, Executive Minimum Shareholding Requirement, Executive Interests in Shares and Performance Rights, Non-Executive Director Remuneration Outcomes, Non-Executive Director Interests in Shares	50

1. REMUNERATION IN BRIEF

This section outlines the director and executive arrangements in place for the Company.

The list below of executives and non-executive directors comprised the Key Management Personnel (KMP) of the Company for FY2018, as defined under the accounting standards. The use of the term "Executives" throughout this report refers to the KMP whose remuneration details are outlined in this report.

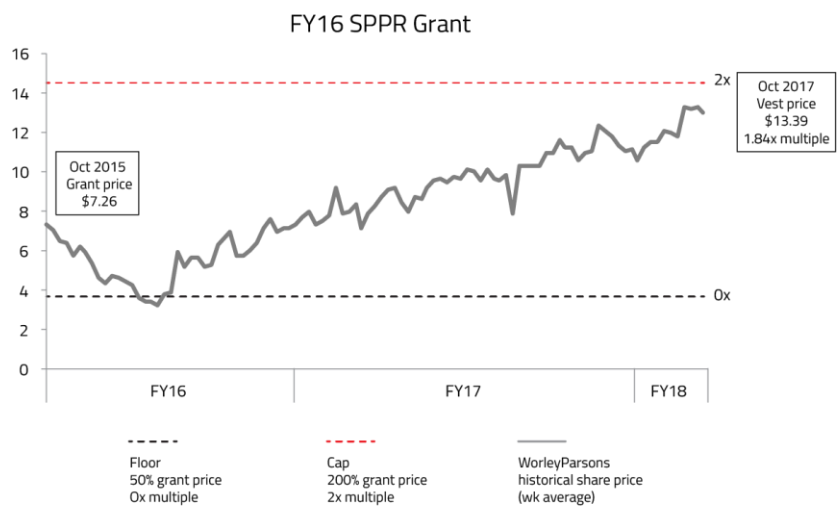
All KMP were employed/held office for the whole of FY2018, except where otherwise stated.

KMP COVERED IN THIS REPORT

NAME	POSITION	COUNTRY OF RESIDENCE
NON-EXECUTIVE DIRECTORS		
John Grill	Chairman	Australia
Erich Fraunschiel[1]	Lead Independent Director	Australia
Thomas J Gorman[2]	Non-Executive Director	United States of America
Christopher Haynes	Non-Executive Director	United Kingdom
Catherine Livingstone	Non-Executive Director	Australia
Anne Templeman-Jones[2]	Non-Executive Director	Australia
Wang Xiao Bin	Non-Executive Director	China
FORMER NON-EXECUTIVE DIRECTORS		
Ron McNeilly[3]	Former Deputy Chairman and Lead Independent Director	Australia
Jagjeet S Bindra[4]	Former Non-Executive Director	United States of America
EXECUTIVES		
Andrew Wood	Chief Executive Officer	Australia
Robert (Chris) Ashton	Group Managing Director – Major Projects and Integrated Solutions, Global Sales and Marketing	United States of America
Thomas Honan	Group Managing Director Finance/CFO	Australia
Adrian Smith[5]	Group Managing Director/Chief Executive Officer, Advisian	United Kingdom
PREVIOUSLY REPORTED EXECUTIVE		
Dennis Finn[6]	Former Group Managing Director/Chief Executive Officer, Advisian	Australia

[1] Mr Fraunschiel commenced as Lead Independent Director on 28 October 2017.
[2] Mr Gorman and Ms Templeman-Jones commenced on 18 December 2017 and 1 November 2017 respectively.
[3] Mr McNeilly retired on 27 October 2017.
[4] Mr Bindra resigned on 15 December 2017.
[5] Mr Smith commenced on 1 October 2017.
[6] Mr Finn ceased in the role and ceased to be KMP on 30 September 2017.

KEY SHAREHOLDER QUESTIONS

QUESTION	ANSWER	REFER PAGE
How is the Company's performance reflected in the Executive remuneration in FY2018?	The Board decided that the Company's FY2018 financial outcomes merited a payment of the cash component of the Executives' variable pay based on achievement of key performance indicators (KPIs). Each Executive received between 23% and 28% of their target through the variable pay plan. FY2015 long term equity award - outcomes - the relative TSR growth minimum performance hurdles required for this award to vest were achieved and EPS has not been achieved. This results in a partial vesting on 30 September 2018. As no retest applies to either measure, the EPS component, and part of the TSR component, of the grant will lapse on 30 September 2018. FY2017 long term equity award 'strategic tranche' - outcomes have been achieved and the performance rights will be converted to restricted shares on 30 September 2018. A further two year restriction period applies, ending on 30 September 2020. Performance hurdles are provided within the report. SPPRs granted in FY2016 vested during FY2018, based on the share price performance during the period, continued employment and performance. The alignment based on share price growth during this period resulted in a multiple of 1.84. This is shown graphically below: 	See pages 44,45
Have any changes been made to the remuneration of NEDs?	For the seventh consecutive year, there have been no increases to NED annual fees. In addition, Mr Grill waived his entire Chairman fee for FY2018.	See page 48
What changes have been made to remuneration components during FY2018?	For the cash based component of variable pay, FY2018 KPIs were returned to the pre-2017 structure, which includes a weighted mix of financial and strategic measures linked to sustaining and developing the business for the long term. By contrast the FY2017 KPI structure represented a unique requirement to focus executives on the achievement of critical short term group financial outcomes. As disclosed in the FY2017 Remuneration Report, the minor but important changes to the SPPR and long term equity grants made during FY2018 were implemented as communicated. This included raising the minimum share price required for vesting of SPPRs from 50% to 70% of the share price at grant, and reverting back to EPS growth as a performance measure for 50% of the Long Term Incentive (LTI) grant. No other changes have been made to any of the remuneration components for FY2018.	See pages 46, 47
Are there minimum shareholding requirements in place for the KMP?	Yes, the following mandatory minimum shareholding requirements apply: • Executives must retain equity until they hold shares equivalent in value to two times their fixed pay (or for the CEO, four times fixed pay) and they must subsequently maintain that multiple; and • NEDs are required to build a minimum shareholding equivalent in value to their annual fee and are expected to comply with this requirement within their first full term of three years as a director. The minimum shareholding requirements are assessed each year. Where Executives do not currently meet the minimum requirement, they build this through our remuneration arrangements.	See pages 48, 49 and 52

Has Executives' fixed pay been reviewed in FY2018?

We review the Executive remuneration framework each year and in doing so, the Board considers the pay practices of the industry and the markets in which the Company operates. This ensures the Company provides competitive remuneration (including fixed pay) that will attract and retain suitably qualified executives.

It is particularly important that we do not consider the Australian market in isolation due to the global nature of our business and location of our talent.

Chris Ashton received an adjustment due to the expansion of his role during the period. During the year, Chris Ashton's role was expanded to include Global Sales and Marketing in addition to leading the Major Projects and Integrated Solutions business. There have been no other increases in fixed pay for Executives in FY2018.

We made no changes to the CEO's fixed pay during FY2018. The 10% reduction that he initiated to his fixed pay has been in place since 1 July 2015.

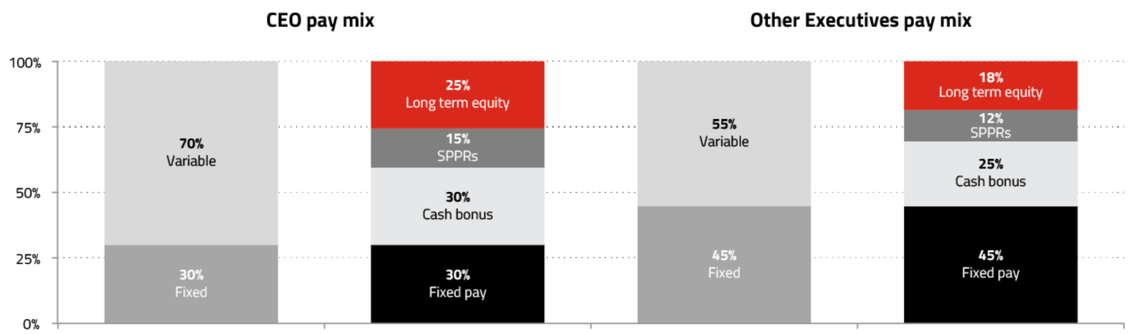
See page 49

How is variable pay delivered to Executives?

An Executive's variable pay (or pay at risk) is delivered through a mix of cash and equity (medium and long term performance rights if specific performance hurdles are met). Variable pay:

- forms a significant proportion of an Executive's total remuneration package as shown below in the pay mix graphic;
- depends on various aspects of the Company's performance; and
- is subject to a clawback (malus) provision.

The targeted mix of remuneration components assumes all performance conditions are satisfied. Allowances and benefits are for specific purposes and are excluded from determining the pay mix.



See pages 43, 44

Why are there two equity based plans within the variable pay arrangements?

The Executive pay mix contains two equity components each with different performance hurdles. Those hurdles aim to drive value for shareholders in both the medium and the long term.

The two plans are the SPPRs and the long term equity plan. They are aligned with our remuneration principles which include building share ownership and aligning employee, customer and shareholder interests.

See pages 45 to 47

What are the performance hurdles and measurement period for the SPPRs?

The SPPRs are an annual grant of performance rights with a share price multiplier and performance hurdle. They ensure our Executives continue to be aligned with shareholders, strive towards strengthening the core business and positioning the Company for the future. The performance period is two years, with the quantum of vesting linked to share price movement during that period (within a minimum floor and maximum cap), a service condition and satisfactory performance.

SPPRs provide strong alignment to shareholders' interests and they also motivate our Executives to take action that results in enhanced shareholder return.

See page 46

What are the performance hurdles and measurement period for the long term equity grant?

For FY2018, the long term equity grant includes both relative TSR and EPS performance hurdles with a 50/50 weighting applied to each hurdle. The TSR and EPS hurdles are measured three years after grant date. If all the relevant vesting conditions have been met, the TSR and EPS performance rights will vest and convert into restricted shares. The restricted shares will be subject to further vesting conditions and a trading restriction for an additional 12 months, retaining the four year measurement period.

Full details of prior year grants are set out in the Remuneration Report for the relevant year.

See pages 46,47

2. EXECUTIVE REMUNERATION IN DETAIL

GUIDING REMUNERATION PRINCIPLES

The remuneration principles that underpin Executive remuneration drive the behaviors and results to help us achieve our strategy and mission:

Sustain A viable and competitive business

Deliver All our value to all our customers

Be Key player in the new world

Our mission is to help our customers meet the **world's changing** resources and energy needs.

Our strategy is how we'll bring our mission to life in this **new world** with **new rules.**

Our Remuneration Principles

- 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 long term shareholder interests
- Support the expectation for the Diversity and Inclusion Policy

And putting these into practice....

- We benchmark our roles against the market on fixed pay, variable pay and pay mix
- We provide the opportunity to earn equity through our variable pay plans
- Individual remuneration reflects the individual's role, responsibilities, performance, qualifications and experience
- We reward subject to Company and individual performance
- We ensure the Board sets challenging KPIs for Executives
- We have a minimum shareholding requirement which promotes greater alignment between KMP and shareholder interests
- We ensure performance metrics are sufficiently demanding and provide greater alignment between Executive remuneration outcomes and long term shareholder wealth creation

EXECUTIVE REMUNERATION STRUCTURE

We structure our Executive remuneration to recognise an individual's role, responsibilities, qualifications and experience as well as to help them drive performance over the short and long term. The proportion of variable pay available to an Executive reflects their ability to influence Company performance. The explanation below provides details of the various remuneration components, the pay mix, the timing for their delivery and their link to the remuneration principles. Actual variable pay an Executive receives varies depending on the extent that they and the Company meet or exceed our performance requirements.

More information about the Company's variable pay arrangements, the performance conditions imposed and the outcomes of those arrangements (based on the Company's performance over FY2018 and earlier), are set out below and on pages 44 and 45.

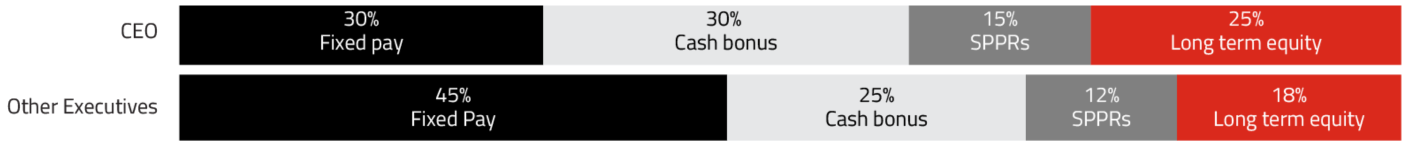
Fixed pay - provides an Executive with competitive fixed pay, set relative to market. Given in the form of cash (or base) salary, superannuation contributions and any salary sacrificed components. Requires the Executive's ongoing employment and performance.

Variable pay (cash) - rewards an Executive's previous year performance against Company goals and KPIs. Given in the form of cash linked to the Executive's achievement against annual KPIs which the Board sets and measures.

Variable pay (medium term equity) - is future-focused to motivate an Executive to deliver sustainable growth in share price. Given in the form of equity through SPPRs linked to two year performance targets (share price movement). Requires the Executive's continued employment and satisfactory performance. No retesting provisions allowed. No dividends paid on unvested SPPRs.

Variable pay (long term equity) - designed to reward an Executive for delivering on long term performance as measured against external peers and internal targets. Given in the form of long term equity linked to four year vesting period (with three year relative TSR and EPS growth targets). Requires the Executive's continued employment and performance. No retesting provisions allowed. No dividends paid on unvested long term equity.

The targeted mix of remuneration components shown below refers to the amount that an Executive would be paid if all their performance conditions that apply to variable pay are satisfied and assumes they achieve 100% of their cash and equity awards. Allowances and benefits are for specific purposes and are excluded in determining the mix.



REMUNERATION OUTCOMES IN FY2018

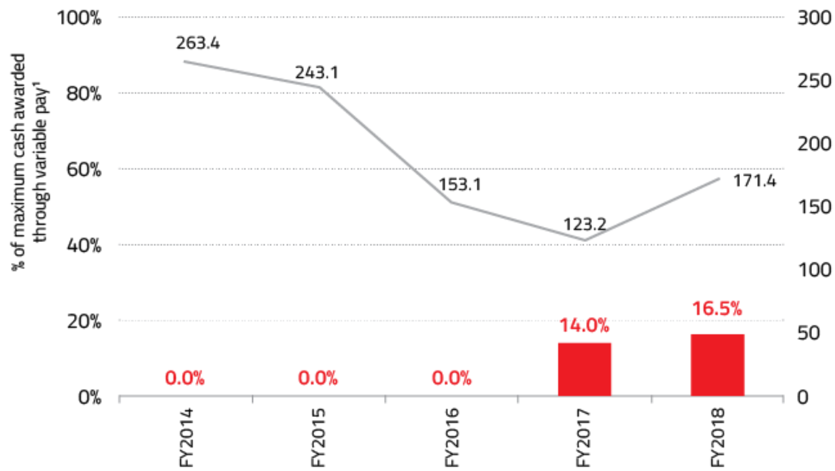
Variable pay outcomes - cash

Based on KPI outcomes for FY2018 and the Company's financial performance for the period, the Board decided to provide cash payments to the Executives through the variable pay plan. The graph to the right shows the strong alignment between Company performance as measured by Group net profit after tax (NPAT) and variable pay to Executives for the last five years.

Variable pay outcomes - SPPRs

SPPRs granted during FY2016 were tested against their performance hurdles in FY2018. The SPPRs vested as the closing share price at the end of the two year performance period was between the minimum floor and maximum cap of the opening share price. In addition, satisfactory performance and continued employment hurdles were achieved.

The opening share price was $7.26 and the closing share price was $13.39; this resulted in the SPPRs converting to shares for the Executives during FY2018, with a multiple of 1.84x. The details are provided on page 46. This reflects an 84% improvement in the share price between date of grant and date of vesting.

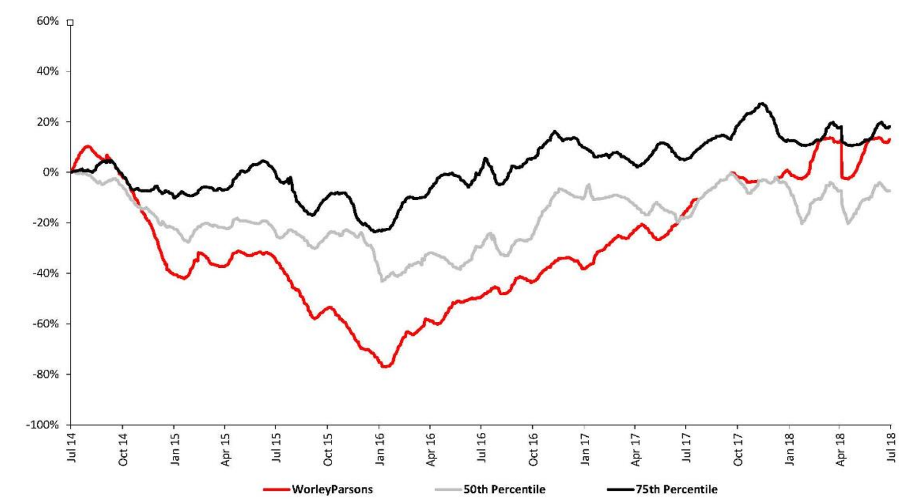


[1] The average cash amount awarded as a percentage of maximum for any financial year relates to amounts that were paid as part of the cash portion of the variable pay plans (previously the Combined Incentive Plan) in the September following that financial year end. Year on year changes in the % of maximum cash awarded are a result of company financial performance, the composition of the KMP, and individual performance achievement relative to targets.
[2] Underlying NPAT figures are used for this graph. In FY2014, these are the same as reported Group NPAT figures.

Variable pay outcomes - long term equity

The graph below compares the Company's TSR, over the last four years, against the 50th and 75th percentiles TSR of the peer comparator group that we use as a measure for the long term equity plan:

TSR performance measured over the last four years



FY2015 grant - this graph shows that growth in the Company's TSR was above the 50th percentile, which resulted in a partial vesting for Executives for the FY2015 TSR grant.

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 long term equity granted in FY2015 resulting in nil vesting for Executives for the EPS grant.

No retest applies to either measure.

FY2017 grant - the strategic tranche (50% of this grant) was provided to ensure continued focus and dedication of the executive team and was subject to the achievement of both cost reduction targets of $350 million delivered during the period FY2016, FY2017 and FY2018, in addition to net debt-to-EBITDA target (2x or less) measured at the end of FY2018. These specific targets were not disclosed at the time of grant because they were commercially sensitive, but have been disclosed retrospectively in accordance with the Company's commitment to do so in the 2016 Notice of Meeting and Annual Report. Both targets were achieved resulting in the performance rights being converted to restricted shares. The restricted shares will vest on 30 September 2020, subject to continued service and satisfactory individual performance.

FY2018 'Special Acquisition' grant - tranche 1 (half of the grant) was measured against progress made on a detailed scorecard across key workstreams during FY2018. Following a review of the scorecard, and progress made on the transition, tranche 1 will vest in September 2018.

Summary of vested rights

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

GRANT	PERFORMANCE PERIOD	TSR PERCENTILE ACHIEVED[1]	CHANGE IN EPS ACHIEVED[2]	% OF TOTAL LTI GRANT VESTED/EXERCISED	VESTING DATE	VALUE PER RIGHT VESTED/EXERCISED $
FY2013	01 Jul 12 – 30 Jun 15	8th	(17.0%)	0%	30 Sep 15	n/a
FY2013[3]	01 Jul 12 – 30 Jun 16	11th	(18.6%)	0%	30 Sep 16	n/a
FY2014	01 Jul 13 – 30 Jun 17	36th	(21.5%)	0%	30 Sep 17	n/a
FY2015	01 Jul 14 – 30 Jun 18	65th	(11.9%)	40%	30 Sep 18	n/a

[1] Represents the Company's relative TSR ranking over the performance period compared to the peer comparator group.
[2] Change in EPS achieved is calculated as the compound annual growth rate of EPS over the performance period. FY2017 EPS restated for the impact of the entitlement offer to fund the UK Integrated Solutions acquisition in accordance with AASB 133 *Earnings Per Share*; however, there is no material impact on the change in EPS achieved. FY2018 EPS reflects an adjustment related to the entitlement offer to fund the UK Integrated Solutions acquisition in accordance with AASB 133 *Earnings Per Share*; however, there is no material impact in EPS achieved.
[3] In FY2013, Andrew Wood was granted LTI with a four year vesting period, details are provided in the remuneration report for the relevant year.

COMPANY PERFORMANCE OVER A FIVE YEAR PERIOD

The table below shows a snapshot of the Company's financial performance and how that impacts on remuneration outcomes for Executives as part of our variable pay programs. Our Executives' remuneration arrangements ensure that their remuneration is lower when our performance does not justify large awards and is higher when our performance is strong. As demonstrated by the table, variable pay outcomes have moved in line with the Company's performance against relevant key metrics.

The table below shows how the Company's financial performance impacts Executive remuneration:

	FINANCIAL YEAR ENDED 30 JUNE	FY2014	FY2015	FY2016	FY2017	FY2018	ANNUALIZED GROWTH OVER FIVE YEARS
	Closing share price ($)	17.41	10.41	7.20	11.22	17.63	0.25%
	Dividends paid (cents)	85.0	56.0	-	-	10.0	(34.8%)
TSR portion of long term equity	1 year TSR for the Company (%)	(6.8)	(36.4)	(30.2)	56.3	58	
	1 year TSR for 50th percentile of peer group (%)	1.4	(23.6)	(4.0)	3.8	8.5	
	Vesting outcome of LTI (%)	nil	nil	nil	nil	40	
EPS portion of long term equity	Underlying EPS (cents)[1]	106.8	98.4	61.8	49.2[2]	64.3	(9.7%)
	Vesting outcome of LTI (%)	nil	nil	nil	nil	nil	
Cash portion of variable pay[3]	Underlying NPAT ($'m)[4]	263.4	243.1	153.1	123.2	171.4	(8.2%)
	Average % of maximum cash portion awarded to Executives (%)	nil	nil	nil	14	16.5	

[1] Underlying EPS, which in the Board's opinion reflects the Company's operating results, has been used to calculate the outcomes.
[2] FY2017 underlying EPS was restated from 49.6 to 49.2 cents. This is associated with the acquisition of UK Integrated Solutions where the Company issued 24.8 million shares at $13 each in the reporting period. The issue was a 1 for 10 fully underwritten, pro-rata, accelerated non-renounceable entitlement offer for $322.0 million. Underlying EPS was retrospectively modified by multiplying the original weighted average number of shares by an adjustment factor of 1.01 in accordance with AASB 133 *Earnings per Share*.
[3] The cash component of the variable pay is linked to the achievement of annual KPIs; previously, this was the Combined Incentive Plan which was a mix of cash and equity.
[4] Group NPAT reflects the Company's operating results for FY2014-FY2018. We have used it to calculate the remuneration outcomes for that financial year. For all other financial periods represented in this table, we have used underlying NPAT to calculate the remuneration outcomes. Underlying NPAT excludes impairment of goodwill, restructuring costs (net of tax), net loss on sale of assets held for sale, impairment of associate intangible assets, certain functional currency related foreign exchange gains, net gain on revaluation of investments previously accounted for as equity accounted associates and joint operations and other adjustments at the Board discretion, being the difference between reported statutory NPAT and underlying NPAT.

VARIABLE PAY IN DETAIL

By linking pay to performance, we focus and motivate Executives to achieve outcomes beyond the standard expected in the normal course of employment.

The elements of an Executive's remuneration that are at risk are in the form of both cash and equity. The following section provides details about each of the components of variable pay.

Cash component - linked to performance against KPIs

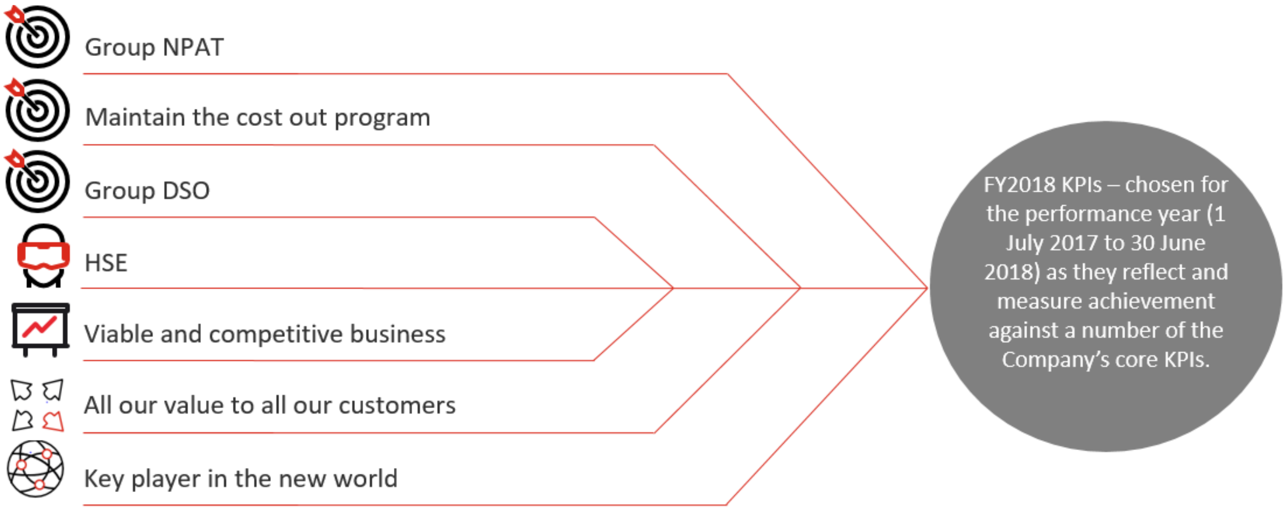
The performance targets are set and measured through both financial and strategic KPIs. These KPIs, and their appropriate thresholds, are linked to the business strategy, agreed at the beginning of the financial year and are fundamental to the long term sustainability and development of the business.

The Board retains rigorous oversight of the KPIs, to ensure they are challenging and retain sufficient motivation to stretch the Executives.

The minimum potential value is zero where applicable levels of performance have not been met. The maximum opportunity is 150% of the Executive's target. Each KPI has an individual threshold. For financial KPIs, achievement above 80% of the budget/target is required before a sliding scale applies i.e. for each 1% above 80% of the budget, 5% is awarded. This is capped at 200% (which is for 120% achievement against budget). Strategic KPIs, which are a mix of individual financial and non-financial metrics, have a maximum achievement of 100%.

Generally, for an Executive to be eligible for a cash payment, they must have been employed for at least three months of the financial year and remain in employment at the date of payment.

FY2018 KPIs and their link to the Company's strategy:



Financial KPIs (60% weighting for the CEO, 50% weighting for the other Executives)

Group NPAT, Maintain the cost out program, Group DSO - chosen as they reflect and measure achievement against a number of the Company's core financial KPIs. Significant focus has been on all of these key metrics during the year and the outcomes for FY2018, are indicated in the financial report. Group NPAT grew at both underlying and statutory levels, our cost out program being maintained and for Group DSO we have achieved good progress across a majority of business units with still some room for improvement.

Strategic KPIs (40% weighting for the CEO, 50% weighting for the other Executives)

HSE - chosen in support of the Company's goal of Zero Harm and measured through the reduction in the number of reportable incidents and the demonstration of personal and visible leadership through activities measured throughout the performance year.

The remaining KPIs chosen, focus on our three strategic pillars with varied weightings and specific targets for each Executive based on their role. The specific KPIs for Executives relating to strategic imperatives are considered commercially sensitive. A broad explanation of each is provided below:

- Viable and competitive business - includes the delivery of key imperatives for their business line linked to targeted business growth objectives and the implementation of operational excellence initiatives.
- All our value to all our customers - includes targets which drive collaboration and capability development within and across business lines and achieve increased market share and market size outcomes.
- Key player in the new world - includes metrics which focus efforts on positioning the business for future successes including development of new markets and service line capabilities as well as the development of key talent.

SPPRs - linked to medium term Company performance

Performance rights which are granted annually to Executives as SPPRs, aim to focus Executives on increasing the Company's share price over a two year period. The number of SPPRs granted is determined by dividing the dollar value of the award achieved by the face value of shares. For the SPPRs to convert into shares, the share price at the end of the two year performance period (the closing share price) must be, when measured, in between the maximum cap and the minimum floor of the opening share price. The SPPRs vest on a proportionate basis between the cap and the floor. To receive shares, an Executive must remain employed and receive satisfactory performance ratings throughout the two year vesting period. If these conditions are not met, then their SPPRs will lapse. No dividends are payable on unvested SPPRs

Examples - the following scenarios are each based on a notional grant of 1,000 SPPRs with a notional WorleyParsons opening share price of $10.00 at the time the SPPRs are issued i.e. a notional value of $10,000. In two years' time:

Scenario 1: The closing share price is $21.00 (i.e. more than doubles). The 1,000 SPPRs convert to 2,000 shares and their total value = $42,000.

Scenario 2: The closing share price is $12.00. The 1,000 SPPRs convert to 1,000 x ($12/$10) = 1,200 shares and their total value = $14,400.

Scenario 3: The closing share price is $8.00. The 1,000 SPPRs convert to 1,000 x ($8/$10) = 800 shares and their total value = $6,400.

Scenario 4: The closing share price is 70%[1] or less than the opening share price; then the SPPRs lapse and no shares are issued.

[1] The higher floor was introduced for the FY2018 grant of SPPRs following feedback from shareholders; for earlier grants, this was half or less than half of the opening share price.

The FY2016 SPPR grant price was: $7.26 - closing price $13.39, a multiple of 1.84 was applied ($13.39/$7.26).

The FY2017 SPPR grant price was: $8.11.

The FY2018 SPPR grant price was: $13.39.

Long term equity - linked to long term Company performance

Long term equity is assessed against two equally weighted, independent performance targets that align an Executive's interests with shareholder returns while driving long term Company performance. Long term equity grants are delivered to Executives as rights that are issued under the WorleyParsons Performance Rights Plan. After an Executive's rights vest, 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 to an Executive is based on the Executive's target long term equity with reference to the underlying share price when the rights are issued.

An Executive's rights vest and are automatically exercised (unless the Executive elects otherwise) after the vesting period, subject to defined performance hurdles being satisfied. If an Executive's rights cannot be readily issued in certain overseas jurisdictions due to differing securities laws and taxation treatments, the long term equity plan rules ensure that the Executive can still be rewarded for their contribution, while catering for the local restrictions on the issue of securities.

Grants made during FY2018 (these will be measured over a three year performance period plus an additional one year restriction period):

Relative TSR performance hurdle - 50% weighting

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. The Board chose relative TSR as a performance hurdle because it believes this provides the most direct measure of shareholder return and reflects an investor's choice to invest in this company or its direct competitors. Executives will derive value from the TSR component of the long term equity plan only, if over a three year period, the Company's TSR performance is at least at the 50th percentile of the companies in the peer comparator group.

There is no retesting opportunity for the long term equity under the relative 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)

The TSR comparator group for the FY2018 grant includes: AECOM, Arcadis, Fluor Corporation, Fugro, Jacobs Engineering Group, JGC Corporation, KBR, Petrofac, SNC Lavalin, Stantec, Tetra Tech, Wood Group[1] and WSP Global.

[1] Due to the acquisition by Wood Group on 9 October 2017, AMEC Foster Wheeler is no longer listed above.

The Board has discretion to adjust the peer comparator group to take into account events that happen during the performance period, for example, takeovers or mergers.

EPS growth performance hurdle - 50% weighting

To measure basic EPS, we divide the Group NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year. We measure growth in EPS by comparing the EPS in the financial year immediately preceding the issue with the EPS in the measurement year. The Board chose EPS growth as a performance hurdle because it provides a clear line of sight between Executive performance and Company performance. Also, it is 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 growth component of the grant made during FY2018 if the Company achieves average compound growth in EPS of at least 4% per annum above the increase in the Consumer Price Index (CPI) over the three year performance period. The vesting schedule of the rights subject to the EPS growth 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)

Special Acquisition Grant

The acquisition of the UK Integrated Solutions business during FY2018 was of strategic significance to the Company. It aimed to build a global MMO business, entry into the UK North Sea market and provide additional growth potential, based on the joint capabilities of our people. The successful completion of the transaction, including the capital raising and an effective transition was critical to the delivery of this strategic priority. A grant of performance rights has been provided to Robert (Chris) Ashton and Thomas Honan and is linked to performance hurdles which are measured through a transition scorecard (KPIs include achievement of cost and revenue synergies; integration of core operating systems; implementation of core governance and control processes; and retention of key personnel). The face value of the grant equated to 60% of their fixed pay. Subject to the performance hurdles being achieved to the satisfaction of the Board, continued employment and satisfactory performance, the grant will vest in two tranches: half after 12 months, the remaining half after 24 months.

Prior year long term equity grants

Full details of prior year grants, including TSR peer groups, are set out in the Remuneration Report for the relevant year. In summary:

- for FY2017, the long term equity grant included the relative TSR hurdle measured over a four year performance period in addition to a strategic performance hurdle (50/50 weighting) measured over a two year performance period (with a further two year restriction period). This was a one-off change for the FY2017 award given the importance of delivery of the Company's Realize our future strategy and the role that Executives play in leading its implementation. The details of the strategic performance hurdle is explained on page 44; and
- for FY2013 to FY2016, the relative TSR and EPS growth performance hurdles shown above were used (50/50 weighting) and measured over a four year performance period.

Other provisions

Rights granted to the Executives under the SPPR and long term equity plans carry:

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

Dilution limit

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 period. Currently, the number of securities issued and held pursuant to the equity plans represents 2.22% of the Company's issued share capital (FY2017: 2.25%).

Eligible recipients

All current Executives are able to receive rights through the long term equity plan. Details of the rights granted to Executives as the long term equity component of their remuneration in FY2018 are outlined on page 53.

Exercise of rights and allocation of shares

To the extent that the performance hurdles have been satisfied, an Executive's rights are automatically exercised (unless an Executive elects otherwise) and participants acquire shares in the Company at a nil exercise price. Shares allocated to an Executive upon exercise of rights rank equally with all other ordinary shares on issue. Where the shares are subject to further vesting conditions or restriction periods (i.e. they are restricted shares), they cannot be sold prior to the vesting date or end of the restriction period (as applicable) and may still be forfeited in certain circumstances. After vesting, participants have unencumbered ownership of the shares, subject to compliance with the Company's Securities Dealing Policy and minimum shareholding requirement.

EMPLOYMENT ARRANGEMENTS

The key aspects of Executive contracts are outlined below:

NAME	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS[1]
EXECUTIVE DIRECTOR			
Andrew Wood	Unlimited	12 months	12 months
GROUP EXECUTIVES			
Robert (Chris) Ashton	Unlimited	12 months	6 months
Thomas Honan	Unlimited	12 months	6 months
Adrian Smith	Unlimited	12 months	6 months

[1] Notice period, whether given by the Executive or the Group is the same.

The Executive's contracts include the components of remuneration which are to be paid. They 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 variable pay plans upon termination, where an Executive resigns, the cash portion of the variable pay is paid only if the Executive is employed on the date of payment (which is after 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 on page 49. In exercising such discretion, this is typically on a pro-rata basis and subject to the original performance requirements and timing.

At the 2016 Annual General Meeting, the Board sought and received approval from shareholders, where discretion was applied for the retention of long term equity following cessation of employment for the value of long term equity to be disregarded when calculating the relevant participant's cap for the purposes of section 200F(2)(b) or 200G(1)(c) of the Act.

Mr Finn ceased to be KMP of WorleyParsons from 30 September 2017 after he resigned from the Company. All his unvested equity lapsed when his employment ended.

The Company did not provide any sign-on or separation payments to Executives during FY2018.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

This section outlines the remuneration arrangements in place for the Company's NEDs. All NEDs held office for the whole of FY2018, unless otherwise stated on page 40.

GUIDING PRINCIPLES

The principles of fairness and shareholder alignment are reflected through the Company setting NED fees at a level that is market competitive, and that reflects the caliber of directors the Company requires for it to adequately address the significant strategic and operational challenges it faces, domestically and abroad.

In FY2018, Directors' fees remained constant. They have now been at the same amount for seven years in a row. There will be no increase in annual fees for NEDs in FY2019.

The aggregate amount of fees (which include Board and Committee fees) that the Company may pay to NEDs in any year is capped at the level approved by shareholders. The current maximum aggregate amount is $3.25 million per annum. Shareholders approved that amount at the 2012 Annual General Meeting. Of the aggregate annual fee pool, 68% ($2.09 million) was paid during FY2018 (for FY2017, this was 53% or $1.73 million). NEDs are paid fees for services on the Board and its Committees. The directors do not receive any performance related incentives such as options or rights to shares, and no retirement benefits are provided to NEDs other than superannuation contributions.

REMUNERATION STRUCTURE BOARD AND COMMITTEE FEES

Board and Committee fees for FY2017 and FY2018 are set out below. These amounts include superannuation contributions made on behalf of NEDs in accordance with the Company's statutory obligations.

		COMMITTEE		
ROLE	BOARD	AUDIT AND RISK	HSE	REMUNERATION
Chairman[1]	$520,000[2]	$47,000	$30,000	$37,000
Deputy Chairman[3]	$312,000			
Member	$194,000	$26,000	$12,000	$21,000
Chairman/Member of Nominations Committee or Lead Independent Director	nil	nil	nil	nil

[1] The Chairman of the Board does not receive additional Board membership fees or fees for Committees of which he may be a member. The Chairman of a Committee does not receive additional membership fees for that Committee.

[2] Mr Grill requested a temporary reduction in his Chairman fee of $520,000 per annum in FY2016 (reduced to $395,053) and elected to receive no fees for his role in both FY2017 and FY2018.

[3] The Deputy Chairman does not receive additional fees for Committees of which they may be a member. The role is currently vacant.

Other benefits

NEDs are eligible for travel allowances of $5,000 a trip for additional time incurred on overseas business related travel including attendance at Board meetings and site visits. These payments are made from 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, unless 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 FY2018.

REMUNERATION OUTCOMES

The remuneration outcomes of the NEDs for FY2018 and FY2017 are set out in the Remuneration Tables section of the report, on page 54.

NON-EXECUTIVE DIRECTOR INTERESTS IN SHARES

The NED beneficial interests in shares of the Company as at 30 June 2018 are detailed in the Remuneration Tables section of the report, on page 54.

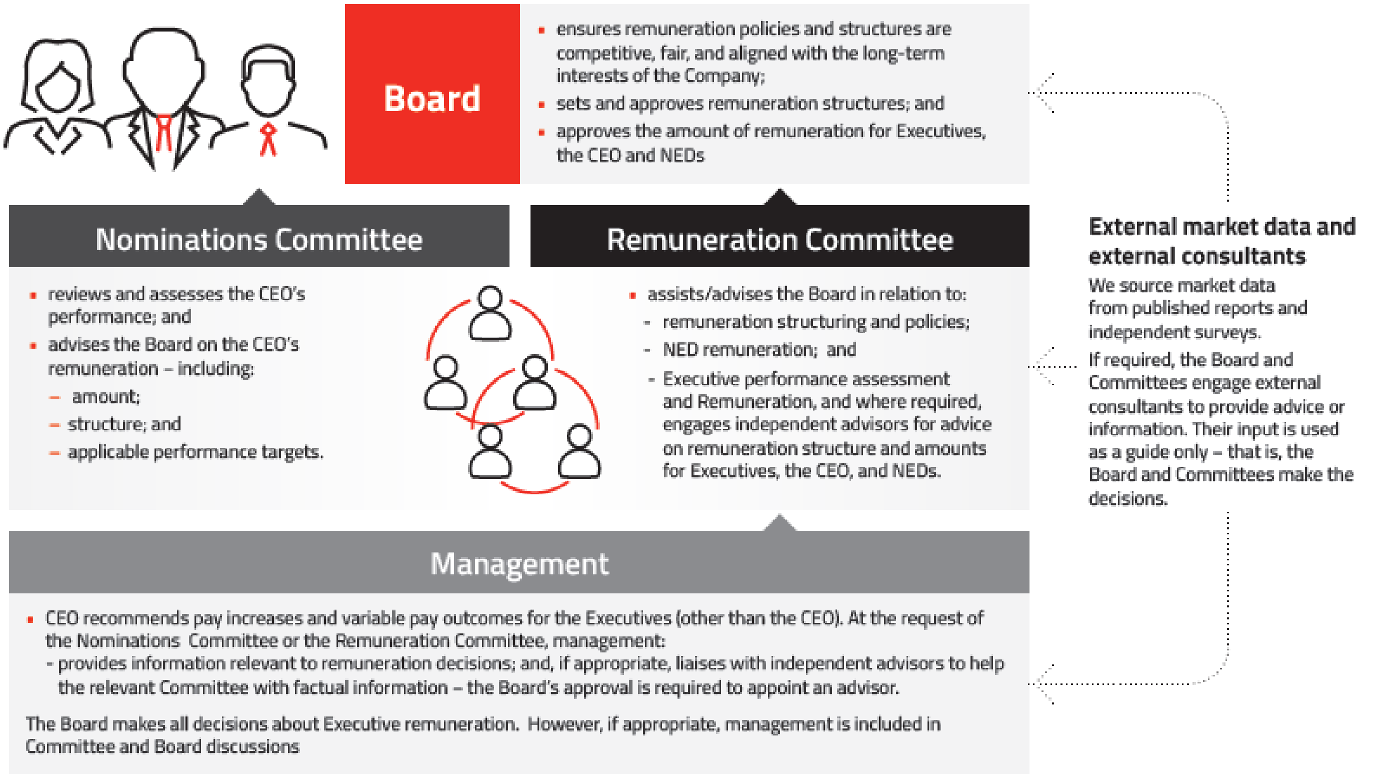
NED minimum shareholding requirement

A minimum shareholding requirement for NEDs exists to align director and shareholder interests. Each NED must build a holding of the Company's ordinary shares equivalent in value to their annual fee. NEDs are expected to comply with this requirement within their first full term of three years as a director. For the purposes of this test, the value of shares is calculated using the number of shares held at 30 June 2018 multiplied by the five day volume weighted average price of the Company's shares up to and including 30 June 2018 ($17.47) or purchase price if higher.

4. REMUNERATION GOVERNANCE FRAMEWORK

REMUNERATION DECISION MAKING

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



During FY2018, the Board arranged for an independent research and advisory consulting firm, Aon Hewitt, to benchmark the Company's total remuneration and remuneration mix for Executives. The Remuneration Committee used the firm's advice as a guide, not a substitute for thorough consideration of all of the issues. The cost of Aon Hewitt's advice and assistance is not material for either party. Aon Hewitt was engaged by, and reported to, the Chairman of the Remuneration Committee. The Board is satisfied that the information Aon Hewitt provided was free from undue influence by any Executive.

The Board engaged Orient Capital to calculate the TSR for the purposes of vesting long term equity. The amount the Company paid to Orient Capital for TSR reporting is not material for either party.

No remuneration consultants provided any remuneration recommendations to the Board during FY2018.

EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT

Executives are required to hold a minimum shareholding so as to:

- reinforce the Company's objective of aligning their interests with the interests of shareholders; and
- foster an increased focus on building long term shareholder value.

To satisfy the requirement, Executives must retain equity they receive through incentive plans until they hold shares equivalent in value to two times their fixed pay (or the CEO, four times fixed pay). They must maintain that multiple. Each year on 30 June, the Board assess each Executive's compliance with the requirement. The table on page 52 shows a summary of the position of each Executive against the requirement as at 30 June 2018.

HEDGING

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 (this is also known as a Malus provision) within the variable pay plans. This provision enables the Board to have an employee's unvested performance rights or vested but unexercised performance rights, lapse if the Board is of the opinion, that the employee:

- has acted fraudulently or dishonestly;
- is in breach of their obligations to the Company or another Group company; or
- received awards based on financial accounts which were later restated.

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. 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. Rights that are retained will subsequently vest or lapse in the ordinary course.

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.

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 SPPR and LTI columns under the remuneration awarded section of Actual Remuneration Outcomes on page 51.

		SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG TERM BENEFITS	TERMINATION BENEFITS	SHARE BASED PAYMENTS			
NAME	YEAR	CASH SALARY $000	CASH INCENTIVE[1]/ CASH STI $000	OTHER BENEFITS[2] $000	TOTAL SHORT TERM CASH AND BENEFITS $000	SUPER-ANNUATION BENEFITS $000	LONG SERVICE LEAVE $000	TERMINATION BENEFITS $000	EQUITY INCENTIVE[3]/ STI EQUITY SETTLED $000	LTI EQUITY SETTLED[3] $000	TOTAL REMUNERATION IN ACCORDANCE WITH ACCOUNTING STANDARDS $000	VARIABLE PAY % OF TOTAL REMUNERATION %
EXECUTIVE DIRECTOR												
Andrew Wood	**FY2018**	1,435	407	10	**1,852**	20	24	-	876	535	**3,307**	55.0%
	FY2017	1,435	317	7	**1,759**	20	24	-	549	588	**2,940**	49.5%
GROUP EXECUTIVES												
Robert (Chris) Ashton	**FY2018**	663	96	145	**904**	9	-	-	413	99	**1,425**	42.7%
	FY2017	512	72	262	**846**	13	-	-	134	55	**1,048**	24.9%
Thomas Honan	**FY2018**	930	136	3	**1,069**	20	16	-	608	190	**1,903**	49.1%
	FY2017	930	124	2	**1,056**	20	16	-	128	110	**1,330**	27.3%
Adrian Smith[4]	**FY2018**	357	39	162	**558**	-	-	-	57	13	**628**	17.3%
	FY2017	-	-	-	**-**	-	-	-	-	-	**-**	-
PREVIOUSLY REPORTED GROUP EXECUTIVES												
Dennis Finn[5]	**FY2018**	263	-	1	**264**	7	5	-	45	-	**321**	14.1%
	FY2017	1,049	217	96	**1,362**	20	14	-	507	-	**1,903**	38.0%
Total remuneration	**FY2018**	**3,648**	**678**	**321**	**4,647**	**56**	**45**	**-**	**1,999**	**837**	**7,584**	
	FY2017[6]	**4,656**	**795**	**720**	**6,171**	**87**	**54**	**-**	**1,047**	**766**	**8,125**	

[1] The amount relates to the cash portion of the FY2018 variable pay plan typically payable in September 2018.

[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 Ashton and Mr Smith), 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] 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, varies based on the probability of vesting 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.

[4] Remuneration for FY2018 was disclosed to the extent that it related to Mr Smith's employment in the capacity of an Executive, which commenced on 1 October 2017.

[5] Remuneration is disclosed to the extent that it relates to Mr Finn's employment in the capacity of an Executive, which ceased on 30 September 2017. All of Mr Finn's unvested equity lapsed following his departure. See page 53 for further details.

[6] The FY2017 totals have been rounded in line with the current standard. Full details of prior year total remuneration are set out in the Remuneration Report for the relevant year.

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 50.

		AWARDED AND RECEIVED DURING REPORTING PERIOD		RECEIVED DURING REPORTING PERIOD DEFERRED FROM PREVIOUS PERIODS[2]			AWARDED DURING REPORTING PERIOD DEFERRED FOR FUTURE PERIODS[3]		
NAME		SHORT TERM CASH AND BENEFITS $000 (A)	OTHER BENEFITS[1] $000 (B)	EQUITY INCENTIVE $000 (C)	LTI $000 (D)	TOTAL REMUNERATION RECEIVED DURING REPORTING PERIOD $000 (E)[4]	EQUITY INCENTIVE /SPPR $000 (F)	LTI $000 (G)	TOTAL REMUNERATION AWARDED DURING REPORTING PERIOD $000 (H)[5]
EXECUTIVE DIRECTOR									
Andrew Wood	**FY2018**	1,852	44	2,495	-	**4,391**	727	1,236	**3,859**
	FY2017	1,759	44	-	-	1,803	727	1,236	3,766
GROUP EXECUTIVES									
Robert (Chris) Ashton	**FY2018**	904	9	53	-	**966**	530	315	**1,758**
	FY2017	846	13	-	-	859	170	284	1,313
Thomas Honan	**FY2018**	1,069	36	-	-	**1,105**	855	570	**2,530**
	FY2017	1,056	36	-	-	1,092	285	570	1,947
Adrian Smith[6]	**FY2018**	558	-	-	-	**558**	142	89	**789**
	FY2017	-	-	-	-	**-**	-	-	-
PREVIOUSLY REPORTED GROUP EXECUTIVE									
Dennis Finn[7]	**FY2018**	264	12	2,019	-	**2,295**	-	-	**276**
	FY2017	1,362	34	-	-	1,396	490	-	1,886
Total remuneration	**FY2018**	**4,647**	**101**	**4,567**	**-**	**9,315**	**2,254**	**2,210**	**9,212**
	FY2017[8]	**6,171**	**141**	**-**	**180**	**6,492**	**2,198**	**3,023**	**11,533**

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

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

[3] Remuneration awarded during the reporting period but deferred for future periods includes equity awards granted under the variable pay plans (SPPRs and long term equity) which may vest and become available to Executives in future periods. A grant value based on fixed pay (as defined on page 44) multiplied by the variable pay plan target 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.

[4] Total remuneration received during the reporting period, deferred from previous periods disclosed in column E is the sum of (A)+(B)+(C)+(D).

[5] Total remuneration awarded during the reporting period, deferred from previous periods disclosed in column H is the sum of (A)+(B)+(F)+(G).

[6] Remuneration for FY2018 was disclosed to the extent that it related to Mr Smith's employment in the capacity of an Executive, which commenced on 1 October 2017.

[7] Remuneration is disclosed to the extent that it relates to Mr Finn's employment in the capacity of an Executive, which ceased on 30 September 2017. Mr Finn's unvested equity lapsed following his departure. See page 53.

[8] The FY2017 totals have been rounded in line with the current standard. Full details of prior year total remuneration are set out in the Remuneration Report for the relevant year.

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 2018:

NAME	WEIGHTED NUMBER OF SHARES HELD AT 30 JUNE 2018[1]	VALUE OF SHARES HELD AT 30 JUNE 2018[2] $000	ANNUAL FIXED PAY AT 30 JUNE 2018[3] $000	PERCENTAGE OF MINIMUM REQUIREMENT ACHIEVED
EXECUTIVE DIRECTOR				
Andrew Wood[4]	1,412,196	24,671	1,600	>100%
GROUP EXECUTIVES				
Robert (Chris) Ashton	84,330	1,473	700	>100%
Thomas Honan	116,924	2,043	970	>100%
Adrian Smith	20,246	354	518	34%

[1] Includes shares held in the Company plus a 50% weighting of unvested performance rights provided on page 53.
[2] Calculated as the weighted number of shares held at 30 June 2018 multiplied by the volume weighted average price of the Company's shares for the five trading days up to and including 30 June 2018 ($17.47) or the price at which performance rights were allocated.
[3] The Australian dollar equivalent of annual fixed pay as at 30 June 2018.
[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 2018 are detailed in the table below. The service and performance criteria for the rights are discussed in the SPPR and long term equity sections on pages 45 to 47 or are available in prior year Remuneration Reports.

NUMBER OF SHARES AND PERFORMANCE RIGHTS HELD IN WORLEYPARSONS LIMITED

NAME	TYPE	BALANCE AT 1 JULY 2017	GRANTED PERFORMANCE RIGHTS	ON EXERCISE OF PERFORMANCE RIGHTS[1]	CHANGE IN STATUS	OTHER TRANSACTIONS[2]	BALANCE AT 30 JUNE 2018
EXECUTIVE DIRECTOR							
Andrew Wood	Shares	856,565	n/a	184,758	-	49,720	1,091,043
	Rights	656,518	146,650	(100,175)	-	(60,688)	642,305
GROUP EXECUTIVES							
Robert (Chris) Ashton	Shares	10,255	n/a	5,404	-	(1,478)	14,181
	Rights	82,566	63,135	(5,404)	-	-	140,297
Thomas Honan	Shares	10,000	n/a	-	-	1,000	11,000
	Rights	105,424	106,424	-	-	-	211,848
Adrian Smith[4]	Shares	-	n/a	-	11,591	-	11,591
	Rights	-	17,310	-	-	-	17,310
PREVIOUSLY REPORTED GROUP EXECUTIVE							
Dennis Finn[5]	Shares	-	n/a	149,503	(149,503)	-	-
	Rights	203,982	-	(81,060)	(122,922)	-	-
Total	**Shares**	**876,820**	**n/a**	**339,665**	**(137,912)**	**49,242**	**1,127,815**
	Rights	**1,048,490**	**333,519**	**(186,639)**	**(122,922)**	**(60,688)**	**1,011,760**

[1] May include SPPRs which vested during FY2018 where a multiple was applied in accordance with the outcome of the performance hurdles.
[2] May include rights lapsed or a transaction 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.
[3] Shares purchased as part of participation in the Non-Renounceable Entitlement Offer on 11 October 2017.
[4] Mr Smith's commenced as KMP on 1 October 2017.
[5] Mr Finn ceased to be KMP on 30 September 2017 following his resignation.

DETAILS OF VESTED, EXERCISED, LAPSED AND OUTSTANDING RIGHTS

Full details of prior year equity grants are set out in the Remuneration Report for the relevant year. Each of the grants shown have an expiry date seven years following the grant date.

							VESTED		EXERCISED		LAPSED		
NAME	TYPE	GRANT DATE	VEST DATE	GRANTED[1]	FAIR VALUE PER RIGHT[2]	FAIR VALUE OF GRANT[3] $000	NUMBER	VALUE[4] $000	NUMBER	VALUE[4] $000	NUMBER[5]	VALUE[6] $000	RIGHTS LAPSED %
EXECUTIVE DIRECTOR													
Andrew Wood	LTI	31 Oct 17	30 Sep 21	46,168	9.72	449	-	-	-	-	-	-	-
		31 Oct 17	30 Sep 21	46,168	13.13	606	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 20	76,225	5.96	454	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 20	76,225	6.41	489	-	-	-	-	-	-	-
		30 Oct 15	30 Sep 19	85,148	2.62	223	-	-	-	-	-	-	-
		30 Oct 15	30 Sep 19	85,149	4.75	404	-	-	-	-	-	-	-
		30 Oct 14	30 Sep 18	41,616	6.50	271	-	-	-	-	-	-	-
		30 Oct 14	30 Sep 18	41,616	10.73	447	-	-	-	-	-	-	-
		24 Oct 13	30 Sep 17	60,688	13.59	825	-	-	-	-	60,688	825	100.0%
	SPPR	31 Oct 17	30 Sep 19	54,315	17.18	933	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 18	89,676	10.96	983	-	-	-	-	-	-	-
		30 Oct 15	31 Oct 17	100,175	4.42	443	100,175	1,341	100,175	1,341	-	-	-
GROUP EXECUTIVES													
Robert (Chris) Ashton[7]	LTI	31 Oct 17	30 Sep 21	11,763	9.72	114	-	-	-	-	-	-	-
		31 Oct 17	30 Sep 21	11,763	13.13	154	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 20	17,490	5.96	104	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 20	17,490	6.41	112	-	-	-	-	-	-	-
	Equity	31 Oct 17	30 Sep 19	12,747	13.54	173	-	-	-	-	-	-	-
		31 Oct 17	30 Sep 18	12,747	13.89	177	-	-	-	-	-	-	-
	SPPR	31 Oct 17	30 Sep 19	14,115	17.18	242	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 18	20,988	10.96	230	-	-	-	-	-	-	-
	Comb Incentive	30 Oct 15	30 Sep 18	21,194	5.15	109	-	-	-	-	-	-	-
		30 Oct 14	30 Sep 17	5,404	11.42	62	5,404	73	5,404	73	-	-	-
Thomas Honan	LTI	31 Oct 17	30 Sep 21	21,285	9.72	207	-	-	-	-	-	-	-
		31 Oct 17	30 Sep 21	21,284	13.13	279	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 20	35,141	5.96	209	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 20	35,142	6.41	225	-	-	-	-	-	-	-
	Equity	31 Oct 17	30 Sep 19	21,285	13.54	288	-	-	-	-	-	-	-
		31 Oct 17	30 Sep 18	21,285	13.89	296	-	-	-	-	-	-	-
	SPPR	31 Oct 17	30 Sep 19	21,285	17.18	366	-	-	-	-	-	-	-
		31 Oct 16	30 Sep 18	35,141	10.96	385	-	-	-	-	-	-	-
Adrian Smith	LTI	31 Oct 17	30 Sep 21	3,334	9.72	32	-	-	-	-	-	-	-
		31 Oct 17	30 Sep 21	3,334	13.13	44	-	-	-	-	-	-	-
	Equity[8]	31 Oct 17	30 Sep 19	2,862	13.54	39	-	-	-	-	-	-	-
	SPPR	31 Oct 17	30 Sep 19	7,780	17.18	134	-	-	-	-	-	-	-
PREVIOUSLY REPORTED GROUP EXECUTIVE													
Dennis Finn[7,9]	SPPR	31 Oct 16	30 Sep 18	60,430	10.96	662	-	-	-	-	60,430	662	100.0%
		31 Oct 15	30 Sep 17	81,060	4.42	358	81,060	1,085	81,060	1,085	-	-	-
	Comb Incentive	30 Oct 15	30 Sep 18	62,492	5.15	322	-	-	-	-	62,492	322	100.0%

[1] The service and performance criteria for the rights are discussed in the long term equity section on page 46 and 47. Each right entitles the holder to one fully paid ordinary share in the Company (or a multiple in the case of SPPRs, as discussed on page 46) 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, strategic hurdle rights, and SPPRs and a Black-Scholes model to value the EPS growth rights, acquisition hurdle rights, other cash settled rights and other equity settled rights.

[3] Total fair value of 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 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] 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 value of the rights issued to Mr Ashton and Mr Finn are disclosed on page 50 to the extent that they were granted during their term as an Executive. Mr Ashton and Mr Finn were granted rights in the Combined Incentive Plan prior to them becoming KMP. Mr Finn's unvested equity lapsed following his departure.

[8] The value of the rights issued to Mr Smith are disclosed on page 50 to the extent that they were granted during his term as an Executive in the Company Performance Pay Plan.

[9] Mr Finn ceased to be an Executive on 30 September 2017.

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

NON-EXECUTIVE DIRECTOR REMUNERATION OUTCOMES

Remuneration of the NEDs for FY2018 and FY2017 is set out below:

		SHORT TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	
NAME	YEAR	FEES $000	TRAVEL ALLOWANCES $000	SUPERANNUATION[1] $000	TOTAL $000
John Grill	**FY2018**	-	-	-	-
	FY2017	-	-	-	-
Ron McNeilly[2]	**FY2018**	94	-	8	102
	FY2017	292	5	20	317
Jagjeet S Bindra[3]	**FY2018**	112	10	-	122
	FY2017	243	35	-	278
Erich Fraunschiel	**FY2018**	200	10	20	230
	FY2017	214	5	19	238
Thomas J Gorman[4]	**FY2018**	131	15	-	146
	FY2017	-	-	-	-
Christopher Haynes	**FY2018**	245	25	-	270
	FY2017	243	25	-	268
Catherine Livingstone	**FY2018**	213	10	20	243
	FY2017	209	5	19	233
Anne Templeman-Jones[5]	**FY2018**	141	10	13	164
	FY2017	-	-	-	-
Wang Xiao Bin	**FY2018**	200	30	20	250
	FY2017	201	35	19	255
Total remuneration	**FY2018**	**1,336**	**110**	**81**	**1,527**
	FY2017	**1,528**	**120**	**82**	**1,731**

[1] Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations.
[2] Mr McNeilly retired on 27 October 2017.
[3] Mr Bindra resigned on 15 December 2017.
[4] Mr Gorman commenced on 18 December 2017.
[5] Ms Templeman-Jones commenced on 1 November 2017.

NON-EXECUTIVE DIRECTOR INTERESTS IN SHARES

NED beneficial interests in shares of the Company as at 30 June 2018 are detailed in the below table:

NUMBER OF SHARES HELD IN WORLEYPARSONS LIMITED

NAME	TYPE	BALANCE AT 1 JULY 2017	CHANGE IN STATUS	OTHER TRANSACTIONS[5]	BALANCE AT 30 JUNE 2018
John Grill	Shares	25,372,173	-	2,537,219	27,909,392
Ron McNeilly[1]	Shares	442,564	(480,092)	37,528	n/a
Jagjeet S Bindra[2]	Shares	19,000	(19,000)	-	n/a
Erich Fraunschiel	Shares	198,755	-	19,876	218,631
Thomas J Gorman[3]	Shares	-	13,500	-	13,500
Christopher Haynes	Shares	11,945	-	1,194	13,139
Catherine Livingstone	Shares	13,000	-	1,302	14,302
Anne Templeman-Jones[4]	Shares	-	2,250	-	2,250
Wang Xiao Bin	Shares	11,000	-	-	11,000

[1] Mr McNeilly retired on 27 October 2017.
[2] Mr Bindra resigned on 15 December 2017.
[3] Mr Gorman commenced on 18 December 2017.
[4] Ms Templeman-Jones commenced on 1 November 2017.
[5] Shares purchased as part of participation in the Non-Renounceable Entitlement Offer on 11 October 2017.

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

JOHN GRILL AO
Chairman
Sydney, 22 August 2018

Statement of financial performance and other comprehensive income

For the financial year ended 30 June 2018

	NOTES	CONSOLIDATED 2018 $'M	2017 $'M
REVENUE AND OTHER INCOME			
Professional services revenue		3,837.3	3,558.7
Procurement revenue		432.3	1,142.4
Construction and fabrication revenue		552.5	502.8
Interest income		5.5	7.1
Other income		8.2	9.6
Total revenue and other income	4	**4,835.8**	**5,220.6**
EXPENSES			
Professional services costs		(3,530.7)	(3,364.6)
Procurement costs		(417.3)	(1,135.4)
Construction and fabrication costs		(497.4)	(444.0)
Global support costs	3(E)	(110.7)	(103.3)
Acquisition costs	21(B)	(5.9)	-
Other costs	5	(14.2)	(40.2)
Borrowing costs		(63.9)	(75.9)
Total expenses		**(4,640.1)**	**(5,163.4)**
Share of net profit of associates accounted for using the equity method	22(C)	9.7	3.6
Profit before income tax expense		**205.4**	**60.8**
Income tax expense	6(A)	(129.7)	(4.6)
Profit after income tax expense		**75.7**	**56.2**
Profit after income tax expense attributable to:			
Members of WorleyParsons Limited		**62.2**	**33.5**
Non-controlling interests		**13.5**	**22.7**
Other comprehensive income			
Items that may be reclassified in future periods to the Statement of Financial Performance			
Net movement in foreign currency translation reserve		35.8	(37.9)
Net movement in hedge reserve		(6.9)	(3.0)
Total comprehensive income, net of tax		**104.6**	**15.3**
Total comprehensive income/(loss), net of tax, attributable to:			
Members of WorleyParsons Limited		**93.4**	**(4.4)**
Non-controlling interests		**11.2**	**19.7**
Basic earnings per share (cents)[1]	17	23.3	13.4
Diluted earnings per share (cents)[1]	17	23.1	13.3

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

[1] Basic and diluted earnings per share were adjusted for the equity raise as disclosed in note 17.

Statement of financial position

As at 30 June 2018

	NOTES	CONSOLIDATED 2018 $'M	2017 $'M
ASSETS			
Current assets			
Cash and cash equivalents	7	261.6	226.2
Trade receivables	8	1,171.1	1,079.0
Other receivables	8	147.9	183.4
Prepayments		101.9	110.8
Procurement assets	28	66.5	103.0
Income tax receivable		4.0	3.2
Derivatives	19	2.2	2.6
Total current assets		**1,755.2**	**1,708.2**
Non-current assets			
Trade receivables	8	28.9	28.2
Intangible assets	10	2,282.0	2,002.6
Deferred tax assets	30(A)	201.6	258.1
Equity accounted associates	22(B)	81.3	77.3
Derivatives	19	63.2	87.7
Property, plant and equipment	29	54.3	52.3
Other non-current assets		9.3	13.4
Total non-current assets		**2,720.6**	**2,519.6**
TOTAL ASSETS		**4,475.8**	**4,227.8**
LIABILITIES			
Current liabilities			
Trade and other payables	9	789.2	781.6
Procurement payables	28	39.8	71.1
Provisions	11	318.5	282.6
Interest bearing loans and borrowings	13	36.0	272.5
Income tax payable		5.6	5.1
Derivatives	19	3.4	1.8
Total current liabilities		**1,192.5**	**1,414.7**
Non-current liabilities			
Trade and other payables	9	29.8	28.8
Interest bearing loans and borrowings	13	963.1	830.1
Deferred tax liabilities	30(B)	10.9	24.3
Provisions	11	66.7	61.6
Total non-current liabilities		**1,070.5**	**944.8**
TOTAL LIABILITIES		**2,263.0**	**2,359.5**
NET ASSETS		**2,212.8**	**1,868.3**
EQUITY			
Issued capital	15	1,589.9	1,268.5
Reserves	16	(276.4)	(270.4)
Retained profits		910.5	875.6
Members of WorleyParsons Limited		2,224.0	1,873.7
Non-controlling interests		(11.2)	(5.4)
TOTAL EQUITY		**2,212.8**	**1,868.3**

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 2018

	CONSOLIDATED								
	ISSUED CAPITAL $'M	RETAINED PROFITS $'M	FOREIGN CURRENCY TRANSLATION RESERVE $'M	HEDGE RESERVE $'M	PERFORMANCE RIGHTS RESERVE $'M	ACQUISITION RESERVE $'M	MEMBERS OF THE GROUP $'M	NON-CONTROLLING INTERESTS $'M	TOTAL $'M
As at 1 July 2017	**1,268.5**	**875.6**	**(301.1)**	**11.5**	**42.1**	**(22.9)**	**1,873.7**	**(5.4)**	**1,868.3**
Profit after income tax expense	-	62.2	-	-	-	-	62.2	13.5	75.7
Foreign exchange movement on translation of foreign controlled entities and associates	-	-	108.2	-	-	-	108.2	(2.3)	105.9
Net investments hedged	-	-	(88.1)	-	-	-	(88.1)	-	(88.1)
Income tax on net investments hedged	-	-	18.0	-	-	-	18.0	-	18.0
Net loss on foreign exchange hedges	-	-	-	(4.0)	-	-	(4.0)	-	(4.0)
Income tax on net loss on foreign exchange hedges	-	-	-	1.2	-	-	1.2	-	1.2
Fair value loss on mark to market of cross currency hedge	-	-	-	(5.9)	-	-	(5.9)	-	(5.9)
Income tax on fair value loss on mark to market of cross currency hedge	-	-	-	1.8	-	-	1.8	-	1.8
Total comprehensive income, net of tax	**-**	**62.2**	**38.1**	**(6.9)**	**-**	**-**	**93.4**	**11.2**	**104.6**
Transactions with owners									
Issue of share capital, net of transaction costs	315.7	-	-	-	-	-	315.7	-	315.7
Share based payments expense	-	-	-	-	8.2	-	8.2	-	8.2
Transfer to issued capital on issuance of shares to satisfy performance rights	5.7	-	-	-	(5.7)	-	-	-	-
Increase in ownership of controlled entity	-	-	-	-	-	(39.7)	(39.7)	(2.8)	(42.5)
Dividends paid	-	(27.3)	-	-	-	-	(27.3)	(14.2)	(41.5)
As at 30 June 2018	**1,589.9**	**910.5**	**(263.0)**	**4.6**	**44.6**	**(62.6)**	**2,224.0**	**(11.2)**	**2,212.8**

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 2017

	CONSOLIDATED								
	ISSUED CAPITAL $'M	RETAINED PROFITS $'M	FOREIGN CURRENCY TRANSLATION RESERVE $'M	HEDGE RESERVE $'M	PERFORMANCE RIGHTS RESERVE $'M	ACQUISITION RESERVE $'M	MEMBERS OF THE GROUP $'M	NON-CONTROLLING INTERESTS $'M	TOTAL $'M
As at 1 July 2016	**1,264.9**	**842.1**	**(266.2)**	**14.5**	**38.2**	**(9.6)**	**1,883.9**	**(4.0)**	**1,879.9**
Profit after income tax expense	-	33.5	-	-	-	-	33.5	22.7	56.2
Foreign exchange movement on translation of foreign controlled entities and associates	-	-	(66.8)	-	-	-	(66.8)	(3.0)	(69.8)
Net investments hedged	-	-	43.1	-	-	-	43.1	-	43.1
Income tax on net investments hedged	-	-	(11.2)	-	-	-	(11.2)	-	(11.2)
Net gain on foreign exchange hedges	-	-	-	4.3	-	-	4.3	-	4.3
Income tax on net gain on foreign exchange hedges	-	-	-	(1.2)	-	-	(1.2)	-	(1.2)
Fair value loss on mark to market of cross currency hedge	-	-	-	(8.3)	-	-	(8.3)	-	(8.3)
Income tax on fair value loss on mark to market of cross currency hedge	-	-	-	2.2	-	-	2.2	-	2.2
Total comprehensive income/(loss), net of tax	**-**	**33.5**	**(34.9)**	**(3.0)**	**-**	**-**	**(4.4)**	**19.7**	**15.3**
Transactions with owners									
Share based payments expense	-	-	-	-	7.5	-	7.5	-	7.5
Transfer to issued capital on issuance of shares to satisfy performance rights	3.6	-	-	-	(3.6)	-	-	-	-
Increase in ownership of controlled entity	-	-	-	-	-	(13.3)	(13.3)	-	(13.3)
Dividends paid	-	-	-	-	-	-	-	(21.1)	(21.1)
As at 30 June 2017	**1,268.5**	**875.6**	**(301.1)**	**11.5**	**42.1**	**(22.9)**	**1,873.7**	**(5.4)**	**1,868.3**

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 2018

	NOTES	CONSOLIDATED 2018 $'M	2017 $'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,186.6	5,802.0
Payments to suppliers and employees		(4,849.7)	(5,680.2)
		336.9	121.8
Dividends received from associates		4.3	2.9
Interest received		3.4	4.7
Borrowing costs paid		(53.8)	(57.0)
Income taxes (paid)/refunded		(31.1)	6.5
Net cash inflow from operating activities	7	**259.7**	**78.9**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities, net of cash acquired		(360.1)	(18.8)
Payments for purchase of property, plant and equipment and computer software		(41.7)	(44.7)
Proceeds from disposal of investments		2.3	0.9
Proceeds from sale of property, plant and equipment		0.4	0.1
Net cash outflow from investing activities		**(399.1)**	**(62.5)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		(1,993.6)	(2,042.8)
Proceeds from loans and borrowings		1,888.8	1,930.0
Costs of bank facilities		(10.3)	(2.6)
Net loans from related parties		1.4	3.4
Proceeds from equity raising, net of equity raising costs		315.7	-
Dividends paid to members of WorleyParsons Limited	18(B)	(27.3)	-
Dividends paid to non-controlling interests		(8.6)	(21.8)
Net cash inflow/(outflow) from financing activities		**166.1**	**(133.8)**
Net increase/(decrease) in cash		**26.7**	**(117.4)**
Cash and cash equivalents at the beginning of the financial year		244.3	373.1
Effects of foreign exchange rate changes on cash		6.9	(11.4)
Cash and cash equivalents at the end of the financial year	7	**277.9**	**244.3**

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 2018

1. CORPORATE INFORMATION

The financial report of WorleyParsons Limited (Company or parent entity) for the financial year ended 30 June 2018 was authorized for issue in accordance with a resolution of the directors on 22 August 2018.

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. 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 and valuation of deferred taxes, refer note 30.

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 amendments from 1 July 2017:

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

AASB 2016-1 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 impact of this amendment is not material to the Group's financial statements.

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

AASB 2016-2 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 movements. The amendment enhances the Group's disclosure in relation to interest bearing loans and borrowings. Refer to note 14.

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 2018:

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 introduces a five-step approach to revenue recognition which requires the Group to identify contracts and performance obligations, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. Subsequent to the financial year end, on 1 July 2018, the standard has been adopted by the Group.

The application of AASB 15 does not have a significant impact on the financial position and/or financial performance of the Group, apart from providing additional disclosures on the Group's revenue transactions as discussed below.

The Group's main revenue streams are:

Professional services revenue

The Group performs engineering design and project delivery services. These activities tend to be highly integrated and accordingly where appropriate will be accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customised nature of the services provided. Consequently, under AASB 15 the Group will continue to recognise revenue for these service contracts over time rather than at a point of time.

Construction and fabrication revenue

The Group performs construction and fabrication services. These activities tend to be highly integrated and accordingly where appropriate will be accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customised nature of the services provided. Consequently, under AASB 15 the Group will continue to recognise revenue for these construction contracts over time rather than at a point of time.

Procurement revenue

Procurement revenue represents services from entering into contracts with customers to acquire, on their behalf, equipment produced by various suppliers and/or services provided by different subcontractors. The Group continues to be involved in procurement as a principal and as an agent, and has concluded that AASB 15 would not materially change the current assessment of principal versus agent.

AASB 15 uses the terms 'receivables', 'contract asset' and 'contract liability' to describe what might more commonly be known as 'unbilled contract revenue' and 'deferred revenue' or 'billings in advance'. The Standard does not prohibit an entity from using alternative descriptions, and the Group is currently assessing whether the Group retains the existing terminology or adopts the terminology used in AASB 15.

The Group has concluded that no additional disaggregation of revenue is required as the current disclosures sufficiently depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Additional disclosures that will be presented will include disclosures relating to the Group's unsatisfied performance obligations at the end of the reporting period (i.e. backlog for fixed price contracts with duration longer than 12 months).

For all additional disclosures required by AASB 15 in FY2019, the comparatives will also be presented for FY2018.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for financial instruments classification, recognition and measurement, impairment, derecognition and hedge accounting. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with limited exceptions.

Subsequent to the financial year end, on 1 July 2018, the standard has been adopted by the Group. The Group has performed an assessment on all three aspects of AASB 9 and has concluded that the standard does not have a significant impact on the financial position and/or financial performance of the Group. The details of this assessment are as follows:

(a) Classification and measurement

The Group assessed the financial assets and financial liabilities as at 30 June 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 would have the following impact on the Group's financial assets and liabilities with regards to their classification and measurement:

- Financial assets classified as held-to-maturity investments and loans and receivables under AASB 139 that are measured at amortised cost as at 30 June 2018 will continue to be classified and measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amounts outstanding;
- Financial assets that are measured at fair value through profit or loss under AASB 139 as at 30 June 2018 will continue to be classified and measured as such under AASB 9; and

- Financial liabilities that are measured at amortised cost under AASB 139 as at 30 June 2018 will continue to be classified and measured at amortised cost under AASB 9.

(b) Hedge accounting

Under AASB 9, the general hedge accounting requirements retain the three existing types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required under AASB 9.

(c) Impairment

AASB 9 replaces the incurred loss model under AASB 139 with its expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

AASB 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

The Group assessed the financial assets and amounts due from customers as at 30 June 2018 for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of AASB 9 to determine the credit risk of the respective customers. The result of the assessment are as follows:

- The Group has applied the simplified approach in relation to trade receivables and contract assets to calculate the expected credit loss. The Group has determined that an additional expected credit loss allowance of $4.0-$6.0 million, pre tax is required on 1 July 2018 and will be recognised against retained earnings, net of tax.
- In addition, the Group will also recognize $0.3 million of an expected credit loss provision in relation to its related party receivable balances.

The Group's assessment of the application of the expected credit loss model on intercompany loans and receivables is ongoing. This will not have any impact at the consolidated level as all intercompany balances are eliminated on consolidation but may potentially have an impact on the respective parent entity and the closed group disclosures.

AASB 2016-5 *Amendments to Australian Accounting Standards-Classification and Measurement of Share-based Payments Transactions*

This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendment is not expected to have a significant impact on the results and financial position of the Group.

AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.

The interpretation is not expected to have a significant impact on the results and financial position of the Group.

Effective 1 July 2019:

AASB 16 Leases

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 *Leases* and the related interpretations when it becomes effective.

Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset ('RoU') is initially measured as equal to the corresponding lease liability, less any adjustments in respect of lease incentives, initial direct costs and other required items. It is subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the future lease payments. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. Recognition of RoU and respective lease liabilities will lead to an increase in depreciation and finance charges. These charges will replace the operating lease expense that is currently reported in the Group's financial report Furthermore, the classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, AASB 16 substantially carries forward the lessor accounting requirements in AASB 117, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by AASB 16.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of $406.9 million. AASB 117 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 25. A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group expects to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group’s consolidated financial statements and the Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the full assessment is complete.

AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*

This Standard amends AASB 128 *Investments in Associates and Joint Ventures* to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.

The Group is yet to assess the impact of this amendment.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments, and relevant amending standards*

The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Group is yet to assess the impact of this amendment.

AASB 2018-1 *Annual Improvements to IFRS Standards 2015-2017 Cycle*

The amendments clarify certain requirements in:

- AASB 3 *Business Combinations* and AASB 11 *Joint Arrangements* - previously held interest in a joint operation
- AASB 112 *Income Taxes* - income tax consequences of payments on financial instruments classified as equity
- AASB 123 *Borrowing Costs* - borrowing costs eligible for capitalisation.

The Group is yet to assess the impact of this amendment.

Effective 1 July 2020:

Conceptual Framework for Financial Reporting

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts, including the topics of objectives of financial reporting, qualitative characteristics of useful financial information, financial statements and the reporting entity, the elements of financial statements, recognition and derecognition, measurement, presentation and disclosure and concepts of capital and capital maintenance.

The Group is yet to assess the impact of this Framework.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by WorleyParsons Limited as at 30 June 2018 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 22).

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 and Other 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 denominated 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. Where required, the prior year balances were restated for comparative purposes.

3. SEGMENT INFORMATION

On 27 October 2017, the Group acquired 100% of the voting shares of AFW UK Oil & Gas Limited and its controlled entities ("UK Integrated Solutions"). UK Integrated Solutions became part of the Major Projects and Integrated Solutions and Services segments. The Group has also included additional information segmented according to its customer sector groups.

(A) OPERATING SEGMENTS

	SERVICES		MAJOR PROJECTS AND INTEGRATED SOLUTIONS		ADVISIAN		TOTAL	
	2018 $'M	2017 $'M	2018 $'M	2017 $'M	2018 $'M	2017 $'M	2018 $'M	2017 $'M
Professional services revenue	2,197.6	2,452.5	1,195.4	685.1	457.6	410.8	3,850.6	3,548.4
Construction and fabrication revenue	-	-	552.5	502.8	-	-	552.5	502.8
Procurement revenue at margin	185.5	219.2	90.0	25.4	62.4	71.6	337.9	316.2
Other income	8.2	9.4	-	0.1	-	0.1	8.2	9.6
Total segment revenue [1]	**2,391.3**	**2,681.1**	**1,837.9**	**1,213.4**	**520.0**	**482.5**	**4,749.2**	**4,377.0**
Segment result[2]	236.2	242.8	172.2	119.5	17.7	12.5	426.1	374.8
Segment margin	9.9%	9.1%	9.4%	9.8%	3.4%	2.6%	9.0%	8.6%
Other segment information								
Depreciation and amortization expense	34.3	40.3	10.4	16.3	9.1	7.4	53.8	64.0
Share of net profits of associates accounted for using the equity method	7.6	1.7	1.4	1.9	0.7	-	9.7	3.6
Carrying value of equity accounted associates	69.3	66.4	7.3	8.5	4.7	2.4	81.3	77.3
Purchase of non-current assets	23.7	28.6	12.3	12.3	5.7	3.8	41.7	44.7

[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, pass-through revenue at nil margin and interest income. 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, METALS & CHEMICALS		INFRASTRUCTURE		TOTAL	
	2018 $'M	2017 $'M	2018 $'M	2017 $'M	2018 $'M	2017 $'M	2018 $'M	2017 $'M
Professional services revenue	2,751.7	2,363.3	422.7	436.5	676.2	748.6	3,850.6	3,548.4
Construction and fabrication revenue	552.5	502.8	-	-	-	-	552.5	502.8
Procurement revenue at margin	277.5	230.7	4.7	4.1	55.7	81.4	337.9	316.2
Other income	6.3	8.8	-	0.8	1.9	-	8.2	9.6
Total segment revenue	**3,588.0**	**3,105.6**	**427.4**	**441.4**	**733.8**	**830.0**	**4,749.2**	**4,377.0**
Segment result	347.7	311.3	23.7	16.7	54.7	46.8	426.1	374.8
Segment margin	9.7%	10.0%	5.5%	3.8%	7.5%	5.6%	9.0%	8.6%

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

	TOTAL	
	2018 $'M	2017 $'M
Segment revenue	4,749.2	4,377.0
Procurement revenue at nil margin (including share of revenue from associates)	94.4	826.2
Pass-through revenue at nil margin [1]	157.3	229.0
Share of revenue from associates	(170.6)	(218.7)
Interest income	5.5	7.1
Total revenue and other income per the Statement of Financial Performance	**4,835.8**	**5,220.6**

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

	TOTAL	
	2018 $'M	2017 $'M
Segment result	426.1	374.8
Global support costs	(110.7)	(96.7)
Interest and tax for associates	(2.4)	(3.5)
Amortization of acquired intangible assets	(14.2)	(16.8)
Total underlying earnings before interest and tax (underlying EBIT)	**298.8**	**257.8**
Total underlying EBIT margin on aggregated revenue for the Group	6.3%	5.9%
Other restructuring costs	(14.2)	(38.9)
Onerous lease contracts	(12.2)	(24.2)
Acquisition costs	(5.9)	-
Impairment of associate intangible assets	(2.7)	(2.3)
Staff restructuring costs [2]	-	(59.2)
Onerous engineering software licenses	-	(3.2)
Net loss on sale of assets held for sale	-	(0.4)
Total EBIT	**263.8**	**129.6**
EBIT margin on aggregated revenue for the Group	5.6%	3.0%
Net borrowing costs	(58.4)	(68.8)
Income tax expense	(129.7)	(4.6)
Profit after income tax expense per the Statement of Financial Performance	**75.7**	**56.2**

[1] Pass-through revenue at nil margin refers to sub-contract packages for services or materials where the Group does not receive a margin.

[2] Includes staff restructuring costs incurred in equity accounted associates.

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

	TOTAL 2018 $'M	TOTAL 2017 $'M
Global support costs per segment information[1]	110.7	96.7
Staff restructuring costs	-	59.2
Staff restructuring costs attributable to professional services costs, construction and fabrication costs and staff restructuring costs incurred by equity accounted associates	-	(52.6)
Global support costs per the Statement of Financial Performance	**110.7**	**103.3**

(F) GEOGRAPHIC SEGMENTS[2]

Revenue from external customers[3]

2018	AGGREGATED REVENUE $'M	ADD: PROCUREMENT REVENUE AT NIL MARGIN $'M	ADD: PASS-THROUGH 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	1,080.9	9.9	-	(119.1)	(0.6)	971.1
Europe, Middle East and Africa	2,121.7	20.2	157.3	(22.8)	(2.3)	2,274.1
Americas	1,546.6	64.3	-	(28.7)	(5.3)	1,576.9
Total	**4,749.2**	**94.4**	**157.3**	**(170.6)**	**(8.2)**	**4,822.1**
Other income						8.2
Interest income						5.5
Total revenue and other income per the Statement of Financial Performance						**4,835.8**

2017	AGGREGATED REVENUE $'M	ADD: PROCUREMENT REVENUE AT NIL MARGIN $'M	ADD: PASS-THROUGH REVENUE AT NIL MARGIN $'M	LESS: SHARE OF REVENUE FROM ASSOCIATES $'M	LESS: OTHER INCOME4 $'M	TOTAL REVENUE FROM EXTERNAL CUSTOMERS $'M
Australia, Pacific, Asia and China	1,064.8	13.4	-	(118.2)	(0.3)	959.7
Europe, Middle East and Africa	1,577.6	9.9	229.0	(55.4)	(5.5)	1,755.6
Americas	1,734.6	802.9	-	(45.1)	(3.8)	2,488.6
Total	**4,377.0**	**826.2**	**229.0**	**(218.7)**	**(9.6)**	**5,203.9**
Other income						9.6
Interest income						7.1
Total revenue and other income per the Statement of Financial Performance						**5,220.6**

	2018 $'M	2017 $'M
Non-current assets by geographical location:[4]		
Australia, Pacific, Asia and China	56.2	62.4
Europe, Middle East and Africa	124.4	80.7
Americas	207.2	197.9
Non-current assets by geographical location	**387.8**	**341.0**

[1] Excludes all restructuring costs.

[2] Geographic locations are presented across all business lines.

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

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

3. SEGMENT INFORMATION (continued)

(G) IDENTIFICATION OF REPORTABLE SEGMENTS

The Group's operations are managed and reported through the following business lines: Services, Major Projects and Integrated Solutions, and Advisian. These remain in line with 30 June 2017 reportable segments.

(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 overheads 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:

- global support costs;
- interest and tax for associates;
- amortization of acquired intangible assets;
- other restructuring costs;
- onerous lease contracts;
- acquisition costs;
- impairment of associate intangible assets;
- staff restructuring costs;
- onerous engineering software licences;
- net loss on disposals on sale of assets held for sale;
- net borrowing costs; and
- income tax expense and income tax charges in relation to US tax reform.

(I) MAJOR CUSTOMERS

The most significant customer accounted for 10.1% (2017: 6.1%) of aggregated revenue and is within the Services, Major Projects and Integrated Solutions, and Advisian segments and Hydrocarbons and Minerals, Metal & Chemicals customer sector group.

	CONSOLIDATED	
	2018 $'M	2017 $'M
4. REVENUE AND OTHER INCOME		
Professional services revenue	3,837.3	3,558.7
Procurement revenue	432.3	1,142.4
Construction and fabrication revenue	552.5	502.8
Interest income	5.5	7.1
Revenue	**4,827.6**	**5,211.0**
Other	8.2	9.6
Total revenue and other income	**4,835.8**	**5,220.6**

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. 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 within project teams. 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	
	2018 $'M	2017 $'M
EXPENSES AND LOSSES/(GAINS)		
Short term employee benefits	2,822.3	2,634.2
Post-employment benefits	65.4	79.1
Share based payments	8.2	7.5
Total staff costs	**2,895.9**	**2,720.8**
Write-down of investment in equity accounted associates	-	1.3
Other restructuring costs	14.2	38.9
Total other costs	**14.2**	**40.2**
Operating lease rentals- minimum lease payments	132.8	138.9
Amortization	49.9	62.8
Depreciation	18.1	18.0
MOVEMENTS IN PROVISIONS[1]		
Employee benefits	163.5	182.6
Insurance	(2.7)	8.9
Onerous leases	13.3	5.3
Warranty	8.4	(10.6)
Other	25.6	23.4

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.

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 component, strategic hurdle rights 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.

[1] Excludes amounts utilised.

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

(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. There are no rights outstanding related to this plan at 30 June 2018.

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 7 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	
	2018 $'M	2017 $'M
6. INCOME TAX		
(A) INCOME TAX EXPENSE		
Current tax	48.3	76.7
Deferred tax	74.3	(72.9)
Under provision in previous financial periods	7.1	0.8
Income tax expense	**129.7**	**4.6**
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	94.8	18.9
Decrease in deferred tax liabilities	(20.5)	(91.8)
Deferred tax	**74.3**	**(72.9)**

	CONSOLIDATED 2018 $'M	2017 $'M
(B) RECONCILIATION OF PRIMA FACIE TAX PAYABLE TO INCOME TAX EXPENSE		
Profit before income tax expense	205.4	60.8
Prima facie tax expense at WorleyParsons Limited's statutory income tax rate of 30% (2017: 30%)	61.6	18.2
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible share based payments expense	2.6	2.3
Non-deductible impairment of associates	-	0.4
Share of net profits of associates accounted for using the equity method	(2.9)	(1.1)
Tax losses not previously recognized	(0.7)	(1.5)
Under provision in previous financial periods	7.1	0.8
Non-deductible costs of UK Integrated Solutions acquisition	1.8	-
Tax expense in relation to the US tax reform	81.7	-
Difference in overseas tax rates and other[1]	(21.5)	(14.5)
Income tax expense	**129.7**	**4.6**
(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	21.0	(10.2)
(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	81.9	81.5
Potential tax benefit at 30%	24.6	24.5

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.

[1] Primarily represents the differential for foreign tax rates and other.

	NOTES	CONSOLIDATED 2018 $'M	2017 $'M
7. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per Statement of Financial Position		261.6	226.2
Procurement cash and cash equivalents	28	20.8	25.6
Cash at bank and on hand		**282.4**	**251.8**
Less: bank overdraft	13	(4.5)	(7.5)
Balance per the Statement of Cash Flows		**277.9**	**244.3**
Reconciliation of profit after income tax expense to net cash inflow from operating activities:			
Profit after income tax expense		75.7	56.2
NON-CASH ITEMS			
Amortization		49.9	62.8
Depreciation		18.1	18.0
Share based payments expense		8.2	7.5
Doubtful debts expense		4.7	1.3
Share of associates' share of profits in excess of dividends received		(5.4)	(0.7)
Write-down of investments in equity accounted associates		-	1.3
Write-down of capitalised borrowing costs		0.8	-
(Release)/write-down of onerous engineering software licenses		(1.6)	3.2
Other		(0.5)	(4.2)
Cash flow adjusted for non-cash items		149.9	145.4
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES			
Decrease in trade and other receivables		198.4	456.6
Decrease in prepayments and other assets		10.0	2.6
Decrease in deferred tax assets		65.1	39.4
(Increase)/decrease in income tax receivable		(0.9)	12.2
Decrease in trade and other payables		(163.3)	(417.6)
Increase/(decrease) in billings in advance		2.9	(8.2)
Decrease in income tax payable		(2.9)	(9.6)
Decrease in deferred tax liabilities		(25.3)	(92.5)
Increase/(decrease) in provisions		25.8	(49.4)
Net cash inflow from operating activities		**259.7**	**78.9**

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

Cash and cash equivalents include restricted cash that is available for use under certain circumstances by the Group of $1.5 million (2017: $2.0 million). Included within procurement assets are cash and cash equivalents of $20.8 million (2017: $25.6 million) which has been identified as for procurement.

Procurement cash is held in relation to procurement activities undertaken by the Group on behalf of its customers (refer note 28). Restricted cash is held in relation to guarantees (refer note 26(A)) and financing activities.

	NOTES	CONSOLIDATED 2018 $'M	2017 $'M
8. TRADE AND OTHER RECEIVABLES			
CURRENT TRADE RECEIVABLES			
Trade receivables		748.6	745.5
Unbilled contract revenue		526.4	468.5
Retentions		27.8	23.1
Allowance for impairment of trade receivables		(86.0)	(80.7)
Less: procurement trade and other receivables	28	(45.7)	(77.4)
		1,171.1	**1,079.0**
Allowance for impairment of trade receivables:			
Balance at the beginning of the financial year		80.7	81.9
Additions through business combinations		3.4	-
Net charge to the Statement of Financial Performance		4.7	1.3
Amounts written off against the opening allowance		(4.2)	(3.2)
Differences arising on translation of foreign operations		1.4	0.7
Balance at the end of the financial year		**86.0**	**80.7**
NON-CURRENT TRADE RECEIVABLES[1]			
Trade receivables		14.2	13.8
Unbilled contract revenue		14.7	14.4
		28.9	**28.2**
OTHER RECEIVABLES			
Other receivables		101.3	127.7
Amounts receivable from associates and related parties	31(B)	46.6	55.7
		147.9	**183.4**

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.

[1] Non-current trade receivables and unbilled contract revenue relate to a single project where recovery is expected to take greater than twelve months.

	NOTES	CONSOLIDATED 2018 $'M	2017 $'M
9. TRADE AND OTHER PAYABLES			
CURRENT			
Trade payables		317.0	380.8
Accruals		252.8	226.8
Amounts payable to associates and related parties	31(B)	13.4	15.0
Billings in advance		118.6	115.7
Accrued staff costs		125.9	111.1
Other payables		1.3	3.3
Less: procurement trade and other payables	28	(39.8)	(71.1)
		789.2	**781.6**
NON-CURRENT			
Other payables		29.8	28.8
		29.8	**28.8**

The Group's exposure to currency and interest rate risk for trade and other payables is disclosed in note 19.

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 2018 $'M	2017 $'M
10. INTANGIBLE ASSETS		
Goodwill		
At cost	2,268.2	2,033.0
Accumulated impairment	(200.2)	(200.2)
	2,068.0	**1,832.8**
Customer contracts and relationships		
At cost	256.2	187.9
Accumulated amortization	(189.4)	(173.5)
	66.8	**14.4**
Trade names		
At cost	84.2	82.7
Accumulated amortization	(77.8)	(74.5)
	6.4	**8.2**
Computer software		
At cost	347.8	329.2
Accumulated amortization	(217.6)	(188.1)
	130.2	**141.1**
Other		
At cost	32.7	24.8
Accumulated amortization	(22.1)	(18.7)
	10.6	**6.1**
Total intangible assets	**2,282.0**	**2,002.6**

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 2017	1,832.8	14.4	8.2	141.1	6.1	2,002.6
Additions through business combinations	174.6	62.5	-	-	-	237.1
Additions	-	-	-	18.6	7.6	26.2
Amortization	-	(12.5)	(1.7)	(29.5)	(3.1)	(46.8)
Differences arising on translation of foreign operations	60.6	2.4	(0.1)	-	-	62.9
Balance at 30 June 2018	**2,068.0**	**66.8**	**6.4**	**130.2**	**10.6**	**2,282.0**
Balance at 1 July 2016	1,890.5	28.7	11.1	135.7	11.2	2,077.2
Additions	-	-	-	36.4	1.6	38.0
Amortization	-	(13.9)	(2.9)	(31.1)	(6.7)	(54.6)
Differences arising on translation of foreign operations	(57.7)	(0.4)	-	0.1	-	(58.0)
Balance at 30 June 2017	**1,832.8**	**14.4**	**8.2**	**141.1**	**6.1**	**2,002.6**

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.

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. The risk adjusted revenue growth rates for all the CGUs range from 3% to 6%. 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:

2018	SERVICES – AMERICAS $'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA $'M	SERVICES – EUROPE, MIDDLE EAST, AFRICA $'M	MAJOR PROJECTS AND INTEGRATED SOLUTIONS $'M	ADVISIAN $'M
Opening balance	303.6	509.9	350.3	410.1	258.9
Closing balance	313.7	526.9	368.7	591.3	267.4
Risk-weighted pre-tax discount rate	12.2%	13.3%	13.4%	11.6%	12.8%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%

2017	SERVICES – AMERICAS $'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA $'M	SERVICES – EUROPE, MIDDLE EAST, AFRICA $'M	MAJOR PROJECTS AND INTEGRATED SOLUTIONS $'M	ADVISIAN $'M
Opening balance	312.2	524.3	360.2	421.7	272.1
Closing balance	303.6	509.9	350.3	410.1	258.9
Risk-weighted pre-tax discount rate	14.9%	14.2%	17.3%	12.6%	13.8%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%

SENSITIVITY ANALYSIS

The combined fair value in all the CGUs exceeds the carrying value by $1,793.5 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. 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 is as follows:

- terminal growth rates: a 1% decrease in the terminal growth rate will result in all the 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 2018 $'M	2017 $'M
11. PROVISIONS		
CURRENT		
Employee benefits	180.1	170.8
Project provisions	86.3	44.4
Insurance	22.1	25.9
Onerous leases	14.7	20.8
Warranty	8.5	14.3
Other	6.8	6.4
	318.5	**282.6**
NON-CURRENT		
Employee benefits	30.3	31.7
Onerous leases	24.8	22.6
Warranty	10.1	4.2
Other	1.5	3.1
	66.7	**61.6**

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:

CURRENT	CONSOLIDATED EMPLOYEE BENEFITS $'M	PROJECT PROVISIONS $'M	INSURANCE $'M	ONEROUS LEASES $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Balance at 1 July 2017	170.8	44.4	25.9	20.8	14.3	-	6.4
Provisions from acquired entities	1.1	21.2	-	-	-	-	0.4
Additional provisions	228.3	29.9	-	7.2	8.2	-	0.8
Release of unused provision	(70.6)	(4.0)	(2.7)	(1.9)	(5.6)	-	(1.1)
Amounts utilized	(154.3)	(6.2)	(0.3)	(12.2)	(8.8)	-	(0.2)
Differences arising from translation of foreign operations	4.8	1.0	(0.8)	0.8	0.4	-	0.5
Balance at 30 June 2018	**180.1**	**86.3**	**22.1**	**14.7**	**8.5**	**-**	**6.8**
Balance at 1 July 2016	204.4	25.8	18.5	25.6	18.6	6.3	9.6
Additional provisions	248.2	25.9	11.2	18.5	6.0	-	-
Release of unused provision	(70.5)	(4.7)	(2.3)	(1.5)	(5.0)	-	-
Amounts utilized	(207.9)	(1.4)	(0.8)	(19.4)	(4.7)	(6.2)	(0.9)
Differences arising from translation of foreign operations	(3.4)	(1.2)	(0.7)	(2.4)	(0.6)	(0.1)	(2.3)
Balance at 30 June 2017	**170.8**	**44.4**	**25.9**	**20.8**	**14.3**	**-**	**6.4**

	CONSOLIDATED			
NON-CURRENT	EMPLOYEE BENEFITS $'M	ONEROUS LEASES $'M	WARRANTIES $'M	OTHER $'M
Balance at 1 July 2017	31.7	22.6	4.2	3.1
Additional provisions	5.8	9.7	5.8	-
Release of unused provision	-	(1.7)	-	-
Amounts utilized	(8.2)	(6.2)	-	(1.6)
Differences arising from translation of foreign operations	1.0	0.4	0.1	-
Balance at 30 June 2018	**30.3**	**24.8**	**10.1**	**1.5**
Balance at 1 July 2016	32.2	34.6	16.2	1.4
Additional provisions	6.7	(11.7)	0.8	3.0
Release of unused provision	(1.8)	-	(12.4)	(0.8)
Amounts utilized	(4.7)	-	-	-
Differences arising from translation of foreign operations	(0.7)	(0.3)	(0.4)	(0.5)
Balance at 30 June 2017	**31.7**	**22.6**	**4.2**	**3.1**

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.

Project losses

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.

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.

Where required, the prior year balances were restated for comparative purposes.

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 2018 and 30 June 2017 was as follows:

	CONSOLIDATED	
	2018 $'M	2017 $'M
Total interest bearing loans and borrowings[1]	1,008.1	1,106.2
Less: derivatives[2]	(63.2)	(87.7)
Less: cash and cash equivalents[3]	(282.4)	(251.8)
Net debt	662.5	766.7
Total equity	2,212.8	1,868.3
Gearing	**23.0%**	**29.1%**

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 in breach of externally imposed capital requirements.

[1] Excluding capitalized borrowing costs.

[2] Only includes mark-to-market cross currency swaps.

[3] Includes procurement cash.

	CONSOLIDATED 2018 $'M	2017 $'M
13. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Notes payable	-	242.7
Unsecured bank loans	31.7	23.0
Bank overdraft	4.5	7.5
Finance lease liability	0.1	0.2
Capitalized borrowing costs	(0.3)	(0.9)
	36.0	**272.5**
Non-current		
Notes payable	618.7	592.2
Unsecured bank loans	353.1	240.6
Capitalized borrowing costs	(8.7)	(2.7)
	963.1	**830.1**

In December 2017, the Group refinanced its major US syndicated debt facility that was due to expire in August 2018. The new arrangement consists of a US$700 million multi-currency facility. The new debt structure provides the Group with additional flexibility and liquidity to meet its working capital and strategic growth requirements. The new financing facility matures in December 2020.

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 (matured)	3.09%
USD 175.0	March 2011	March 2021	5.56%
USD 22.0	March 2011	March 2018 (matured)	4.86%
USD 144.5	April 2008	April 2018 (matured)	6.50%
USD 169.5	May 2007	May 2017 (matured)	5.76%

Cross currency swaps have been entered into, swapping USD 195.0 million (2017: USD 289.3 million) of notes payable into CAD 194.3 million (2017: CAD 288.3 million). This represents 42.9% (2017: 45.1%) of the outstanding notes.

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 and are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

14. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements in financial liabilities and related financial assets are as follows:

	AS AT 1 JULY $'M	RECLASSIFICATION $'M	CASHFLOWS FROM FINANCING ACTIVITIES $'M	FOREIGN EXCHANGE MOVEMENTS $'M	FAIR VALUE & OTHER CHANGES $'M	AS AT 30 JUNE $'M
2018						
Current interest bearing loans and borrowings	273.2	-	(238.5)	4.5	(3.0)	36.2
Non-current interest bearing loans and borrowings	832.8	-	102.8	36.2	-	971.8
Finance lease liability	0.2	-	(0.1)	-	-	0.1
Liabilities	**1,106.2**	**-**	**(135.8)**	**40.7**	**(3.0)**	**1,008.1**
Derivative asset	87.7	-	(31.0)	1.9	4.6	63.2
Assets	**87.7**	**-**	**(31.0)**	**1.9**	**4.6**	**63.2**
2017						
Current interest bearing loans and borrowings	247.9	250.3	(222.0)	(3.0)	-	273.2
Non-current interest bearing loans and borrowings	993.5	(250.3)	109.5	(19.9)	-	832.8
Finance lease liability	2.5	-	(0.3)	-	(2.0)	0.2
Liabilities	**1,243.9**	**-**	**(112.8)**	**(22.9)**	**(2.0)**	**1,106.2**
Derivative asset	94.8	-	-	(3.4)	9.1	87.7
Assets	**94.8**	**-**	**-**	**(3.4)**	**9.1**	**87.7**

	CONSOLIDATED			
	2018 NUMBER OF SHARES	$'M	2017 NUMBER OF SHARES	$'M
15. ISSUED CAPITAL				
Ordinary shares, fully paid[1]	273,936,032	1,589.9	248,189,086	1,268.5
Special voting share	1	-	1	-
	273,936,033	**1,589.9**	**248,189,087**	**1,268.5**

(A) MOVEMENTS IN SHARES

	2018 NUMBER OF SHARES	$'M	2017 NUMBER OF SHARES	$'M
Balance at the beginning of the financial year	248,189,087	1,268.5	247,837,326	1,264.9
Ordinary shares issued	24,788,418	322.0	-	-
Ordinary shares issued on redemption of exchangeable shares	267,475	7.2	1,177,207	31.5
Exchangeable shares exchanged for ordinary shares	(267,475)	(7.2)	(1,177,207)	(31.5)
Transfer from performance rights reserve on issuance of shares and SPPR amendments[2]	861,160	5.7	351,761	3.6
Ordinary shares issued from WorleyParsons Limited Plans Trust	97,368	-	-	-
Less: transaction costs of equity issue	-	(6.3)	-	-
Balance at the end of the financial year	**273,936,033**	**1,589.9**	**248,189,087**	**1,268.5**

During the reporting period, the Group issued 24.8 million shares at $13.0 each to fund the UK Integrated Solutions acquisition. The issue was a 1 for 10 fully underwritten, pro-rata, accelerated non-renounceable entitlement offer for $322.0 million. The costs attributable to the issuance of shares were $6.3m and have been charged to equity as a reduction in issued capital.

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 2018 267,475 (2017: 1,177,207) 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.

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[1] Included in ordinary shares are 1,096,193 (2017: 1,363,638) 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 151,459 (2017: 248,827) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

[2] Includes 44,673 (2017:30,966) employee bonus shares and 34,773 SPPR amendments (2017:nil).

(C) PERFORMANCE RIGHTS

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

	NUMBER OF PERFORMANCE RIGHTS AND SPPR	
	2018	2017
Balance at the beginning of the financial year	3,137,954	2,830,580
Rights granted	1,598,773	1,059,084
Rights exercised	(781,714)	(320,795)
Rights lapsed or expired	(383,974)	(430,915)
Balance at the end of the financial year	**3,571,039**	**3,137,954**
Exercisable at the end of the financial year	nil	1,199
Weighted average exercise price	$nil	$nil

Performance rights

The outstanding balance as at 30 June 2018 is represented by:

- 149,870 performance rights, vesting on 30 September 2018 and expiring on 30 October 2021;
- 806,343 performance rights, vesting on 30 September 2018 and expiring on 28 October 2022;
- 370,837 performance rights, vesting on 30 September 2018 and expiring on 30 October 2023;
- 159,866 performance rights, vesting on 30 September 2018 and expiring on 29 October 2024;
- 198,277 performance rights, vesting on 30 September 2019 and expiring on 28 October 2022;
- 331,962 performance rights, vesting on 30 September 2019 and expiring on 30 October 2023;
- 815,992 performance rights, vesting on 30 September 2019 and expiring on 29 October 2024;
- 165,397 performance rights, vesting on 30 September 2020 and expiring on 30 October 2023;
- 512,558 performance rights, vesting on 30 September 2020 and expiring on 29 October 2024; and
- 59,937 performance rights, vesting on 30 September 2020 and expiring on 19 February 2025.

Weighted average remaining contractual life

The weighted average remaining life for the rights outstanding as at 30 June 2018 is 5.4 years (2017: 5.4 years).

Weighted average fair value

The weighted average fair value of rights granted during the financial year was $14.51 (2017: $8.15).

KEY ESTIMATES

Pricing model

The following table lists the inputs to the models used for the financial years ended 30 June 2018 and 30 June 2017:

	PERFORMANCE RIGHTS PLAN TSR, EPS AND SPPR	
	2018	2017
Dividend yield (%)	1.77-2.28	1.31-2.25
Expected volatility (%)[1]	55	60
Risk-free interest rate (%)	1.75-2.09	1.68-1.83
Expected life of rights (years)	2-4	2-4
Rights exercise price ($)	nil	nil
Weighted average share price at measurement date ($)	14.01	8.50

[1] 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	
	2018 $'M	2017 $'M
16. RESERVES		
Foreign currency translation reserve	(263.0)	(301.1)
Hedge reserve	4.6	11.5
Performance rights reserve	44.6	42.1
Acquisition reserve	(62.6)	(22.9)
	(276.4)	**(270.4)**

(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.

No amount was recognized in the Statement of Financial Performance in relation to hedge ineffectiveness for the year ended 30 June 2018 (2017: nil).

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. The Group increased its share of WorleyParsons Oman Engineering LLC to 100% during the year ended 30 June 2018.

	CONSOLIDATED 2018 CENTS	CONSOLIDATED 2017 CENTS RESTATED

17. EARNINGS PER SHARE

In the reporting period the Group issued 24.8 million shares at $13.0 each to fund the UK Integrated Solutions acquisition.

In accordance with the accounting standards, the basic and dilutive earnings per share were retrospectively adjusted for all periods presented by multiplying the original weighted average number of shares by a bonus factor of 1.01. The bonus factor is calculated by dividing the fair value per share before the exercise of rights by the theoretical ex-rights value per share.

ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED

	2018 CENTS	2017 CENTS RESTATED
Basic earnings per share	23.3	13.4
Diluted earnings per share	23.1	13.3

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

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

	$'M	$'M
Earnings used in calculating basic and diluted earnings per share	62.2	33.5

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

	Number	Number
Weighted average number of ordinary securities used in calculating basic earnings per share[1]	266,733,280	250,556,551
Performance rights which are considered dilutive[2]	2,187,379	2,049,211
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	**268,920,659**	**252,605,762**

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 per share was 245,852 (2017: 151,958 - adjusted by a bonus factor of 1.01).

MEASUREMENT

Basic earnings per share

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

Diluted earnings per share

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

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

[1] Prior period number of shares is calculated by multiplying the original weighted average number of shares of 248,075,793 by a bonus factor of 1.01.

[2] Prior period number of shares is calculated by multiplying the original weighted average number of shares of 2,028,922 by a bonus factor of 1.01.

	CONSOLIDATED	
	2018 $'M	2017 $'M

18. DIVIDENDS

(A) FINAL DIVIDEND PROPOSED

	2018 $'M	2017 $'M
Dividend in respect of the six months to 30 June 2018:		
15.0 cents per share, unfranked	41.1	-
Dividend in respect of the six months to 30 June 2017:		
Nil cents per share	-	-

The directors have resolved to pay a final dividend of 15.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2017: nil cents per share). The Company will make total dividend payments of 25.0 cents per share for the financial year ended 30 June 2018 (2017: nil cents per share). The final dividend will be paid on 24 September 2018 for shareholders on the register at the record date, being 29 August 2018.

In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed final dividend of $41.1 million is not recognised as a liability as at 30 June 2018.

(B) DIVIDENDS PAID DURING THE FINANCIAL YEAR

	2018 $'M	2017 $'M
Dividend in respect of the six months to 31 December 2017:		
10.0 cents per share (unfranked)	27.3	-
	27.3	**-**

(C) IMPUTATION CREDIT BALANCE OF THE PARENT ENTITY

There is nil imputation credits available for distribution (FY2017: nil).

19. FINANCIAL RISK MANAGEMENT

(A) OVERVIEW

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

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

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

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

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

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

(B) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets of the Group comprise cash and cash equivalents, trade and other receivables, 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.

19. FINANCIAL RISK MANAGEMENT (continued)

Guarantees

Details of outstanding guarantees are provided in note 26(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 2018 $'M	2017 $'M
Cash and cash equivalents	282.4	251.8
Trade receivables, unbilled contract revenue and retentions	1,245.7	1,184.6
Other receivables	101.3	127.7
Amounts receivable from associates and related parties	46.6	55.7
Derivatives	65.4	90.3
	1,741.4	**1,710.1**

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

	GROSS 2018 $'M	PROVISION FOR IMPAIRMENT 2018 $'M	GROSS 2017 $'M	PROVISION FOR IMPAIRMENT 2017 $'M
Unbilled contract revenue	541.1	-	482.9	-
0-30 days	464.8	-	419.5	-
Past due 31-60 days	43.2	-	54.0	-
Past due 61-90 days	17.2	-	32.5	-
Past due 91-120 days	10.4	-	22.3	-
More than 121 days	255.0	(86.0)	254.1	(80.7)
	1,331.7	**(86.0)**	**1,265.3**	**(80.7)**

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 30 days other than for specifically identified accounts. The Group's typical payment terms are 30 days from date of invoice. Other ageing categories are assessed on a case by case basis.

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's main facility was refinanced in December 2017 as detailed in note 13.

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

	CONSOLIDATED	
	2018 $'M	2017 $'M
UNSECURED FACILITIES		
Total facilities available:		
Loan facilities	1,615.1	1,762.7
Overdraft facilities	61.9	72.5
Bank guarantees and letters of credit	1,221.1	1,116.7
	2,898.1	**2,951.9**
Facilities utilized at balance date:		
Loan facilities[1]	1,003.5	1,098.5
Overdraft facilities	4.5	7.5
Bank guarantees and letters of credit	519.6	568.1
	1,527.6	**1,674.1**
Facilities available at balance date:		
Loan facilities	611.6	664.2
Overdraft facilities	57.4	65.0
Bank guarantees and letters of credit	701.5	548.6
	1,370.5	**1,277.8**
The maturity profile in respect of the Group's total unsecured loan and overdraft facilities is set out below:		
Due within one year	87.6	335.9
Due between one and four year(s)	1,310.6	1,232.5
Due after four years	278.8	266.8
	1,677.0	**1,835.2**
SECURED FACILITIES		
Total facilities available:		
Finance lease facilities	0.1	0.2
	0.1	**0.2**
Facilities utilized at balance date:		
Finance lease facilities	0.1	0.2
	0.1	**0.2**
The maturity profile in respect of the Group's secured facilities is set out below:		
Due within one year	0.1	0.2
	0.1	**0.2**

[1] Excludes capitalized borrowing costs.

19. FINANCIAL RISK MANAGEMENT (continued)

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period from balance date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, their balances will not necessarily agree with the amounts disclosed in the Statement of Financial Position.

	CONSOLIDATED					
	TRADE AND OTHER PAYABLES	AMOUNTS PAYABLE TO ASSOCIATES AND RELATED PARTIES	INTEREST BEARING LOANS AND BORROWINGS	EXPECTED FUTURE INTEREST PAYMENTS	DERIVATIVES	TOTAL FINANCIAL LIABILITIES
	$'M	$'M	$'M	$'M	$'M	$'M
As at 30 June 2018						
Due within one year	318.3	13.4	22.7	-	3.4	357.8
Due between one and four year(s)	29.8	-	706.6	40.4	-	776.8
Due after four years	-	-	278.8	46.9	-	325.7
	348.1	**13.4**	**1,008.1**	**87.3**	**3.4**	**1,460.3**
As at 30 June 2017						
Due within one year	384.1	15.0	273.4	10.7	1.8	685.0
Due between one and four year(s)	28.8	-	565.9	55.6	-	650.3
Due after four years	-	-	266.9	54.7	-	321.6
	412.9	**15.0**	**1,106.2**	**121.0**	**1.8**	**1,656.9**

(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 of 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 as follows:

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
			2018	2018	2017	2017
	2018	2017	$'M	$'M	$'M	$'M
Contracts to buy USD and sell CAD						
Matured 24 March 2018	-	0.99	-	-	USD 22.0	CAD (21.7)
Matured 30 April 2018	-	1.00	-	-	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	
	2018 $'M	2017 $'M
Fair value gain on cross currency hedge	63.2	87.7
Foreign exchange loss on hedge relationship	(69.1)	(96.0)
Net loss pre-tax in hedge relationship	**(5.9)**	**(8.3)**

(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)	
	2018	2017	2018 $'M	2018 $'M	2017 $'M	2017 $'M
Maturing in the next 6 months to 31 December 2018						
Buy CAD Sell AUD	1.0	-	CAD 25.3	AUD (25.7)	-	-
Buy EUR Sell AUD	0.7	0.7	EUR 7.5	AUD (11.8)	EUR 2.0	AUD (3.0)
Buy EUR and sell USD	0.8	0.9	EUR 7.3	USD (8.5)	EUR 2.7	USD (3.1)
Buy GBP and Sell AUD	0.6	-	GBP 16.5	AUD (29.6)	-	-
Buy GBP and Sell KWD	2.5	-	GBP 1.9	KWD (0.8)	-	-
Buy GBP and Sell PLN	0.2	-	GBP 5.0	PLN (24.2)	-	-
But GBP and Sell USD	0.7	0.8	GBP 59.9	USD (79.6)	GBP 9.1	USD (11.8)
Buy IDR and Sell USD	13,589.6	13,255.3	IDR 25,592.4	USD (1.8)	IDR 16,245.6	USD (1.2)
Buy INR and Sell USD	65.1	66.5	INR 376.0	USD (5.7)	INR 85.1	USD (1.3)
Buy KWD Sell AUD	0.2	-	KWD 0.8	AUD (3.4)		
Buy KWD Sell USD	0.3	-	KWD 1.0	USD (3.3)		
Buy MYR and Sell AUD	3.2	3.2	MYR 14.6	AUD (4.9)	MYR 19.9	AUD (5.9)
Buy MYR and Sell CAD	-	3.2	-	-	MYR 3.7	CAD (1.2)
Buy MYR and Sell GBP	-	5.4	-	-	MYR .6	GBP (0.1)
Buy MYR and Sell USD	-	4.3	-	-	MYR 25.6	USD (6.0)
Buy NOK Sell AUD	6.2	6.3	NOK 15.0	AUD (2.5)	NOK 14.0	AUD (2.2)
Buy NOK Sell CAD	6.3	-	NOK 38.0	CAD (6.1)	-	-
Buy NOK Sell USD	8.0	-	NOK 47.0	USD (5.7)		
Buy QAR Sell USD	3.7	-	QAR 6.7	USD (1.8)	-	-
Buy SGD and Sell AUD	1.0	1.1	SGD 8.0	AUD (7.9)	SGD 1.9	AUD (1.8)
Buy SGD and Sell USD	1.3	-	SGD 3.7	USD (2.7)	-	-
Buy USD and Sell AUD	-	0.8	-	-	USD 10.0	AUD (13.2)
Buy USD Sell GBP	1.3	-	USD 7.0	GBP (5.3)	-	-
Buy USD Sell NOK	0.1	-	USD 13.1	NOK (106.0)	-	-
Buy SGD and Sell AUD	-	1.1	-	-	SGD 10.0	AUD (9.5)
Buy SGD and Sell USD	-	1.4	-	-	SGD 2.8	USD (2.0)
Maturing in next 6-12 months to 30 June 2019						
Buy IDR and Sell USD	13,589.6	13,255.3	IDR 26,303.4	USD (1.8)	IDR 16,557.6	USD (1.2)
Maturing in the next 12-18 months to 31 December 2019						
Buy IDR and Sell USD	13,589.6	13,255.3	IDR 26,798.4	USD (1.8)	IDR 161,804.3	USD (10.8)
Maturing in the next 18-24 months to 30 June 2020						
Buy IDR Sell USD	13,589.6	-	IDR27,428.4	USD (1.8)	-	-
Maturing in the next 24-30 months to 31 December 2020						
Buy IDR Sell USD	13,589.6	-	IDR 27,671.4	USD (1.8)	-	-
Maturing in the next 30-36 months to 30 June 2021						
Buy IDR Sell USD	13,589.6	-	IDR 28,014.4	USD (1.8)	-	-

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 as follows:

	CONSOLIDATED 2018 $'M	2017 $'M
Effective hedge – unrealized gains	-	4.3
Effective hedge – unrealized losses	(4.0)	-
Net unrealized (losses)/gains, pre- tax	**(4.0)**	**4.3**

19. 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				
	CAD $'M	GBP $'M	USD $'M	EUR $'M	OTHER[1] $'M
As at 30 June 2018					
Cash and cash equivalents	0.3	4.4	53.6	3.6	15.0
Trade receivables	-	3.1	49.2	20.7	16.9
Trade payables	(0.7)	(4.6)	(67.5)	(5.5)	(16.0)
Gross Statement of Financial Position exposure	**(0.4)**	**2.9**	**35.3**	**18.8**	**15.9**
As at 30 June 2017					
Cash and cash equivalents	1.1	5.1	46.4	4.5	10.5
Trade receivables	-	5.3	44.4	13.9	13.2
Trade payables	(2.3)	(1.3)	(69.3)	(12.7)	(11.2)
Gross Statement of Financial Position exposure	**(1.2)**	**9.1**	**21.5**	**5.7**	**12.5**

(4) CURRENCY SENSITIVITY ANALYSIS

A 10% weakening of the Australian dollar against the following currencies at 30 June 2018 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 presented on the same basis for 2017.

	CONSOLIDATED			
	2018		2017	
EFFECTS IN MILLIONS OF AUD	EQUITY	PROFIT	EQUITY	PROFIT
CAD	-	0.0	-	(0.1)
GBP	-	0.4	-	1.2
USD	-	3.7	-	2.2
EUR	-	2.3	-	0.7
Other	-	1.1	-	0.9

A 10% strengthening of the Australian dollar against the above currencies at 30 June 2018 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	
	2018	2017	2018	2017
CAD	0.9842	1.0006	0.9749	0.9988
GBP	0.5763	0.5951	0.5624	0.5908
USD	0.7756	0.7542	0.7354	0.7683
EUR	0.6502	0.6922	0.6360	0.6715

[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 2018										
Cash and cash equivalents	3.5	282.4	-	-	-	-	-	-	-	282.4
Bank loans [1]	4.4	-	31.7	-	353.0	-	-	-	-	384.7
Notes payable[1]	4.5	-	-	102.0	237.9	-	278.8	-	-	618.7
Finance lease liabilities	4.2	-	0.1	-	-	-	-	-	-	0.1
AS AT 30 JUNE 2017										
Cash and cash equivalents	2.6	251.8	-	-	-	-	-	-	-	251.8
Bank loans and overdrafts[1]	3.6	-	23.0	240.6	-	-	-	-	-	263.6
Notes payable[1]	4.9	-	242.7	-	97.6	227.8	-	266.8	-	834.9
Finance lease liabilities	6.9	-	0.2	-	-	-	-	-	-	0.2

As the largest component of interest bearing liabilities, being notes payable, is at fixed interest rates, the effect of changes in interest rates on equity and profit of the Group is negligible.

20. 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 $1,060.7 million (2017: $1,186.7 million) and a carrying value of $1,008.1 million (2017: $1,106.2 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 2018 %	2017 %
21. INVESTMENTS IN CONTROLLED ENTITIES			
(A) SIGNIFICANT ENTITIES			
Worley No 2 Pty Limited[1]	Australia	100	100
WorleyParsons Canada Services Ltd	Canada	100	100
WorleyParsons Cord LP	Canada	100	100
WorleyParsons Engineering Pty Limited[24]	Australia	100	100
WorleyParsons Europe Limited	United Kingdom	100	100
WorleyParsons Financial Services Pty Limited[24]	Australia	100	100
WorleyParsons Group Inc	USA	100	100
WorleyParsons International Inc	USA	100	100
WorleyParsons Oman Engineering LLC [2]	Oman	100	65
WorleyParsons Services Pty Limited[24]	Australia	100	100
Rosenberg WorleyParsons AS	Norway	100	100
Beijing MaisonWorleyParsons Engineering & Technology Co Limited	China	80	80
WorleyParsons Kazakhstan LLP	Kazakhstan	100	100
Acquired in FY2018			
WorleyParsons Services UK Limited (Note 21B)[3]	United Kingdom	100	-

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

[1] Entities subject to ASIC Corporations Instrument 2016/785.

[2] The Group increased its share of WorleyParsons Oman Engineering LLC to 100% during the year ended 30 June 2018.

[3] This represents the legal name of main operating entity in the UK Integrated Solutions group of acquired entities.

(B) ACQUISITION OF CONTROLLED ENTITIES

On 27 October 2017, the Group acquired 100% of the voting shares of AFW UK Oil & Gas Limited and its controlled entities (UK Integrated Solutions) for a total consideration of $384.3 million. With operations in the UK North Sea, UK Integrated Solutions is the leading Maintenance, Modifications & Operations (MMO) service provider in the UK oil and gas sector. The acquisition provides the Group with a robust entry into the UK North Sea and supports our global MMO strategy. UK Integrated Solutions is reported as a part of the Major Projects and Integrated Solutions and Services business lines. The financial report includes the results of UK Integrated Solutions for the eight-month period from the acquisition date.

The acquisition's contribution to the Group's reported after tax profit attributable to members of the Parent Entity was $19.4 million, and the reported contribution to revenue was $503.2 million. If the acquisition had occurred on 1 July 2017, management estimates that the contribution to the Group's profit after income tax would have been $23.3 million, and to revenue would have been $854.5 million.

The Group incurred acquisition related costs of $ 5.9 million on legal fees, due diligence and advisory costs. These costs have been included in acquisition costs in the Statement of Financial Performance, and in operating cash flows in the Statement of Cash Flows.

	CONSOLIDATED PROVISIONAL FAIR VALUE RECOGNIZED ON ACQUISITION $'M
ASSETS	
Cash	64.6
Trade and other receivables	259.1
Prepayments	8.2
Deferred tax assets	8.4
Property, plant and equipment	5.3
Other assets	4.4
Total assets	350.0
LIABILITIES	
Trade and other payables	(137.5)
Other liabilities	(51.5)
Total liabilities	(189.0)
Total identifiable net assets acquired at fair value	161.0
Intangible assets	62.5
Deferred tax liability arising on intangible assets	(11.9)
Goodwill arising on acquisition	172.3
Total consideration, excluding acquisition costs expensed	383.9
NET CASH EFFECT	
Cash consideration paid	384.3
Consideration receivable	(0.4)
Cash and overdrafts included in net assets acquired	(64.6)
Transaction costs of the acquisition	5.9
Net cash outflow	325.2

Goodwill represents the value of the assembled workforce and any premium from synergies and future growth opportunities that cannot be recognized separately. Goodwill has been allocated to the Major Projects & Integrated Solutions and Services-EMEA cash generating units. Except as indicated, the carrying value equals the fair value of the net assets acquired.

The fair values of the acquisition balances are provisional due to the timing of the acquisition. The review of the assets and liabilities will continue for 12 months from acquisition date.

During FY2018 WorleyParsons acquired the Ludwigshafen and Schwarzheide offices of the M&W Group in Germany on 1 April 2018 for $2.3 million. The business acquired provides engineering services supporting world scale facilities of the chemical companies in Germany. Goodwill of $2.3 million has been recognised from the preliminary purchase price allocation, and allocated to the Services-EMEA cash generating unit.

During FY2018, the Group increased its share of WorleyParsons Oman Engineering LLC by 35% during the financial year and now holds 100%. In the prior financial year, the Group had acquired an additional 14% in this entity.

In the prior financial year certain assets and liabilities of the Group's business in South Africa were sold for a total of $6.4 million and resulted in a net profit of $0.9m. No such transaction has taken place in the current financial year.

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 acquisition 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.

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.

22. EQUITY ACCOUNTED ASSOCIATES

(A) DETAILS OF EQUITY ACCOUNTED ASSOCIATES

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

ENTITY	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2018 %	OWNERSHIP INTEREST CONSOLIDATED 2017 %	CARRYING AMOUNT CONSOLIDATED 2018 $'M	CARRYING AMOUNT CONSOLIDATED 2017 $'M
Significant investments						
Transfield Worley Power Services Pty Limited	Australia	Infrastructure	50	50	21.1	22.8
DeltaAfrik Engineering Limited	Nigeria	Hydrocarbons	50	50	21.8	20.4
Nana WorleyParsons LLC	USA	Hydrocarbons	50	50	11.0	10.9
Ranhill WorleyParsons Sdn Bhd	Malaysia	Hydrocarbons	49	49	8.9	7.4
Transfield Services-WorleyParsons JV (M) Sdn Bhd	Malaysia	Hydrocarbons	33	33	3.3	3.8
BW Energy Services PTE Ltd	Singapore	Infrastructure	50	50	3.8	1.6
Other investments					11.4	10.4
					81.3	**77.3**

(B) CARRYING AMOUNT OF EQUITY ACCOUNTED ASSOCIATES

	CONSOLIDATED 2018 $'M	CONSOLIDATED 2017 $'M
Balance at the beginning of the financial year	77.3	86.8
Share of net profit of investments accounted for using the equity method	9.7	3.6
Dividends declared by equity accounted associates	(4.9)	(2.9)
Change in nature of investment	-	(3.6)
Write-down of investments in equity accounted associates	-	(1.3)
Movement in foreign currency translation reserve of equity accounted associates	(0.8)	(5.3)
Balance at the end of the financial year	**81.3**	**77.3**
(C) NET PROFIT ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES		
Profit before income tax expense[1]	12.5	6.6
Income tax expense	(2.8)	(3.0)
Net profit of equity accounted associates	**9.7**	**3.6**
(D) REVENUE ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES		
Share of revenue from equity accounted associates[2]	296.7	306.2
(E) RESERVES ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES		
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(24.9)	(19.6)
Change in nature of investment	-	(0.1)
Movement in reserve	(0.8)	(5.2)
Balance at the end of the financial year	**(25.7)**	**(24.9)**

[1] Includes impairment of intangible assets in an associate of $2.7 million.

[2] Includes pass-through revenue at nil margin and procurement revenue at nil margin.

	CONSOLIDATED	
	2018 $'M	2017 $'M

22. EQUITY ACCOUNTED ASSOCIATES (continued)

(F) RETAINED PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

	2018 $'M	2017 $'M
Balance at the beginning of the financial year	84.2	84.8
Share of net profits of investments accounted for using the equity method	9.7	3.6
Write-down of investments in equity accounted associates	-	(1.3)
Dividends declared by equity accounted associates	(4.9)	(2.9)
Balance at the end of the financial year	**89.0**	**84.2**

(G) SHARE OF EQUITY ACCOUNTED ASSOCIATES' CONTINGENT LIABILITIES

	2018 $'M	2017 $'M
Performance related guarantees issued	3.3	2.0

(H) SHARE OF EQUITY ACCOUNTED ASSOCIATES' EXPENDITURE COMMITMENTS

	2018 $'M	2017 $'M
Operating lease commitments	4.1	2.1

(I) SUMMARY OF FINANCIAL POSITION OF EQUITY ACCOUNTED ASSOCIATES

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

	2018 $'M	2017 $'M
Current assets	130.7	133.1
Non-current assets	47.6	53.6
Current liabilities	(82.9)	(95.6)
Non-current liabilities	(14.1)	(13.8)
Net assets	81.3	77.3
Balance at the end of the financial year	**81.3**	**77.3**

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.

23. INTERESTS IN JOINT OPERATIONS

JOINT OPERATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2018 %	2017 %
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 2018 $'M	2017 $'M
ASSETS		
Current assets		
Cash and cash equivalents	8.1	10.2
Trade and other receivables	61.3	59.3
Total current assets	**69.4**	**69.5**
TOTAL ASSETS	**69.4**	**69.5**
LIABILITIES		
Current liabilities		
Trade and other payables	63.8	63.2
Total current liabilities	**63.8**	**63.2**
TOTAL LIABILITIES	**63.8**	**63.2**
NET ASSETS	**5.6**	**6.3**

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.

24. ASSETS AND LIABILITIES HELD FOR SALE

There are no assets and liabilities held for sale at 30 June 2018.

In the prior year the Group disposed of the investment in the equity accounted Cegertec WorleyParsons Inc at a nil profit to the Group.

Also in prior year certain net assets of the WorleyParsons Public Infrastructure business in South Africa were sold as detailed in note 21.

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 2018 $'M	CONSOLIDATED 2017 $'M

25. COMMITMENTS FOR EXPENDITURE

(A) OPERATING LEASES

Commitments for minimum lease payments in relation to non-cancellable property operating leases are payable as follows:

	2018 $'M	2017 $'M
Within one year	153.7	160.5
Later than one year and not later than five years	241.1	325.1
Later than five years	12.1	1.3
Commitments not recognized in the financial statements	**406.9**	**486.9**

(B) OPERATING EXPENDITURE COMMITMENTS

Estimated commitments for operating expenditure in relation to software and information technology are payable as follows:

	2018 $'M	2017 $'M
Within one year	111.5	105.3
Later than one year and not later than five years	11.7	7.1
Commitments not recognized in the financial statements	**123.2**	**112.4**

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

26. 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 2018 $'M	CONSOLIDATED 2017 $'M
Bank guarantees outstanding at balance date in respect of contractual performance	519.6	568.1
Commitments not recognized in the financial statements	**519.6**	**568.1**

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.

27. SUBSEQUENT EVENTS

Since the end of the financial year, the directors have resolved to pay a final dividend of 15.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2017: nil cents per share).

In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed final dividend of $41.1 million is not recognised as a liability as at 30 June 2018.

Unless disclosed elsewhere in the financial statements, no other material matter or circumstance has arisen since 30 June 2018 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.

28. PROCUREMENT

In certain situations, the Group will enter into contracts with its customers which require the Group to procure goods and services on behalf of the customer.

Where the risks and rewards associated with the procurement activities are assumed by the Group, the revenues and expenses, and assets and liabilities are recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position.

The following procurement 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	
	2018 $'M	2017 $'M
REVENUE AND EXPENSES[1]		
Procurement revenue at margin	337.9	316.2
Procurement costs at margin	(322.9)	(309.2)
Procurement revenue at nil margin	94.4	826.2
Procurement costs at nil margin	(94.4)	(826.2)
ASSETS AND LIABILITIES		
Cash and cash equivalents	20.8	25.6
Trade and other receivables	45.7	77.4
Trade and other payables	39.8	71.1

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

	CONSOLIDATED 2018 $'M	CONSOLIDATED 2017 $'M
29. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At cost	16.0	10.1
Accumulated depreciation	(6.1)	(5.2)
	9.9	**4.9**
Leasehold improvements		
At cost	171.5	165.6
Accumulated amortization	(154.4)	(147.0)
	17.1	**18.6**
Plant and equipment		
At cost	182.3	170.2
Accumulated depreciation	(159.9)	(145.7)
	22.4	**24.5**
IT equipment		
At cost	78.0	74.6
Accumulated depreciation	(73.1)	(70.3)
	4.9	**4.3**
Total property, plant and equipment	**54.3**	**52.3**

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	IT EQUIPMENT $'M	TOTAL $'M
Balance at 1 July 2017	4.9	18.6	24.5	4.3	52.3
Additions	3.0	6.1	10.3	4.0	23.4
Disposals	(0.2)	(0.5)	(0.4)	-	(1.1)
Other movements	3.1	(4.2)	2.0	(0.9)	-
Depreciation	(1.1)	-	(14.4)	(2.6)	(18.1)
Amortization	-	(3.1)	-	-	(3.1)
Differences arising on translation of foreign operations	0.2	0.2	0.4	0.1	0.9
Balance at 30 June 2018	**9.9**	**17.1**	**22.4**	**4.9**	**54.3**
Balance at 1 July 2016	4.6	31.2	28.2	9.3	73.3
Additions	0.6	2.7	10.5	2.7	16.5
Disposals	-	(1.4)	(2.5)	-	(3.9)
Other movements	0.8	(4.9)	4.5	(5.6)	(5.2)
Depreciation	(0.9)	-	(15.0)	(2.1)	(18.0)
Amortization	-	(8.2)	-	-	(8.2)
Differences arising on translation of foreign operations	(0.2)	(0.8)	(1.2)	0.0	(2.2)
Balance at 30 June 2017	**4.9**	**18.6**	**24.5**	**4.3**	**52.3**

RECOGNITION AND MEASUREMENT

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

	CONSOLIDATED	
	2018 $'M	2017 $'M

30. DEFERRED TAX

(A) DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Amounts recognized in the Statement of Financial Performance:

	2018 $'M	2017 $'M
Allowance for impairment of trade receivables	5.8	9.2
Employee benefits provisions	32.3	36.4
Warranty provisions	3.7	1.9
Project provisions	26.8	26.1
Other provisions	37.2	86.6
Property, plant and equipment	24.7	18.3
Sundry accruals	5.6	18.4
Recognized tax losses	105.1	61.1
Unused foreign tax credits	9.8	51.0
Unrealized foreign exchange losses	6.9	23.3
Lease incentives	1.1	2.0
Other	1.5	11.4
Total deferred tax assets	**260.5**	**345.7**
Deferred tax asset and liabilities offset	(69.5)	(77.8)
Net deferred tax assets	**191.0**	**267.9**
Amounts recognized directly in equity:		
Foreign exchange losses	10.6	(9.8)
Deferred tax assets	**201.6**	**258.1**
Balance at the beginning of the financial year	258.1	297.5
Additions through business combinations	8.5	-
Credited to the Statement of Financial Performance	(94.8)	(18.9)
Charged to equity	20.4	(10.9)
Differences arising on translation of foreign operations	9.4	(9.6)
Balance at the end of the financial year	**201.6**	**258.1**

	CONSOLIDATED	
	2018 $'M	2017 $'M
30. DEFERRED TAX (continued)		
(B) DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Amounts recognized in the Statement of Financial Performance:		
Identifiable intangible assets and goodwill	54.7	69.7
Unbilled contract revenue	19.3	12.5
Property, plant and equipment	4.0	-
Unrealized foreign exchange gains	-	14.2
Prepayments	0.6	0.5
Other	(0.1)	2.6
Total deferred tax liabilities	**78.5**	**99.5**
Deferred tax asset and liabilities offset	(69.5)	(77.8)
Net deferred tax liabilities	**9.0**	**21.7**
Amounts recognized directly in equity:		
Other	1.9	2.6
Deferred tax liabilities	**10.9**	**24.3**
Balance at the beginning of the financial year	24.3	116.8
Additions through business combinations	11.9	-
Credited to the Statement of Financial Performance	(20.5)	(91.8)
Charged to equity	(0.6)	(0.7)
Differences arising on translation of foreign operations	(4.2)	-
Balance at the end of the financial year	**10.9**	**24.3**

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.

31. 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, AO (Chairman)

Ron McNeilly - retired on 27 October 2017

Erich Fraunschiel - (Lead Independent Director from 28 October 2017)

Jagjeet (Jeet) Bindra - resigned on 15 December 2017

Tom Gorman - appointed on 18 December 2017

Christopher Haynes, OBE

Catherine Livingstone, AO

Anne Templeman-Jones - appointed on 1 November 2017

Wang Xiao Bin

Andrew Wood (Chief Executive Officer)

(B) OTHER RELATED PARTIES

	CONSOLIDATED 2018 $'M	CONSOLIDATED 2017 $'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	-	-
Loan repayments from:		
Associates and related parties	(1.4)	(3.4)
Dividends received from:		
Dividend revenue from associates	4.9	2.9
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	46.6	55.7
Current payables		
Associates and related parties	13.4	15.0

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.

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
32. REMUNERATION OF AUDITORS		
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	3,164,184	2,623,585
Other auditors of controlled entities	167,783	91,569
	3,331,967	**2,715,154**
Amounts paid for other services:		
Tax related services	237,679	383,771
Other non-audit services	153,533	137,921
	391,212	**521,692**
	3,723,179	**3,236,846**

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
33. KEY MANAGEMENT PERSONNEL		
Short term employee benefits	6,093,000	7,819,000
Post-employment benefits	137,000	169,000
Other long term benefits	45,000	54,000
Share based payments	2,836,000	1,813,000
Total compensation	**9,111,000**	**9,855,000**

34. PARENT ENTITY DISCLOSURES

(A) PARENT ENTITY

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

ENTITY	COUNTRY OF INCORPORATION	2018 $'M	2017 $'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:

	2018 $'M	2017 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
(Loss)/profit before income tax expense	(3.7)	6.2
Income tax benefit	3.0	0.2
(Loss)/profit after income tax	**(0.7)**	**6.4**
(Loss)/profit attributable to members of WorleyParsons Limited	(0.7)	6.4
Retained profits at the beginning of the financial year	97.3	90.9
Dividends paid[1]	(27.3)	-
Retained profits at the end of the financial year	**69.3**	**97.3**
STATEMENT OF COMPREHENSIVE INCOME		
(Loss)/profit after income tax expense	(0.7)	6.4
Total comprehensive income, net of tax	**(0.7)**	**6.4**
STATEMENT OF FINANCIAL POSITION		
Current assets	1,029.0	1,029.2
Total assets	2,008.9	1,998.2
Current liabilities	194.1	561.5
Total liabilities	305.1	590.3
Net assets	**1,703.8**	**1,407.9**
Issued capital	1,589.9	1,268.5
Performance rights reserve	44.6	42.1
Retained profits	69.3	97.3
Total equity	**1,703.8**	**1,407.9**

The parent entity has bank guarantees in respect of contractual performance outstanding at 30 June 2018 for the amount of $nil (2017: $334.6 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, Engineering Securities Pty Limited, Advisian Group Pty Limited, Advisian Pty Ltd, 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, Energy Resourcing Australia Pty Limited and INTECSEA Pty Ltd entered into a 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, ASIC Corporations Instrument 2016/785 relieves certain of the controlled entities from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports.

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	
	2018 $'M	2017 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	142.3	173.7
Income tax expense	(13.6)	(22.3)
Profit after income tax expense	**128.7**	**151.4**
Profit attributable to members of WorleyParsons Limited	128.7	151.4
Retained profits at the beginning of the financial year	729.6	557.3
Retained profits of entities that became party to the Deed during the financial year	-	20.9
Dividends paid[1]	(27.3)	-
Retained profits at the end of the financial year	**831.0**	**729.6**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	18.0	51.6
Trade and other receivables	1,324.2	1,253.0
Other current assets	34.7	35.9
Total current assets	**1,376.9**	**1,340.5**
Non-current assets		
Deferred tax assets	66.0	53.4
Intangible assets	264.1	275.4
Property, plant and equipment	5.4	7.8
Other non-current assets	2,509.6	2,116.7
Total non-current assets	**2,845.1**	**2,453.3**
TOTAL ASSETS	**4,222.0**	**3,793.8**
LIABILITIES		
Current liabilities		
Trade and other payables	771.1	562.9
Interest bearing loans and borrowings	-	221.8
Provisions	59.0	42.0
Derivative liability	0.8	-
Total current liabilities	**830.9**	**826.7**
Non-current liabilities		
Trade and other payables	749.6	782.7
Interest bearing loans and borrowings	227.7	166.2
Deferred tax liabilities	13.0	11.3
Total non-current liabilities	**990.3**	**960.2**
TOTAL LIABILITIES	**1,821.2**	**1,786.9**
NET ASSETS	**2,400.8**	**2,006.9**
EQUITY		
Issued capital	1,589.9	1,268.5
Reserves	(20.1)	8.8
Retained profits	831.0	729.6
TOTAL EQUITY	**2,400.8**	**2,006.9**

[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 2018 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 34(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 2018.

On behalf of the Board

JOHN GRILL, AO
Chairman
Sydney, 22 August 2018

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Independent Auditor's Report to the Members of WorleyParsons Limited
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WorleyParsons Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of financial performance and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) 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 Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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 key audit matter
Revenue from professional services is recognised by reference to the costs incurred during the reporting period plus the fees earned. Construction and fabrication revenue is recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Revenue from these professional services and construction and fabrication contracts represents 99% of revenue. When the revenue is recognised, estimates are required due to the nature and extent of varying contract conditions, which are unique and can be complex. The accurate recording of revenue is highly dependent upon the following factors: ▶ Appropriate knowledge of individual contract characteristics and status of work - key characteristics would be the industry and/or geography of the project and length and type of contract (lump sum basis or time and materials basis); ▶ 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. This matter was considered a Key Audit Matter given the complexity of the contracts and the level of judgement required to estimate the amount of revenue recognised. The Group's disclosures are included in Note 4 of the financial report.	▶ We assessed whether the methodology used to recognise revenue met the requirements of Australian Accounting Standards. ▶ We assessed the effectiveness of the Group's controls in the following areas: - initiation, processing and approval of new customers and/or contract; - review and approval of project costs incurred; - authorisation of monthly project variations; - review and assessment of significant changes in work in progress balances; and - review of unapproved variations and claims. ▶ We selected a sample of contracts based on qualitative and quantitative factors and performed the following procedures: - reviewed contract terms and conditions and assessed whether the individual characteristics of each contract were appropriately accounted for; - assessed the Group's ability to deliver budgeted contract margins by analysing the historical accuracy of forecasting margins and the relationship of contract cost versus billing status; - agreed material contract revenue and cost variations and claims to information provided by third parties; - for contracts accounted for using the percentage of completion method we assessed the forecast cost to complete calculations. ▶ We also assessed the effect of contract performance in the period since year end to the date of this report on year-end revenue recognition.

2. **Project, Warranty and Other Provisions and Impairment of trade receivables**

Refer to Note 8 'Trade and Other Receivables', Note 11 'Provisions' and Note 19(B) 'Financial Risk Management – Credit Risk'

Why significant	How our audit addressed the key audit matter
The Group assesses contract performance and the collection of associated trade receivables. Project and warranty provisions are recognised for contract exposures, losses and estimated cost of re-performance or fulfilling warranty obligations. An allowance for impairment of receivables is made when there is objective evidence that the Group will not be able to collect contractual debts. The Group has $255million of trade receivables as at 30 June 2018 that are more than 121 days past due, as disclosed in Note 19(B). This was a Key Audit Matter due to the judgement involved in assessing the recoverability of project outcomes through trade receivable collection and/or satisfaction of project warranty and other obligations. The Group's disclosures are included in Notes 8, 11 and 19(B) of the financial report.	▶ We assessed whether the process for recognising project, warranty and other provisions met the requirements of Australian Accounting Standards. ▶ We assessed the estimation of project, warranty and trade receivable provisions. Our procedures included the following: - analysed the ageing of trade receivables, past payment and credit history of the customers; - assessed the economic environment applicable to these customers; - considered the historical accuracy of forecasting project, warranty and other provisions; - evaluated evidence from legal and external experts on contentious matters, where applicable; - considered contract performance and obligations, any disputes with customers and assessed the Group's methodology and calculation for estimating the project and warranty provisions; and - for aged trade receivables balances, we evaluated the Group's assessment of collectability considering the process to achieve recovery, the likely timing of these processes and events that could delay or impact the collectability. ▶ We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

3. Impairment of Goodwill

Refer to Note 10 'Intangible assets'

Why significant	How our audit addressed the key audit matter
In accordance with the requirements of Australian Accounting Standards, the Group performed an annual impairment test after allocating goodwill to groups of cash-generating units (CGUs) that are expected to benefit from the synergies of the related business combination. A value in use model based on cash flow projections and growth rates and discount rates is used to calculate the recoverable amount of each group of CGUs. This was considered to be a Key Audit Matter due to the level of judgement required to forecast cash flows and discount rates used to calculate the recoverable amount of each Group of CGUs. The Group's disclosures are included in Note 10 of the financial report.	▶ We assessed whether the methodology used by the Group met the requirements of Australian Accounting Standards. ▶ We assessed the basis for the determination of the Group's CGUs 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 tested the mathematical accuracy of the cash flow models used in the impairment test. ▶ We assessed the basis of the Group's cash flow forecasts including consideration of the historical accuracy of previous estimates. ▶ We performed sensitivity analyses and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of the cash generating unit to exceed its recoverable amount. ▶ We assessed the discount, growth and terminal growth rates and other key assumptions to internal and external data, with involvement from our valuation specialists. ▶ We evaluated the adequacy of the related disclosure in the financial report including those made with respect to judgements and estimates.

4. Accounting for tax positions

Refer to Note 6 'Income tax' and Note 30 'Deferred tax'

Why significant	How our audit addressed the key audit matter
The Group recognises deferred tax assets to the extent that it was considered probable that future taxable profits will be available against which assets can be utilised. Determining future taxable profit requires judgment in particular where there have been previous losses. Additionally the US tax reform bill, which was passed into law on 22 December 2017, resulted in a one-off increase to income tax expense for the financial year of $81.7m. Accounting for tax positions was a key audit matter because the assessment process can be complex, includes estimation uncertainty and the amounts involved are significant to the consolidated financial report. The Group's operations are subject to income and deferred taxes in various jurisdictions which results in complexities around the applicability of various tax legislation. The Group's disclosures are included in Note 6 and Note 30 of the financial report.	‣ We tested the mathematical accuracy of the Group's determination of current and deferred taxes, both recognised and unrecognised. ‣ We involved our taxation specialists to assess the tax positions adopted by the Group for each of its significant components and to assess the methodology, estimations and assumptions applied by these components in its particular jurisdiction. ‣ For the changes to the US tax reform bill, we involved our US tax specialists to assess the adjustment recorded to income tax expense. ‣ We assessed the Group's cash flow forecast that supported the recognition of deferred tax assets in the current year and compared these cash flows for consistency with the Group's Board approved budget and the cash flow forecasts used for impairment testing. ‣ We assessed the evidence to support the tax losses being available to the Group. ‣ We assessed the adequacy of the Group's taxation related disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 on 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.

Responsibilities of the Directors 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to 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 the 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 the 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 financial report represents 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 Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 54 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of WorleyParsons Limited for the year ended 30 June 2018, 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.

Ernst & Young

Ernst & Young

SJ Ferguson
Partner
Sydney
22 August 2018

Shareholder information

TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 1 AUGUST

2018

NAME	SHARES	% OF ISSUED CAPITAL	RANK
HSBC Custody Nominees (Australia) Limited	88,776,845	32.39	1
Citicorp Nominees Pty Limited	54,333,460	19.82	2
J P Morgan Nominees Australia Limited	40,002,487	14.60	3
Wilaci Pty Limited <The Serpentine A/C>	14,165,807	5.17	4
National Nominees Limited	10,040,602	3.66	5
Serpentine Foundation Pty Limited <Serpentine Foundation A/C>	5,329,308	1.94	6
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	4,602,305	1.68	7
BNP Paribas Noms Pty Ltd <DRP>	4,110,226	1.50	8
Mr John Michael Grill	2,826,277	1.03	9
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/c>	2,404,630	0.88	10
Haju Pty Limited <Haju A/c>	1,650,000	0.60	11
Juha Pty Limited <Juha A/c>	1,650,000	0.60	12
Taylor Square Designs Pty Ltd	1,423,641	0.52	13
UBS Bank Canada TR	1,010,000	0.37	14
Inmac Engineering Pty Ltd	900.000	0.33	15
Inmaccorp Pty Ltd <Inmac Engineering S/F A/c>	776,697	0.28	16
Netwealth Investments Limited <Wrap Services A/C>	761,960	0.28	17
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	754,337	0.28	18
BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	717,000	0.26	19
Mr John Craig Reeves	651,517	0.24	20
Total	**236,887,099**	**86.43**	

Total number of current holders for all named classes is 18,501.

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 1 AUGUST 2018*

NAME	NOTICE DATE	SHARES
Dar Al-Handasah Consultants Shair and Partners Holdings Ltd (Dar)**	31 July 2018	62,474,391
John Grill & associated companies	31 May 2010	25,313,786
T. Rowe Price Associates, Inc.	9 January 2018	17,119,010

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

** As disclosed in the substantial shareholder notice received by the Company, Samurai Investments, a Dar group company, has a cash-settled equity swap with Citigroup Global Markets Australia Pty Limited, which as at the date of the substantial shareholder notice, related to a notional 8,101,511 shares (equivalent to approximately 2.97% of the shares on issue at the time). The cash-settled equity swap does not give Dar, any Dar group company or Talal Shair any relevant interest in shares.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 1 AUGUST 2018

	HOLDERS	SHARES	% OF ISSUED CAPITAL
1 – 1,000	12,676	4,661,749	1.70
1,001 – 5,000	4,896	10,342,397	3.77
5,001 – 10,000	523	3,631,121	1.33
10,001 – 100,000	344	8,354,313	3.05
100,001 and over	62	247,097,911	90.15
Total	**18,501**	**274,087,491**	**100.00**

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $500 parcel at $18.45 per unit	28	602	5,896

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 which 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

$, $m Australian dollars unless otherwise stated, millions of Australian dollars.

Americas Services business line region encompassing sub- regions of North America and Latin America.

APAC Services business line region encompassing Australia, Pacific, Asia and China.

ASIC Australian Securities and Investments Commission

ASX Australian Securities Exchange

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 the Group. 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.

Board The board of directors of the Company.

CEO Chief Executive Officer.

Company or **WorleyParsons** WorleyParsons Limited ACN 096 090 158.

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.

EcoNomics™ Our framework for integrating sustainability into our customers' projects and operations. That framework assists them in making decisions where trade- offs exist between technical, social, environmental and financial performance.

EMEA Services business line region encompassing Europe, Middle East and Africa.

EPC Engineering, Procurement and Construction.

EPC contract Under an EPC contract, we will generally be responsible for the design of, the procurement of equipment and materials for, and the construction and commissioning of, an asset, such as a power station. This will generally require us to ensure that the completed asset meets certain specified performance targets. To do so, we will generally procure the necessary equipment and materials and engage various sub- contractors ourselves.

EPCM Engineering, Procurement and Construction Management.

EPCM contract Under an EPCM contract, we will generally be responsible for providing our professional services, but unlike an EPC contract, will not be responsible for delivering a completed asset to our customer. Instead, we will provide engineering and design services to our customer, procure equipment but only as agent for our customer and manage our customer's other suppliers as the customer's representative. We will generally be paid an hourly rate for the services we provide.

EPS Earnings per share. Determined by dividing the Group NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year.

Executive 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.

Front end engineering design (FEED) Basic engineering design providing owners and their financiers with information enabling them to determine whether or not, and if so how, to commit resources to a proposed project to maximize its projected returns.

FY2017 and FY2018 financial year 2017 and financial year 2018.

Group WorleyParsons Limited and the entities it controls.

Group net profit after tax (NPAT) 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.

HSE Health, Safety and Environment.

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.

Midstream The transport (by pipeline, rail, barge or truck), storage, and wholesale marketing of crude or refined petroleum products.

MMO Maintenance, Modifications and Operations activities.

Non-executive director (NED) Non- executive directors of the entity have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

OneWay™ Our enterprise- wide integrity management framework which establishes our corporate expectations for Zero Harm to our business.

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.

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, AO (Chairman)

Erich Fraunschiel - (Lead Independent Director from 27 October 2017)

Tom Gorman

Christopher Haynes, OBE

Catherine Livingstone, AO

Anne Templeman-Jones

Wang Xiao Bin

Andrew Wood (Chief Executive Officer)

COMPANY SECRETARY

Nuala O'Leary

REGISTERED OFFICE

Level 15

141 Walker Street

North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

Barclays Bank

Bank ABC

BNP Paribas

Intesa Sanpaolo Bank

HSBC

JPMorgan Chase

Royal Bank of Canada

Mizuho Bank

Macquarie Bank

Standard Chartered Bank

State Bank of India

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

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